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OFFERING MEMORANDUM AND LISTING PARTICULARS

NOT FOR GENERAL DISTRIBUTION IN THE UNITED STATES

INEOS Quattro Finance 2 Plc

€800,000,000 2 1/2% Senior Secured Notes due 2026
$500,000,000 3 3/8% Senior Secured Notes due 2026

INEOS Quattro Finance 1 Plc

€500,000,000 3 3/4% Senior Notes due 2026

Guaranteed by INEOS Quattro Holdings Limited and certain of its subsidiaries

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INEOS Quattro Finance 2 Plc, a public limited company incorporated under the laws of England and Wales (the "**Senior Secured Notes Issuer**"), is offering €800,000,000 aggregate principal amount of its euro-denominated 2 1/2% Senior Secured Notes due 2026 (the "**Euro Senior Secured Notes**") and $500,000,000 aggregate principal amount of its dollar-denominated 3 3/8% Senior Secured Notes due 2026 (the "**Dollar Senior Secured Notes**" or **"Dollar Notes"** and, together with the Euro Senior Secured Notes, the **"Senior Secured Notes**") and INEOS Quattro Finance 1 Plc, a public limited company incorporated under the laws of England and Wales (the "**Senior Notes Issuer**" and, together with the Senior Secured Notes Issuer, the "**Issuers**") is offering €500,000,000 aggregate principal amount of its euro-denominated 3 3/4% Senior Notes due 2026 (the "**Euro Senior Notes**" or **"Senior Notes"** and, together with the Euro Senior Secured Notes, the "**Euro Notes**"and the Senior Notes, together with the Senior Secured Notes, the "**Notes**" and, collectively such Notes offerings, the "**Offering**"). The Issuers will pay interest on the Notes semi-annually in arrears on January 15 and July 15 of each year, commencing on July 15, 2021.

Prior to January 15, 2023, the Senior Secured Notes Issuer may redeem all or a portion of the Senior Secured Notes at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, plus the applicable make-whole premium. In addition, prior to January 15, 2023, the Senior Secured Notes Issuer may redeem at its option up to 40% of the aggregate principal amount of each of the Euro Senior Secured Notes and the Dollar Senior Secured Notes with the net proceeds of certain equity offerings at 102.500% of the principal amount of the Euro Senior Secured Notes or at 103.375% of the principal amount of the Dollar Senior Secured Notes, as applicable, plus accrued interest, if at least 50% of the Euro Senior Secured Notes or Dollar Senior Secured Notes, as applicable, remain outstanding. At any time on or after January 15, 2023, the Senior Secured Notes Issuer may redeem all or a portion of the Senior Secured Notes at the prices specified herein.

Prior to January 15, 2023, the Senior Notes Issuer may redeem all or a portion of the Senior Notes at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, plus the applicable make-whole premium. In addition, prior to January 15, 2023, the Senior Notes Issuer may redeem at its option up to 40% of the aggregate principal amount of the Senior Notes with the net proceeds of certain equity offerings at 103.750% of the principal amount of the Senior Notes plus accrued interest, if at least 50% of the Senior Notes remain outstanding. At any time on or after January 15, 2023, the Senior Notes Issuer may redeem all or a portion of the Senior Notes at the prices specified herein.

Upon the occurrence of certain events constituting a change of control, each Issuer may be required to make an offer to purchase the Notes for which it is the relevant Issuer at a redemption price equal to 101% of the principal amount

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thereof, plus accrued and unpaid interest and additional amounts, if any. In the event of certain developments affecting taxation, each Issuer may redeem all, but not less than all, of the Notes for which it is the relevant Issuer at a price equal to at 100% of their principal amount plus accrued interest.

The Senior Secured Notes will be senior secured obligations of the Senior Secured Notes Issuer and will rank *pari passu* in right of payment to all of the Senior Secured Notes Issuer's existing and future senior indebtedness, including its guarantee of the New Term Loan B Facilities, the Existing Credit Facilities and the Existing Senior Secured Notes and will rank senior in right of payment to all existing and future indebtedness of the Senior Secured Notes Issuer that is subordinated in right of payment to the Senior Secured Notes, including its guarantee of the Senior Notes. The Senior Secured Notes will be effectively senior to any existing and future secured indebtedness of the Senior Secured Notes Issuer that is unsecured or secured by liens junior to the liens securing the Senior Secured Notes, including the Senior Secured Notes Issuer's guarantee of the Senior Notes, and will be effectively subordinated to any existing and future secured indebtedness of the Senior Secured Notes Issuer that is secured by assets that do not secure the Senior Secured Notes, to the extent of the value of the assets securing such indebtedness.

The Senior Notes will be senior obligations of the Senior Notes Issuer and will rank *pari passu* in right of payment to all of the Senior Notes Issuer's existing and future senior indebtedness, and will rank senior in right of payment to all existing and future indebtedness of the Senior Notes Issuer that is subordinated in right of payment to the Senior Notes, if any. The Senior Notes will be effectively subordinated to any existing and future secured indebtedness of the Senior Notes Issuer that is secured by assets that do not secure the Senior Notes or that is secured on a first-priority basis over property and assets that secure the Senior Notes on a second-priority basis, including its guarantee of the Senior Secured Notes, New Term Loan B Facilities, the Existing Credit Facilities and the Existing Senior Secured Notes, to the extent of the value of the assets securing such indebtedness.

The Senior Secured Notes will be jointly and severally guaranteed (the "**Senior Secured Notes Guarantees**") on a senior secured basis (i) on the Issue Date, by INEOS Quattro Holdings Limited (the "**Parent**"), the Senior Notes Issuer, INEOS Quattro Financing Limited (the "**Company**") and certain of the Company's subsidiaries (the "**Initial Subsidiary Guarantors**" and, together with the Parent, the Senior Notes Issuer and the Company, the "**Initial Guarantors**") and (ii) after the Issue Date (subject to certain approvals and security principles) by certain of the Company's other subsidiaries (the "**Subsequent Guarantors**" and, together with the Initial Subsidiary Guarantors, the "**Subsidiary Guarantors**" and, together with the Company, the Parent and the Senior Notes Issuer, the "**Senior Secured Notes Guarantors**"). The Senior Secured Notes Guarantees will rank *pari passu* in right of payment with all existing and future senior indebtedness of each Guarantor, including obligations under the New Term Loan B Facilities, the Existing Credit Facilities and the Existing Senior Secured Notes, and will rank senior in right of payment to all existing and future subordinated obligations of such Guarantor, including (other than in the case of the Parent and the Senior Notes Issuer) its guarantee of the Senior Notes. The Senior Secured Notes Guarantees will be effectively subordinated to any existing and future secured indebtedness of such Guarantor that is secured by assets that do not secure the Guarantees, to the extent of the value of the assets securing such indebtedness. The Senior Notes will be jointly and severally guaranteed (the "**Senior Notes Guarantees**" and, together with the Senior Secured Notes Guarantees, the "**Guarantees**") (i) on a senior basis by the Parent and (ii) on a senior subordinated basis (x) on the Issue Date, by the Company, the Senior Secured Notes Issuer and the Initial Subsidiary Guarantors and (y) after the Issue Date (subject to certain approvals and security principles) by the Subsequent Guarantors. In addition, the Guarantees will be subject to contractual and legal limitations under relevant local laws and may be released under certain circumstances. See "*Limitations on the Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Considerations*."

With respect to the Initial Senior Secured Notes Collateral, on the Issue Date, and with respect to the Subsequent Senior Secured Notes Collateral, after the Issue Date (subject to certain approvals and security principles), the Senior Secured Notes and the Senior Secured Guarantees will be secured on a first-priority basis in accordance with the Intercreditor Agreement, subject to certain permitted collateral liens, by security interests over certain shares, bank accounts, intercompany receivables, assets and real property of the Issuers and the Guarantors (together, the "**Senior Secured Notes Collateral**"). See "*Description of the Senior Secured Notes—Brief Description of the Notes, the Guarantees and the Security—Security.*" As of the Issue Date, the Senior Notes will be secured on a second-priority basis by the shares of the Company and the claims under the intercompany loan from the Senior Notes Issuer to the Company (the "**Senior Notes Proceeds Loan**") representing the proceeds of the offering of the Senior Notes (together, the "**Senior Notes Collateral**" and, together with the Senior Secured Notes Collateral, the "**Collateral**"). See "*Description of the Senior Notes—Brief Description of the Notes, the Guarantees and the Security—Security.*"

This offering memorandum includes more detailed information on the terms of the Notes, the Guarantees and the security interests as briefly described above, including redemption and repurchase prices, security, covenants and transfer restrictions, and thus, this offering memorandum should be read as a whole by any prospective purchaser in making a determination as to whether to invest in the Notes. See "*Description of the Senior Secured Notes*" and "*Description of the Senior Notes*".

There is currently no public market for the Notes. This document constitutes the listing particulars ("**Listing Particulars**") in respect of the admission of the Notes to the Official List and to trading on the Euro MTF Market. Application was made to the Luxembourg Stock Exchange for the approval of this document as Listing Particulars. Application has been made for the Notes to be admitted to listing on the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF Market. The Euro MTF Market is not a regulated market pursuant to the provisions of Directive 2004/39/EC on markets in financial instruments, as amended. This offering memorandum constitutes a prospectus for purposes of Part IV of the Luxembourg law on prospectuses for securities dated July 16, 2019.

Investing in the Notes involves risks that are described in the "*Risk Factors*" section beginning on page 57 of this offering memorandum.

Issue price for the Euro Senior Secured Notes: 100.000% plus accrued interest, if any, from January 29, 2021.

Issue price for the Dollar Senior Secured Notes: 100.000% plus accrued interest, if any, from January 29, 2021.

Issue price for the Euro Senior Notes: 100.000% plus accrued interest, if any, from January 29, 2021.

The Notes and the Guarantees have not been, and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or the securities laws of any other jurisdiction. Accordingly, the Notes may be offered only in transactions that are exempt from registration under the Securities Act and the laws of any other relevant jurisdiction. The Notes are being offered and sold only to (i) qualified institutional buyers ("**QIBs**") pursuant to Rule 144A under the Securities Act ("**Rule 144A**") and (ii) non-U.S. persons outside the United States in reliance on Regulation S under the Securities Act ("**Regulation S**"). For further details about eligible offerees and resale restrictions, see "*Notice to Investors*."

Delivery of the Dollar Senior Secured Notes was made to investors in book-entry form through The Depository Trust Company ("**DTC**") and the Euro Senior Secured Notes and Euro Senior Notes were delivered to investors in book-entry form through Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**"), in each case, on January 29, 2021. Interests in each global note will be exchangeable for the relevant definitive Notes only in certain limited circumstances. See "*Book-Entry; Delivery and Form*."

Joint Global Coordinators

Barclays	**BNP Paribas**	**Citigroup**	**Goldman Sachs Bank Europe SE**	**HSBC**	**J.P. Morgan**
(Euro Notes Joint Physical Bookrunner)		*(Dollar Notes Sole Physical Bookrunner)*		*(Euro Notes Joint Physical Bookrunner)*	*(Euro Notes Joint Physical Bookrunner)*

Joint Bookrunners

ABN AMRO	**BofA Securities**	**COMMERZBANK**	**Crédit Agricole CIB**	**Credit Suisse**	**Deutsche Bank**
Fifth Third Securities	**ICBC**	**ING**	**IMI—Intesa Sanpaolo**	**Lloyds Bank Corporate Markets**	**Mizuho Securities**
Morgan Stanley		**NatWest Markets**		**Santander**	

Co-Managers

KBC Bank NV	**MUFG**

The date of these Listing Particulars is March 10, 2021.

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IMPORTANT INFORMATION

As used in this offering memorandum, unless the context otherwise requires, references to the "**Issuers**" are to INEOS Quattro Finance 2 Plc and INEOS Quattro Finance 1 Plc, collectively, references to the "**Parent**" are to INEOS Quattro Holdings Limited (formerly known as INEOS Styrolution Holding Limited), references to the "**Company**" are to INEOS Quattro Financing Limited (formerly known as INEOS Styrolution Financing Limited), a direct subsidiary of the Parent, references to "**we**," "**us**," "**our**" and the "**Group**" are to the Parent and its consolidated subsidiaries after giving effect to the Acquisitions and standalone references to either "2017", "2018" and "2019" relate to the calendar year from January 1 to December 31 of said year unless otherwise stated.

You should rely only on the information contained in this offering memorandum. We have not, and Barclays Bank PLC; Barclays Capital, Inc.; BNP Paribas; Citigroup Global Markets Inc.; Citigroup Global Markets Limited; Goldman Sachs Bank Europe SE; HSBC Bank PLC; J.P. Morgan Securities PLC; ABN AMRO Bank N.V.; ABN AMRO Securities (USA) LLC; Banco Santander, S.A.; BofA Securities, Inc.; Commerzbank Aktiengesellschaft; Commerz Markets LLC; Crédit Agricole Corporate and Investment Bank; Credit Suisse Securities (Europe) Limited; Deutsche Bank AG, London Branch; Fifth Third Securities, Inc.; ICBC Standard Bank Plc; ING Bank N.V., London Branch; Intesa Sanpaolo S.p.A.; KBC Bank NV; Lloyds Bank Corporate Markets plc; Merrill Lynch International; Mizuho International plc; Mizuho Securities USA LLC; Morgan Stanley & Co. International plc; MUFG Securities EMEA plc; MUFG Securities Americas Inc.; NatWest Markets Plc; NatWest Markets Securities Inc. and Santander Investment Securities Inc. (the "**Initial Purchasers**") have not, authorized anyone to provide you with information that is different from the information contained herein. If anyone provides you with different or inconsistent information, you should not rely on it. You should assume that the information appearing in this offering memorandum is accurate only as of the date on the front cover of this offering memorandum. Our business, financial condition, results of operations and prospects may have changed since that date.

This offering memorandum is not an offer to sell, or a solicitation of an offer to buy, any Notes by any person in any jurisdiction in which it is unlawful for such person to make such an offering or solicitation. No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose. By purchasing Notes, you will be deemed to have made the acknowledgments, representations, warranties and agreements described under the heading "*Notice to Investors*" in this offering memorandum. You should understand that you may be required to bear the financial risks of your investment for an indefinite period of time.

None of the Initial Purchasers, the Trustees, the Security Agent, the Paying Agents, the Registrars or the Transfer Agents or their affiliates makes any representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this offering memorandum. Nothing contained in this offering memorandum is, or should be relied upon as, a promise or representation by the above persons as to the past or future.

You must comply with all applicable laws and regulations in force in any applicable jurisdiction and you must obtain any consent, approval or permission required by you for the purchase, offer or sale of the Notes under the laws and regulations in force in the jurisdiction to which you are subject or in which you make such purchase, offer or sale, and neither we nor the Initial Purchasers or their affiliates will have any responsibility therefor.

Neither we, the Initial Purchasers, the Trustees, the Security Agent or their agents or affiliates are making any representation to any purchaser of the Notes regarding the legality of an investment in the Notes by such purchaser under any legal investment or similar laws or regulations. You should not consider any information in this offering memorandum to be legal, business, tax, regulatory or any other advice. You should consult your own attorney, business advisor and tax advisor for legal, business and tax advice regarding an investment in the Notes.

The Notes and the related Guarantees have not been and will not be registered under the Securities Act or the securities laws of any state of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Notes and the related Guarantees are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S and within the United States to QIBs in reliance on Rule 144A. Prospective purchasers are hereby notified that the sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

We have prepared this offering memorandum solely for use in connection with the offer of the Notes to qualified institutional buyers under Rule 144A under the Securities Act and to non-U.S. persons (within the meaning of Regulation S under the Securities Act) outside the United States under Regulation S under the Securities Act.

This offering memorandum is based on information provided by us and by other sources that we believe are reliable. We cannot assure you that information included herein is accurate or complete. This offering memorandum summarizes certain documents and other information and we refer you to them for a more complete understanding of the discussions in this offering memorandum. We will make copies of certain documents available to you upon request. In making an investment decision, you must rely on your own examination of our company, the terms of the Offering and the Notes, including the merits and risks involved.

By purchasing the Notes, you will be deemed to have acknowledged that you have reviewed this offering memorandum and have had an opportunity to request, and have received, all additional information that you need from us. You should understand that you may be required to bear the financial risks of your investment for an indefinite period of time.

The information contained under the caption "Exchange Rate Information" includes extracts from information and data publicly released by official and other sources. While we accept responsibility for accurately summarizing the information concerning exchange rate information, we accept no further responsibility in respect of such information. The information set out in relation to sections of this offering memorandum describing clearing and settlement arrangements, including the section entitled "*Book-Entry, Delivery and Form*," is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear or Clearstream currently in effect. Neither we, the Initial Purchasers, the Trustees or their affiliates or agents will, nor will any of our agents, have responsibility for the performance of the respective obligations of DTC, Euroclear and Clearstream or their respective participants under the rules and procedures governing their operations, nor any responsibility or liability for any aspect of the records relating to, or payments made on account of, book-entry interests held through the facilities of any clearing system or for maintaining, supervising or reviewing any records relating to these book-entry interests. Investors wishing to use these clearing systems are advised to confirm the continued applicability of their rules, regulations and procedures. The information described in this paragraph that has been sourced from third parties has been accurately reproduced and as far as the Issuers are aware, and are able to ascertain from published information, no facts have been omitted that would render the reproduced information inaccurate or misleading.

We reserve the right to withdraw the Offering at any time and we and the Initial Purchasers reserve the right to reject any commitment to subscribe for the Notes in whole or in part and to allot to any prospective purchaser less than the full amount of Notes sought by such purchaser. The Initial Purchasers and certain related entities may acquire for their own account a portion of the Notes. See "*Plan of Distribution*."

None of the U.S. Securities and Exchange Commission (the "**SEC**"), any state securities commission or any other regulatory authority has approved or disapproved these securities, nor has any of the foregoing authorities passed upon or endorsed the merits of the Offering or the accuracy or adequacy of this offering memorandum. Any representation to the contrary is a criminal offense.

The Notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and applicable securities laws of any other jurisdiction pursuant to registration or exemption therefrom.

STABILIZATION

IN CONNECTION WITH THE OFFERING, BARCLAYS BANK PLC (THE "**EURO SENIOR SECURED NOTES STABILIZING MANAGER**" AND THE "**EURO SENIOR NOTES STABILIZING MANAGER**") AND CITIGROUP GLOBAL MARKETS INC. (THE "**DOLLAR SENIOR SECURED NOTES STABILIZING MANAGER**") (THE EURO SENIOR SECURED NOTES STABILIZING MANAGER, THE EURO SENIOR NOTES STABILIZING MANAGER AND THE DOLLAR SENIOR SECURED NOTES STABILIZING MANAGER, THE "**STABILIZING MANAGERS**") (OR PERSONS ACTING ON BEHALF OF THE RESPECTIVE STABILIZING MANAGERS) MAY OVER ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILIZATION MAY NOT NECESSARILY OCCUR. ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE RELEVANT SERIES OF NOTES IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE RELEVANT SERIES OF NOTES (THE "**ISSUE DATE**") AND 60 DAYS AFTER THE DATE OF THE

ALLOTMENT OF THE RELEVANT SERIES OF NOTES. ANY STABILIZATION ACTION OR OVER ALLOTMENT MUST BE CONDUCTED BY ANY STABILIZING MANAGER (OR PERSONS ACTING ON ITS BEHALF) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

NOTICE TO U.S. INVESTORS

Each purchaser of the Notes will be deemed to have made the representations, warranties and acknowledgments that are described in this offering memorandum under the caption "*Notice to Investors*."

The Notes and the Guarantees have not been and will not be registered under the Securities Act or the securities laws of any state of the United States and are subject to certain restrictions on transfer. In the United States, the Offering is being made only to "qualified institutional buyers" (as defined in Rule 144A). Prospective purchasers that are qualified institutional buyers are hereby notified that the Initial Purchasers of the Notes may be relying on an exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. Outside the United States, the Offering is being made to non-U.S. persons in offshore transactions (each as defined in Regulation S). For a description of certain further restrictions on resale or transfer of the Notes, see "*Notice to Investors*."

THE NOTES MAY NOT BE OFFERED TO THE PUBLIC WITHIN ANY JURISDICTION. BY ACCEPTING DELIVERY OF THIS OFFERING MEMORANDUM, YOU AGREE NOT TO OFFER, SELL, RESELL, TRANSFER OR DELIVER, DIRECTLY OR INDIRECTLY, ANY NOTES TO THE PUBLIC.

NOTICE TO EEA INVESTORS

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); (ii) a customer within the meaning of Directive 2016/97/EU (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a "qualified investor" as defined in the EU Prospectus Regulation. Consequently, no key information document required by Regulation (EU) 1286/2014 (as amended, the "**EU PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

This Offering Memorandum has been prepared on the basis that any offer of Notes in any Member State of the EEA will be made pursuant to an exemption under Regulation (EU) 2017/1129 (the "**EU Prospectus Regulation**") from the requirement to publish a prospectus for offers of Notes. This Offering Memorandum is not a prospectus for the purposes of the Prospectus Regulation and any relevant implementing measure in each member state of the EEA. No prospectus is required in accordance with the Prospectus Regulation for this issue of Notes.

NOTICE TO U.K. INVESTORS

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation.

No key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available

to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation. This offering memorandum has been prepared on the basis that any offer of the securities in the United Kingdom will be made pursuant to an exemption under the under the UK Prospectus Regulation from a requirement to publish a prospectus for offers of securities. This offering memorandum is not a prospectus for the purpose of the UK Prospectus Regulation.

In the United Kingdom, this offering memorandum is being distributed only to and is directed only at: (a) persons who are "investment professionals" falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**"), (b) high net worth companies, unincorporated associations and other bodies within the categories described in Article 49(2)(a) to (d) of the Order and (c) any other persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) in connection with the issue or sale of any Notes may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). Any person who is not a relevant person should not act or rely on this document or any of its contents. Any investment or investment activity to which this offering memorandum relates is available only to relevant persons and will be engaged in only with relevant persons. Each Initial Purchaser: (a) has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuers or any Guarantor and (b) has complied and will comply with all applicable provisions of the FSMA in respect of anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

NOTICE TO BELGIAN INVESTORS

This offering memorandum relates to a private placement of the Notes and does not constitute an offer or solicitation to the public in Belgium to subscribe for or acquire the Notes. The Notes may be offered in Belgium solely to qualified investors within the meaning of the EU Prospectus Regulation and the Belgian Act of 11 July 2018 on the public offering of investment instruments and the admission of investment instruments to trading on a regulated market (the "**Belgian Prospectus Act**"), as such term is defined therein, and/or on the basis of any other exemption as referred to in Article 1, paragraph 4 of the EU Prospectus Regulation.

The Offering has not been and will not be notified to, and this offering memorandum has not been, and will not be, notified to, or approved by, the Belgian Financial Services and Markets Authority (*Autoriteit voor Financiële Diensten en Markten/Autorité des Services et Marchés Financiers*) pursuant to the Belgian laws and regulations applicable to the public offering of notes.

The Offering, and any materials relating to the Offering, may not be advertised to, the Notes are not intended to be offered, sold or otherwise made available to, and neither this offering memorandum nor any other information circular, brochure or similar documents may be distributed, directly or indirectly, to, and the Notes should not be offered, sold or otherwise made available in Belgium to (i) any other person located and/or resident in Belgium other than in circumstances which do not constitute an offer to the public in Belgium pursuant to the Prospectus Regulation and the Belgian Prospectus Act or (ii) any person qualifying as a consumer (*consument / consommateur*) within the meaning of the Belgian economic law code (*Wetboek van economisch recht/Code de droit économique*), as amended from time to time (the "**Belgian Code of Economic Law**").

NOTICE TO CANADIAN INVESTORS

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this offering memorandum (including any amendment thereto) contains a misrepresentation,

provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 *Underwriting Conflicts* ("NI 33-105"), the Initial Purchasers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with the Offering.

NOTICE TO FRENCH INVESTORS

This offering memorandum has not been prepared in the context of a public offering of financial securities in France within the meaning of the EU Prospectus Regulation and, therefore, has not been approved by, or registered or filed with the *Autorité des marchés financiers* (the French financial markets authority ("AMF")) and does not require a prospectus to be submitted for approval to the AMF.

Consequently, the Notes may not be, directly or indirectly, offered or sold to the public in France (*offre au public de titres financiers*) (other than to qualified investors and/or a restricted circle of investors acting for their own account), and neither this offering memorandum nor any offering or marketing materials relating to the Notes may be made available or distributed in any way that would constitute, directly or indirectly, an offer to the public in France (other than to qualified investors and/or a restricted circle of investors acting for their own account).

The Notes may only be offered or sold in France to: (i) a restricted circle of investors acting for their own account (*cercle restreint d'investisseurs agissant pour compte propre*) in accordance with Articles L. 411-2 and D. 411-4 of the French *Code monétaire et financier* and/or to qualified investors (*investisseurs qualifiés*) as defined by Article 2(e) of the EU Prospectus Regulation. Prospective investors are informed that: (i) this offering memorandum has not been and will not be submitted for clearance to the AMF; (ii) in compliance with Article L.411-2 of the French *Code monétaire et financier*, the restricted circle of investors subscribing for the Notes should be acting for its own account and (iii) the direct and indirect distribution or sale to the public of the Notes acquired by them and the qualified investors may only be made in compliance with Articles L. 411-1, L. 411-2, L. 412-1, L. 621-8 to L. 621-8-2 of the French *Code monétaire et financier* and applicable regulations thereunder.

Investors in France and persons into whose possession offering materials come must inform themselves about, and observe, any such restrictions.

NOTICE TO HONG KONG INVESTORS

The Notes may not be offered or sold in Hong Kong by means of any document, any Notes other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "SFO") and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions Ordinance (Cap. 32) of Hong Kong (the "C(WUMP)O") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

No advertisement, invitation or document relating to the Notes may be issued or may be in the possession of any person for the purposes of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

NOTICE TO ITALIAN INVESTORS

The offering of the Notes has not been registered with the Commissione Nazionale per la Società e la Borsa ("**CONSOB**") pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor

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may copies of this offering memorandum or of any other document relating to the Notes be distributed in the Republic of Italy, except: (i) to qualified investors (*investitori qualificati*), as defined pursuant to Article 2 of Regulation (EU) No. 1129 of 14 June 2017 (the "Prospectus Regulation"), Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the "**Financial Services Act**") and the implementing CONSOB regulations, including CONSOB Regulation No. 11971 of May 14, 1999, as amended; or (ii) in any other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the Prospectus Regulation and any other applicable Italian laws and regulations.

Any offer, sale or delivery of the Notes or distribution of copies of these Listing Particulars or any other document relating to the Notes in the Republic of Italy under paragraph (i) or (ii) above must: (a) be made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 20307 of 15 February 2018 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the "**Banking Act**") and any other applicable laws or regulations; (b) comply with all relevant Italian securities, tax, exchange control and any other applicable laws and regulations and any other applicable requirement or limitation that may be imposed from time to time by CONSOB, the Bank of Italy (including the reporting requirements, where applicable, pursuant to Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, issued on 25 August 2015 (as amended on 10 August 2016 and as further amended from time to time) or and/or any other Italian authority; and (c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or the Bank of Italy or any other Italian authority.

NOTICE TO KOREAN INVESTORS

A registration statement for the offering and sale of the Notes has not been and will not be filed under the Financial Investment Services and Capital Markets Act of Korea. Accordingly, the Notes may not be offered, sold or delivered, directly or indirectly, in Korea or to, or for the account or benefit of, any Korean resident (as such term is defined in the Foreign Exchange Transaction Law of Korea), except as otherwise permitted under applicable Korean laws and regulations.

NOTICE TO MEXICAN INVESTORS

The Notes have not been and will not be registered with the National Securities Registry (*Registro Nacional de Valores*) maintained by the Mexican National Banking and Securities Commission (*Comisión Nacional Bancaria y de Valores*, "**CNBV**"), and may not be offered, sold, traded publicly, or otherwise be the subject of brokerage activities in Mexico, except as provided by the private placement exemption set forth under Article 8 of the Mexican Securities Market Law (*Ley del Mercado de Valores*), pursuant to which the Notes may be offered in Mexico exclusively to institutional and qualified investors. The information contained in this offering memorandum is the exclusive responsibility of the Issuers and has not been reviewed or authorized by the CNBV. In making an investment decision, all investors, including any Mexican investors, who may acquire Notes from time to time, must rely on their own examination of the Issuers and the Guarantors, the terms of the Offering and this offering memorandum, including the merits and risks involved.

NOTICE TO NORWEGIAN INVESTORS

This offering memorandum is not a prospectus and has not been prepared in accordance with the prospectus requirements provided for in the Norwegian Securities Trading Act of June 29, 2007 No. 75 (the "**Norwegian Securities Trading Act**") or the EU Prospectus Regulation, as implemented in Norway in accordance with Section 7-1 of the Norwegian Securities Trading Act, nor any other Norwegian enactment. Neither the Norwegian Financial Supervisory Authority (*Finanstilsynet*) nor any other Norwegian public body has examined, approved or registered this offering memorandum or will examine, approve or register this offering memorandum.

Accordingly, this offering memorandum may not be made available, nor may the Notes otherwise be marketed and offered for sale, in Norway other than in circumstances that constitute an exemption from the requirement to prepare a prospectus under the Norwegian Securities Trading Act and the EU Prospectus Regulation.

NOTICE TO SINGAPORE INVESTORS

This offering memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Notes may not be offered or sold or be made the subject of an invitation for subscription or purchase, and this offering memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, may not be circulated or distributed, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**") under Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275, of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- to an institutional investor or to a relevant person as defined in Section 275(2) of the SFA, or (in the case of such corporation) where the transfer arises from an offer referred to in Section 276(3)(i)(B) of the SFA or (in the case of such trust) where the transfer arises from an offer referred to in Section 276(4)(i)(B) of the SFA;
- where no consideration is or will be given for the transfer;
- where the transfer is by operation of law;
- as specified in Section 276(7) of the SFA; or
- as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Any reference to the SFA is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

NOTICE TO SWEDISH INVESTORS

This offering memorandum relates to a private placement of the Notes and does not constitute an offer or solicitation to the public in Sweden to subscribe for or acquire the Notes. The Notes may be offered in Sweden solely to qualified investors (as defined in Article 2, paragraph e) of the EU Prospectus Regulation) and/or on the basis of any other exemption as referred to in Article 1, paragraph 4 of the EU Prospectus Regulation.

This offering memorandum is not a prospectus and has not been prepared in accordance with the prospectus requirements provided for in the EU Prospectus Regulation. Neither the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) nor any other Swedish public body has examined, approved or registered this offering memorandum or will examine, approve or register this offering memorandum. Accordingly, this offering memorandum may not be

made available, nor may the Notes otherwise be marketed and offered for sale, in Sweden other than in circumstances that constitute an exemption from the requirement to prepare a prospectus under the EU Prospectus Regulation.

NOTICE TO SWISS INVESTORS

This offering memorandum is not intended to constitute an offer or solicitation to purchase or invest in the Notes. The Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland within the meaning of the Swiss Financial Services Act ("**FinSA**") and will not be admitted to any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this offering memorandum nor any other offering or marketing material relating to the Notes constitutes a prospectus as such term is understood pursuant to FinSA, and neither this offering memorandum nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

CERTAIN DEFINITIONS

Unless indicated otherwise in this offering memorandum or the context requires otherwise:

- "**AAGR**" refers to average annual growth rate, expressed as a percentage;
- "**Acquisitions**" refers to the BP Acquisition and the INOVYN Contribution;
- "**Acquisitions Closing Date**" refers to the date on which the Acquisitions were consummated, which was December 31, 2020;
- "**BASF**" refers to BASF SE and its consolidated subsidiaries;
- "**BP**" refers to bp p.l.c. and its consolidated subsidiaries;
- "**BP Acquisition**" refers to the purchase by the Group of BP's global Aromatics and Acetyls Businesses pursuant to the BP Acquisition Agreement and the entry into the other agreements described under the caption "*The Acquisitions*";
- "**BP Acquisition Agreement**" refers to the acquisition agreement dated June 29, 2020 among, *inter alios*, BP and the Company, as amended on July 3, 2020, October 12, 2020 and December 29, 2020, and as further amended from time to time;
- "**BP Petrochemicals**" and the "**Aromatics and Acetyls Businesses**" each refer to BP's global Aromatics and Acetyls businesses acquired by the Group pursuant to the BP Acquisition Agreement;
- "**Bridge Facility**" refers to the $2,450 million and €870 million senior secured bridge facility made available to INEOS 226 Limited and INEOS US Petrochem LLC pursuant to the Bridge Facility Agreement, which will be repaid in full with a portion of the proceeds of the Offering and the borrowings under the New Term Loan B Facilities;
- "**Bridge Facility Agreement**" refers to the bridge credit agreement dated as of July 31, 2020, as amended and restated from time to time, among, *inter alios*, INEOS 226 Limited and INEOS US Petrochem LLC, as borrowers and guarantors, the other guarantors from time to time party thereto, J.P. Morgan AG as Administrative Agent and Barclays Bank PLC as Security Agent;
- "**CAGR**" refers to compound annual growth rate, expressed as a percentage;
- "**Clearstream**" refers to Clearstream Banking, *société anonyme*;
- "**CLP Regulation**" refers to the EU Classification, Labeling and Packaging Regulation;
- "**Collateral**" refers to the Senior Secured Notes Collateral and the Senior Notes Collateral, collectively;
- "**Company**" refers to INEOS Quattro Financing Limited, a direct subsidiary of the Parent;
- "**Deloitte**" refers to Deloitte LLP, a member of the Institute of Chartered Accountants in England and Wales;
- "**Deposit Facility**" refers to the $400 million deposit facility made available to INEOS Quattro Financing Limited (formerly INEOS Styrolution Financing Limited) pursuant to the credit agreement dated as of June 29, 2020 among INEOS Quattro Financing Limited, the guarantors from time to time party thereto, the lenders from time to time party thereto and Barclays Bank PLC, as administrative agent and security agent;
- "**Dollar Initial Purchasers**" refers to Barclays Capital, Inc.; BNP Paribas; Citigroup Global Markets Inc.; Goldman Sachs Bank Europe SE; HSBC Bank PLC; J.P. Morgan Securities PLC; ABN AMRO Securities (USA) LLC; BofA Securities, Inc.; Commerz Markets LLC; Crédit Agricole Corporate and Investment Bank; Credit Suisse Securities (Europe) Limited; Deutsche Bank AG, London Branch; Fifth Third

Securities, Inc.; ICBC Standard Bank Plc; ING Bank N.V., London Branch; KBC Bank NV; Lloyds Bank Corporate Markets plc; Mizuho Securities USA LLC; Morgan Stanley & Co. International plc; MUFG Securities Americas Inc.; NatWest Markets Securities Inc and Santander Investment Securities Inc.;

- "**Dollar Term Loan A Facilities**" refers to the $350 million term loan facilities made available to INEOS 226 Limited pursuant to the Term Loan and Revolving Credit Facility Agreement;
- "**DTC**" refers to the Depository Trust Company;
- "**ECHA**" refers to the European Chemicals Agency;
- "**EEA**" refers to the European Economic Area;
- "**Equity Bridge Contribution**" refers to the $1.0 billion contributed to the Group by the Parent's immediate shareholder (funded by the Vendor Loan Notes) and used to bridge the financing of the BP Acquisition, which equity bridge financing will be repaid as a dividend to a shareholder of the Parent, together with cash on hand, a portion of the proceeds of the Offering and the borrowings under the New Term Loan B Facilities, which in turn use the proceeds to repay the Vendor Loan Notes;
- "**EU**" refers to the European Union;
- "**EU ETS**" refers to European Union Emissions Trading Scheme;
- "**Euro Initial Purchasers**" refers to Barclays Bank PLC; BNP Paribas; Citigroup Global Markets Limited; Goldman Sachs Bank Europe SE; HSBC Bank PLC; J.P. Morgan Securities PLC; ABN AMRO Bank N.V.; Banco Santander, S.A.; Commerzbank Aktiengesellschaft; Crédit Agricole Corporate and Investment Bank; Credit Suisse Securities (Europe) Limited; Deutsche Bank AG, London Branch; Fifth Third Securities, Inc.; ICBC Standard Bank Plc; ING Bank N.V., London Branch; Intesa Sanpaolo S.p.A.; KBC Bank NV; Lloyds Bank Corporate Markets plc; Merrill Lynch International; Mizuho International plc; Morgan Stanley & Co. International plc; MUFG Securities EMEA plc; and NatWest Markets Plc.
- "**Euro Term Loan A Facilities**" refers to the € 300 million term loan facility made available to INEOS Quattro Financing Limited pursuant to the Term Loan and Revolving Credit Facility Agreement, €180 million outstanding amount of which will be repaid in connection with the Transactions;
- "**Excluded Jurisdictions**" refers to China (excluding Hong Kong), India, Indonesia, Jordan, Malaysia, Taiwan, Trinidad and Tobago and Turkey;
- "**Euroclear**" refers to Euroclear Bank SA/NV;
- "**Existing Credit Facilities**" means the Term Loan A Facilities, the Revolving Credit Facility and the Existing Term Loan B Facility;
- "**Existing Dollar Term Loan B Facility**" refers to the $201 million term loan facility made available to INEOS Styrolution US Holding LLC pursuant to the Existing Term Loan B Facilities Agreement;
- "**Existing Euro Term Loan B Facility**" refers to the €450 million term loan facility made available to the INEOS Styrolution Group GmbH pursuant to the Existing Term Loan B Facilities Agreement;
- "**Existing Indenture**" refers to the indenture dated as of January 31, 2020 among, inter alios, INEOS Styrolution Group GmbH, as the issuer, the Guarantors, as guarantors, and The Bank of New York Mellon, London Branch, as trustee, pursuant to which the Existing Senior Secured Notes were issued;
- "**Existing Senior Secured Notes**" or "**Existing Notes**" refers to the €600,000,000 $2^1/_4$% Senior Secured Notes due 2027 issued by INEOS Styrolution Group GmbH on January 31, 2020;
- "**Existing Term Loan B Facilities**" refers to the Existing Dollar Term Loan B Facility and the Existing Euro Term Loan B Facility;

- "**Existing Term Loan B Facilities Agreement**" refers to the credit agreement dated as of November 7, 2014 between, among others, INEOS Styrolution Group GmbH and INEOS Styrolution US Holding LLC as borrowers and guarantors, the other guarantors from time to time party thereto and Barclays Bank PLC as Administrative Agent and Security Agent, as amended and restated as of March 30, 2017 and as further amended and restated as of November 22, 2017 and January 31, 2020, and as further amended from time to time;

- "**GHG**" refers to greenhouse gas;

- "**Group**", "**we**", "**us**" or "**our**" refers to Parent and its consolidated subsidiaries after giving effect to the Acquisitions;

- "**Guarantor**" or "**Guarantors**" refers to the Initial Guarantors and the Subsequent Guarantors, collectively;

- "**HSSE**" refers to health, safety, security and environmental;

- "**IFRS**" refers to International Financial Reporting Standards as adopted by the European Union;

- "**IHS Markit**" refers to IHS Markit Limited and its affiliates;

- "**Indentures**" refers to the Senior Secured Notes Indenture and the Senior Notes Indenture;

- "**INEOS**" or "**INEOS Group**" refers to INEOS Limited and its consolidated subsidiaries;

- "**INEOS Industries**" refers to INEOS Industries Holdings Limited and not to any of its subsidiaries;

- "**Initial Guarantor**" or "**Initial Guarantors**" refers to the Senior Secured Notes Initial Guarantors and the Senior Notes Initial Guarantors, collectively, but excluding, with respect to the Senior Secured Notes, the Senior Secured Notes Issuer, and with respect to the Senior Notes, the Senior Notes Issuer;

- "**Initial Purchasers**" refers to the Euro Initial Purchasers and the Dollar Initial Purchasers, collectively;

- "**Initial Senior Secured Notes Collateral**" refers to the Collateral described under the caption "—Brief Description of the Senior Secured Notes, the Guarantees and the Security—Security—General—The Initial Senior Secured Notes Collateral";

- "**INOVYN**" or "**INOVYN Business**" refers to INOVYN Limited and its consolidated subsidiaries;

- "**INOVYN Contribution**" refers to the contribution, which will be recorded in the Parent's financial statements at the historical carrying values of INOVYN's financial statements, to the Group of 94.9% of the shares of INOVYN Limited pursuant to the INOVYN Contribution Agreement as described under the caption "*The Acquisitions*"; prior to the INOVYN Contribution, INOVYN was under common control with the Parent so in accordance with IFRS it will be treated as a transaction under common control and thus will be accounted for by recognizing the net assets of INOVYN Limited received at their historical carrying values;

- "**INOVYN Contribution Agreement**" refers to the contribution agreement dated July 24, 2020 among, *inter alios*, INEOS Group Investments Limited, INEOS Industries Limited, INEOS Industries Holdings Limited, INEOS Quattro Holdings Limited (formerly INEOS Styrolution Holding Limited) and INEOS Quattro Financing Limited (formerly INEOS Styrolution Financing Limited);

- "**INOVYN Securitization Program**" has the meaning given to such term under the caption "*Description of Other Indebtedness—The INOVYN Securitization Program"*;

- "**INOVYN Senior Secured Term Loan B Facility**" means the €1,064.3 million term loan facility made available to INOVYN Finance plc pursuant to the INOVYN Senior Secured Term Loan B Facility Agreement, which will be repaid in full with a portion of the proceeds of the Offering and the borrowings under the New Term Loan B Facilities;

- "**INOVYN Senior Secured Term Loan B Facility Agreement**" means the credit agreement dated as of May 13, 2016, among, *inter alios*, INOVYN Finance plc, as borrower, JP Morgan AG, as administrative agent and The Bank of New York Mellon, London Branch, as security agent, as amended and restated on November 10, 2016, May 10, 2017, November 14, 2017, November 9, 2018 and March 9, 2020;

- "**Intercreditor Agreement**" refers to the intercreditor agreement dated November 7, 2014, as amended and restated on September 30, 2016 and as further amended and restated on January 31, 2020 among, *inter alios*, the Parent, the Company, the administrative agent under each of the Existing Term Loan B Facility Agreement, the Bridge Facility Agreement and the Term Loan and Revolving Credit Facility Agreement, the trustee under the Existing Indenture and the Security Agent, and to which the Trustee under each of the Indentures will accede on or about the Issue Date;

- "**Issue Date**" refers to the date on which the Notes offered hereby are issued by the Issuers;

- "**Issuer**" or "**Issuers**" refers to the Senior Secured Notes Issuer and/or the Senior Notes Issuer, as applicable;

- "**Korean Subsidiary**" refers to INEOS Styrolution Korea Ltd.;

- "**LTBP**", "**Lotte**" or "**Lotte BP**" refers to Lotte BP Chemical Co.;

- "**Mexican Subsidiary**" refers to INEOS Styrolution Mexicana, S.A. de C.V.;

- "**mn MT**" refers to million metric ton;

- "**New Dollar Term Loan B Facility**" refers to the $2,000.0 million term loan facility to be made available to INEOS US Petrochem LLC on or about the Issue Date pursuant to the Term Loan and Revolving Credit Facility Agreement;

- "**New Euro Term Loan B Facility**" refers to the €1,500.0 million term loan facility to be made available to INEOS 226 Limited on or about the Issue Date pursuant to the Term Loan and Revolving Credit Facility Agreement;

- "**New Term Loan B Facilities**" refers to the New Dollar Term Loan B Facility and the New Euro Term Loan B Facility, collectively;

- "**NexantECA**" refers to Nexant Ltd.;

- "**Notes Proceeds Loans"** refers to the Senior Notes Proceeds Loan and the Senior Secured Notes Proceeds Loans;

- "**NTP**" refers to the U.S. National Toxicity Program;

- "**OEM**" refers to original equipment manufacturer;

- "**Offering**" refers to the offering of the Notes hereby;

- "**Parent**" refers to INEOS Quattro Holdings Limited (formerly known as INEOS Styrolution Holding Limited);

- "**Parent Intermediate Holdco**" refers to any direct or indirect subsidiary of the Parent of which the Company is or becomes a direct or indirect subsidiary;

- "**Purchase Price**" refers to the consideration paid in connection with the BP Acquisition;

- "**PwC**" refers to PricewaterhouseCoopers LLP, a member of the Institute of Chartered Accountants in England and Wales;

- "**REACH Regulation**" refers to the EU's Registration, Evaluation, Authorisation and Restriction of Chemicals;

- "**Revolving Credit Facility**" means the $300 million revolving credit facility made available under the Term Loan and Revolving Credit Facility Agreement;

- "**Securitization Programs**" refers to the Styrolution Securitization Program and the INOVYN Securitization Program;

- "**Security Agent**" refers to Barclays Bank PLC, as security agent under the Term Loan and Revolving Credit Facility Agreement, the Existing Indenture, the Existing Term Loan B Facilities Agreement and the Indentures;

- "**Senior Notes Collateral**" has the meaning given to the term "Collateral" under the caption "Description of the Senior Notes—Brief Description of the Notes, the Guarantees and the Security—Security";

- "**Senior Notes Indenture"** refers to the indenture governing the Senior Notes to be dated the Issue Date, among, *inter alios*, the Senior Notes Issuer, the Guarantors and the Senior Notes Trustee;

- "**Senior Notes Initial Guarantor**" or "**Senior Notes Initial Guarantors**" refers to INEOS Styrolution America LLC, INEOS Styrolution Europe GmbH, INEOS Styrolution Holding GmbH, INEOS Styrolution Group GmbH, INEOS Styrolution Investment GmbH, INEOS Styrolution Köln GmbH, INEOS Styrolution Ludwigshafen GmbH, INEOS Styrolution US Holding LLC, INEOS 226 Limited, INEOS Acetyls UK Limited, INEOS Quattro Finance 2 Plc, INEOS US Petrochem LLC, the Company and the Parent, each of which will guarantee the obligations of the Senior Notes Issuer under the Senior Notes on the Issue Date;

- "**Senior Notes Issuer**" refers to INEOS Quattro Finance 1 Plc and not to any of its subsidiaries;

- "**Senior Notes Proceeds Loan**" refers to the euro-denominated intercompany loan from the Senior Notes Issuer to the Company representing the proceeds of the offering of the Senior Notes;

- "**Senior Notes Trustee**" refers to HSBC Corporate Trustee Company (UK) Limited in its capacity as trustee under the Senior Notes Indenture;

- "**Senior Secured Notes Collateral**" has the meaning given to the term "Collateral" in "Description of the Senior Secured Notes—Brief Description of the Notes, the Guarantees and the Security—Security";

- "**Senior Secured Notes Indenture"** refers to the indenture governing the Senior Secured Notes to be dated the Issue Date, among, *inter alios*, the Senior Secured Notes Issuer, the Guarantors and the Senior Secured Notes Trustee;

- "**Senior Secured Notes Initial Guarantor**" or "**Senior Secured Notes Initial Guarantors**" refers to INEOS Styrolution America LLC, INEOS Styrolution Europe GmbH, INEOS Styrolution Holding GmbH, INEOS Styrolution Group GmbH, INEOS Styrolution Investment GmbH, INEOS Styrolution Köln GmbH, INEOS Styrolution Ludwigshafen GmbH, INEOS Styrolution US Holding LLC, INEOS 226 Limited, INEOS Acetyls UK Limited, INEOS US Petrochem LLC, the Company, the Parent and the Senior Notes Issuer, each of which will guarantee the obligations of the Senior Secured Notes Issuer under the Senior Secured Notes on the Issue Date;

- "**Senior Secured Notes Issuer**" refers to INEOS Quattro Finance 2 Plc and not to any of its subsidiaries;

- "**Senior Secured Notes Proceeds Loans**" refers to the euro- and U.S. dollar- denominated intercompany loans from the Senior Secured Notes Issuer to INEOS 226 Limited representing the proceeds of the offering of the Senior Secured Notes

- "**Senior Secured Notes Trustee**" refers to HSBC Corporate Trustee Company (UK) Limited in its capacity as trustee under the Senior Secured Notes Indenture;

- "**Seveso II Directive**" refers to the EU directive on the control of major accident hazards;

- "**Styrolution Securitization Program**" has the meaning given to such term under the caption "*Description of Other Indebtedness—The Styrolution Securitization Program*";

- "**Styrolution**", "**Styrolution Group"** and the **"Styrolution Business**" refers to the Parent and its consolidated subsidiaries prior to the acquisition of (i) INOVYN and its subsidiaries and (ii) INEOS 226 Limited and its subsidiaries;

- "**Subsequent Guarantor**" or "**Subsequent Guarantors**" refers to (i) the Mexican Subsidiary, the Guarantee of which will not be effective for third parties until filed in the relevant registry, (ii) the Korean Subsidiary, which will guarantee the obligations of the Issuers under the Notes only if the Bank of Korea accepts the report to be filed with it by the Korean Subsidiary and (iii) INEOS Styrolution APAC Pte. Ltd., INEOS Styrolution Belgium NV, INEOS Styrolution Canada Ltd., INEOS Styrolution Switzerland SA, INOVYN Belgium SA, INOVYN ChlorVinyls Holdings Limited, INOVYN ChlorVinyls Limited, INOVYN Deutschland GmbH, INOVYN Enterprises Limited, INOVYN Finance PLC, INOVYN France SAS, INOVYN Group Treasury Limited, INOVYN Limited, INOVYN Manufacturing Belgium SA, INOVYN Newco 2 Limited, INOVYN Norge AS, INOVYN Olefines France SAS, INOVYN Sverige AB, INOVYN Trade Services SA, Kerling Newco 1 Limited, Kerling Newco 2 Limited, INOVYN Europe Limited, BP Chembel NV, INEOS Aromatics Holdings Limited (formerly, BP Aromatics Holdings Limited), BP Aromatics Limited, INEOS Acetyls (Korea) Limited (formerly, BP Chemicals (Korea) Limited), INEOS Aromatics Limited (formerly, BP Aromatics Limited), INEOS World-Wide Technical Services Limited (formerly, BP World-Wide Technical Services Limited), INEOS Acetyls Americas Limited (formerly, Exploration Service Company Limited), BP Asia Limited, BP America Chembel Holding LLC, BP Amoco Chemical Company, INEOS Aromatics Holding Company (formerly, BP Amoco Chemical Holding Company), INEOS Acetyls International Limited, INEOS Acetyls Investments Limited (formerly, BP Chemicals Investments Limited) and BP Amoco Chemical Indonesia Limited;

- "**Subsequent Senior Secured Notes Collateral**" refers to the Collateral described under the caption "Description of the Senior Secured Notes—Brief Description of the Notes, the Guarantees and the Security—Security—General—The Subsequent Senior Secured Notes Collateral";

- "**Subsidiary Guarantor**" or "**Subsidiary Guarantors**" refers to the Company's subsidiaries guaranteeing the obligations of the relevant Issuer under the Senior Secured Notes or the Senior Notes, as applicable;

- "**TCIR**" refers to total case incident rate;

- "**Term Loan A Facilities**" refers to the Dollar Term Loan A Facilities and the Euro Term Loan A Facilities, collectively;

- "**Term Loan and Revolving Credit Facility Agreement**" refers to the credit agreement dated as of July 31, 2020, among, *inter alios*, INEOS 226 Limited and INEOS Quattro Financing Limited (formerly INEOS Styrolution Financing Limited), as borrowers, and Barclays Bank plc, Citigroup Global Markets Limited and J.P. Morgan Securities plc, as joint global coordinators, joint lead arrangers and joint bookrunners, as amended by an incremental facility agreement dated on or about the Issue Date, and as the same may be further amended from time to time;

- "**Transactions**" has the meaning ascribed to such term under the caption "*The Transactions*";

- "**Transitional Services Agreement**" or "**TSA**" refers to the agreement dated as of December 31, 2020, among BP International Limited and BP Amoco Chemical Company, relating to the transitional services to be provided following the BP Acquisition;

- "**Trustee**" refers to the Senior Secured Notes Trustee and/or the Senior Notes Trustee, as applicable;

- "**USEPA**" refers to the U.S. Environmental Protection Agency; and

- "**Vendor Loan Notes**" means the $1,000,000,000 aggregate principal amount of unsecured guaranteed vendor loan notes issued by INEOS Industries Limited on the Acquisitions Closing Date pursuant to a vendor loan note deed dated the Acquisitions Closing Date among, *inter alios*, INEOS Industries Limited,

INEOS Holdings AG and BP International Limited, which will be redeemed in the context of the Transactions.

Unless otherwise stated, references to capacities of our facilities refer to the actual capacities of such facilities, which may be more or less than the nameplate capacities due to the current operating conditions and asset configuration of each facility. References to capacities of other producers refer to nameplate capacities.

All references to "MT" are to metric tons.

We have provided definitions for some of the industry terms used in this offering memorandum in the "*Glossary of Selected Terms*" beginning on page G-1 of this offering memorandum.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Financial Information of the Styrolution Business

The Issuers do not prepare, and do not intend to prepare, consolidated financial statements. As a result, this offering memorandum instead presents consolidated financial and other data for the Parent and its consolidated subsidiaries. We believe that non-disclosure of the Issuers' accounts would not be likely to mislead investors with regard to facts and circumstances that are essential for assessing the Notes. As the Acquisitions did not occur prior to September 30, 2020, the historical consolidated financial and other information of the Parent do not reflect the results of INOVYN or the Aromatics and Acetyls Businesses and this financial and other information only reflects the Styrolution Business. We have included and derived the financial information for the Styrolution Business discussed in this offering memorandum from the following:

- the unaudited interim condensed consolidated financial statements of the Parent and its subsidiaries as of and for the nine months ended September 30, 2020 with unaudited comparative financial information for the nine months ended September 30, 2019, and the notes thereto (the "**Unaudited Parent Interim Condensed Consolidated Financial Statements**");

- the audited consolidated financial statements of the Parent and its subsidiaries as of and for the year ended December 31, 2019 (with unaudited comparative financial information as of and for the year ended December 31, 2018) and the notes thereto, prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**") and the requirements of the U.K. Companies Act 2006, which have been audited by Deloitte (the "**2019 Audited Parent Consolidated Financial Statements**"), and the independent auditors' report thereon;

- the audited consolidated financial statements of the Parent and its subsidiaries as of and for the year ended December 31, 2018 (with unaudited comparative financial information as of and for the year ended December 31, 2017) and the notes thereto, prepared in accordance with IFRS and the requirements of the U.K. Companies Act 2006, which have been audited by PwC (the "**2018 Audited Parent Consolidated Financial Statements**"), and the independent auditors' report thereon; and

- the audited consolidated financial statements of the Parent and its subsidiaries as of and for the year ended December 31, 2017 (with unaudited comparative financial information as of and for the year ended December 31, 2016) and the notes thereto, prepared in accordance with IFRS and the requirements of the U.K. Companies Act 2006, which have been audited by PwC (the "**2017 Audited Parent Consolidated Financial Statements**"), and the independent auditors' report thereon.

The Unaudited Parent Interim Condensed Consolidated Financial Statements, the 2019 Audited Parent Consolidated Financial Statements, the 2018 Audited Parent Consolidated Financial Statements and the 2017 Audited Parent Consolidated Financial Statements are collectively referred to herein as the "**Parent Consolidated Financial Statements**" and are presented in millions of euro. The 2019 Audited Parent Consolidated Financial Statements, the 2018 Audited Parent Consolidated Financial Statements and the 2017 Audited Parent Consolidated Financial Statements are collectively referred to herein as the "**Audited Parent Consolidated Financial Statements**." Unless otherwise indicated, the financial information relating to the Parent presented in this offering memorandum has been prepared in accordance with IFRS. Although the Audited Parent Consolidated Financial Statements have been prepared in accordance with IFRS, for financial periods commencing after January 1, 2021, the audited financial statements of the Parent will be prepared in accordance with International Financial Reporting Standards as adopted by the United Kingdom and the requirements of the U.K. Companies Act 2006. The Unaudited Parent Interim Condensed Consolidated Financial Statements were prepared in accordance with IAS 34 *Interim Financial Reporting*.

The Parent was incorporated on December 18, 2015 as a subsidiary of INEOS Industries Holdings Limited. Additionally, INEOS Styrolution Financing Limited which changed its name to INEOS Quattro Financing Limited on December 3, 2020, domiciled in the United Kingdom with its registered office at Chapel Lane, Lyndhurst, Hampshire, SO43 7FG, was formed as a subsidiary of the Parent on December 18, 2015.

The unaudited Parent financial information for the 12 months ended September 30, 2020 included elsewhere in this offering memorandum is based on the Parent Consolidated Financial Statements and is calculated by adding the Parent's unaudited financial information for the nine months ended September 30, 2020 to the Parent's financial information for the year ended December 31, 2019 less the Parent's unaudited financial information for the nine months

ended September 30, 2019. The unaudited Parent financial information for the 12 months ended September 30, 2020 has been prepared solely for the purpose of this offering memorandum, is not prepared in the ordinary course of our financial reporting and has not been audited or reviewed. It is not necessarily representative of our results of operations for any future period or our financial condition as of any future date. The financial information for the 12 months ended September 30, 2020 are non-IFRS measures.

Financial Information of INOVYN

This offering memorandum also presents consolidated financial and other data for INOVYN. We have included and derived the financial information discussed in this offering memorandum from the following:

- the unaudited interim condensed consolidated financial statements of INOVYN and its subsidiaries as of and for the nine months ended September 30, 2020 (with unaudited comparative financial information for the nine months ended September 30, 2019), and the notes thereto (the "**Unaudited INOVYN Interim Condensed Consolidated Financial Statements**");

- the audited consolidated financial statements of INOVYN and its subsidiaries as of and for the year ended December 31, 2019 (with unaudited comparative financial information as of and for the year ended December 31, 2018) and the notes thereto, prepared in accordance with IFRS and the requirements of the U.K. Companies Act 2006, which have been audited by Deloitte (the "**2019 Audited INOVYN Consolidated Financial Statements**"), and the independent auditors' report thereon;

- the audited consolidated financial statements of INOVYN and its subsidiaries as of and for the year ended December 31, 2018 (with unaudited comparative financial information as of and for the year ended December 31, 2017) and the notes thereto, prepared in accordance with IFRS and the requirements of the U.K. Companies Act 2006, which have been audited by PwC (the "**2018 Audited INOVYN Consolidated Financial Statements**"), and the independent auditors' report thereon; and

- the audited consolidated financial statements of INOVYN and its subsidiaries as of and for the year ended December 31, 2017 (with unaudited comparative financial information as of and for the year ended December 31, 2016) and the notes thereto, prepared in accordance with IFRS and the requirements of the U.K. Companies Act 2006, which have been audited by PwC (the "**2017 Audited INOVYN Consolidated Financial Statements**"), and the independent auditors' report thereon.

The Unaudited INOVYN Interim Condensed Consolidated Financial Statements, the 2019 Audited INOVYN Consolidated Financial Statements, the 2018 Audited INOVYN Consolidated Financial Statements and the 2017 Audited INOVYN Consolidated Financial Statements are collectively referred to herein as the "**INOVYN Consolidated Financial Statements**" and are presented in millions of euro. The 2019 Audited INOVYN Consolidated Financial Statements, the 2018 Audited INOVYN Consolidated Financial Statements and the 2017 Audited INOVYN Consolidated Financial Statements are collectively referred to herein as the "**Audited INOVYN Consolidated Financial Statements**". In the consolidated financial statements of INOVYN as of and for the year ended December 31, 2019, INOVYN re-presented the write-off of unamortized debt issue costs of €6.5 million associated with early repayment of borrowings from as "exceptional finance costs" within the 2018 comparative period. Unless otherwise indicated, the financial information relating to INOVYN presented in this offering memorandum has been prepared in accordance with IFRS. The Unaudited INOVYN Interim Condensed Consolidated Financial Statements were prepared in accordance with IAS 34 *Interim Financial Reporting*.

The unaudited INOVYN financial information for the 12 months ended September 30, 2020 included elsewhere in this offering memorandum is based on the INOVYN Consolidated Financial Statements and is calculated by adding INOVYN's unaudited financial information for the nine months ended September 30, 2020 to the difference between INOVYN's financial information for the year ended December 31, 2019 and INOVYN's unaudited financial information for the nine months ended September 30, 2019. The unaudited INOVYN financial information for the 12 months ended September 30, 2020 has been prepared solely for the purpose of this offering memorandum, is not prepared in the ordinary course of our financial reporting and has not been audited or reviewed. It is not necessarily representative of our results of operations for any future period or our financial condition as of any future date. The financial information for the 12 months ended September 30, 2020 are non-IFRS measures.

Financial Information of the Aromatics and Acetyls Businesses

This offering memorandum also presents consolidated financial and other data for the Aromatics and Acetyls Businesses. We have included and derived the financial information discussed in this offering memorandum from the following:

- the unaudited interim condensed combined carve-out financial statements of BP Petrochemicals as of and for the nine months ended September 30, 2020 with unaudited comparative financial information for the nine months ended September 30, 2019, and the notes thereto (the "**Unaudited BP Petrochemicals Interim Condensed Combined Carve-out Financial Statements**"); and

- the audited combined carve-out financial statements of BP Petrochemicals as of and for the years ended December 31, 2019 and December 31, 2018 and the notes thereto, prepared in accordance with IFRS, as modified by the principles in the Annexure to SIR 2000—Investment Reporting Standards Applicable to Public Reporting Engagements on Historical Financial Information, which have been audited by Deloitte (the "**Audited BP Petrochemicals Combined Carve-out Financial Statements**"), and the independent auditors' report thereon.

The Unaudited BP Petrochemicals Interim Condensed Combined Carve-out Financial Statements and the Audited BP Petrochemicals Combined Carve-out Financial Statements are collectively referred to herein as the "**BP Petrochemicals Combined Carve-out Financial Statements"** and, together with the Parent Consolidated Financial Statements and the INOVYN Consolidated Financial Statements, the "**Consolidated/Combined Carve-out Financial Statements**" and are presented in millions of U.S. dollars. The Audited BP Petrochemicals Combined Carve-out Financial Statements are collectively referred herein with the Audited Parent Consolidated Financial Statements and the Audited INOVYN Consolidated Financial Statements as the "**Audited Consolidated/Combined Carve-out Financial Statements**". Unless otherwise indicated, the financial information relating to BP Petrochemicals presented in this offering memorandum has been prepared in accordance with IFRS, as modified by the principles in the Annexure to SIR 2000—Investment Reporting Standards Applicable to Public Reporting Engagements on Historical Financial Information. The Unaudited BP Petrochemicals Interim Condensed Consolidated Financial Statements were prepared in accordance with IAS 34 *Interim Financial Reporting*.

The unaudited financial information of the Aromatics and Acetyls Businesses for the 12 months ended September 30, 2020 included elsewhere in this offering memorandum is based on the BP Petrochemicals Combined Carve-out Financial Statements and is calculated by adding the unaudited financial information of the Aromatics and Acetyls Businesses for the nine months ended September 30, 2020 to the difference between the financial information of the Aromatics and Acetyls Businesses for the year ended December 31, 2019 and the unaudited financial information of the Aromatics and Acetyls Businesses for the nine months ended September 30, 2019. The unaudited financial information of the Aromatics and Acetyls Businesses for the 12 months ended September 30, 2020 has been prepared solely for the purpose of this offering memorandum, is not prepared in the ordinary course of our financial reporting and has not been audited or reviewed. It is not necessarily representative of our results of operations for any future period or our financial condition as of any future date. The financial information for the 12 months ended September 30, 2020 are non-IFRS measures.

Unaudited Pro Forma Condensed Consolidated Financial Information

This offering memorandum includes the unaudited pro forma condensed consolidated statement of financial position as of September 30, 2020, the unaudited pro forma condensed consolidated statement of income for the year ended December 31, 2019 and for the nine months ended September 30, 2019 and 2020 and related explanatory notes (together, the "**Unaudited Pro Forma Condensed Consolidated Financial Information**"). The Unaudited Pro Forma Condensed Consolidated Financial Information has been prepared as though the Transactions had occurred on (i) September 30, 2020 for the purpose of the unaudited pro forma condensed consolidated statement of financial position as of such date and (ii) January 1, 2019 for the purpose of the unaudited pro forma condensed consolidated statement of income for the year ended December 31, 2019, the nine months ended September 30, 2019 and the nine months ended September 30, 2020. See "*Summary Historical and Unaudited Pro Forma Financial and Other Information*," and "*Operating and Financial Review and Prospects*" for a description of the pro forma effect of the Transactions.

The Unaudited Pro Forma Condensed Consolidated Financial Information has not been prepared in accordance with the requirements of Article 11 of Regulation S-X of the Securities Act, the EU Prospectus Regulation or any generally accepted accounting standards. The unaudited pro forma adjustments are based upon available information and

certain assumptions that we believe to be reasonable and give effect to events that are directly attributable to the Acquisitions described therein and are factually supportable, and for the purposes of statement of income items, are deemed to have a continuing effect on the Group.

The Unaudited Pro Forma Condensed Consolidated Financial Information for the twelve months ended September 30, 2020 is based on Unaudited Pro Forma Condensed Consolidated Financial Statements and is calculated by adding the Unaudited Pro Forma Condensed Consolidated Financial Information for the nine months ended September 30, 2020 to the difference between the Unaudited Pro Forma Condensed Consolidated Financial Information for the year ended December 31, 2019 and the Unaudited Pro Forma Condensed Consolidated Financial Information for the nine months ended September 30, 2019). The Unaudited Pro Forma Condensed Consolidated Financial Information for the twelve months ended September 30, 2020 has been prepared solely for the purpose of this offering memorandum, is not prepared in the ordinary course of our financial reporting and has not been audited or reviewed. It is not necessarily representative of our results of operations for any future period or our financial condition as of any future date. The Unaudited Pro Forma Condensed Consolidated Financial Information for the twelve months ended September 30, 2020 are non-IFRS measures.

The Unaudited Pro Forma Condensed Consolidated Financial Information is for informational purposes only and should not be considered indicative of actual results that would have been achieved had the Acquisitions been completed on the dates indicated and do not purport to indicate our future consolidated results of operations or financial position. The actual results may differ significantly from those reflected in the Unaudited Pro Forma Condensed Consolidated Financial Information for a number of reasons, including, but not limited to, differences in assumptions used to prepare the Unaudited Pro Forma Condensed Consolidated Financial Information.

Adoption of new accounting standards

IFRS 16—Leases

The Parent, INOVYN and BP Petrochemicals

As of January 1, 2019, the Parent, INOVYN and BP Petrochemicals, complying with IFRS requirements, each adopted the IFRS 16—Leases. IFRS 16 introduced a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the previous standard—*i.e.*, lessors continue to classify leases as finance or operating leases. Previously, the Parent, INOVYN and BP Petrochemicals each recognized operating lease expense on a straight-line basis over the term of the lease, and recognized assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognized.

The Parent, INOVYN and BP Petrochemicals each applied IFRS 16 as of January 1, 2019, using the modified retrospective approach and measuring the right-of-use asset equal to the lease liability. Therefore, the cumulative effect of adopting IFRS 16 was recognized as an adjustment to the opening balance of retained earnings at January 1, 2019 with no restatement of unaudited comparative financial information presented in the 2019 Audited Parent Consolidated Financial Statements, the 2019 Audited INOVYN Consolidated Financial Statements or the Audited BP Petrochemical Combined Carve-out Financial Statements and therefore the results for the year ended December 31, 2019 are not comparable with results for the years ended December 31, 2018 and 2017. The Parent recognized additional lease liabilities of €135.4 million and corresponding additional right-of-use assets in an amount of €135.7 million as of January 1, 2019. The impact on the Parent's EBITDA before special items was positive €27.9 million for the year ended December 31, 2019. INOVYN recognized additional lease liabilities of €61.6 million and corresponding additional right-of-use assets in an amount of €66.1 million as of January 1, 2019, of which €4.5 million of leased assets previously recognized as finance leases were reclassified as right-of-use assets. The impact on INOVYN's other operating expenses was a decrease of £24.6 million for the year ended December 31, 2019, which had a positive impact on INOVYN's EBITDA before exceptional items. BP Petrochemicals recognized additional lease liabilities of $81 million and additional right-of-use assets of $85 million as of January 1, 2019. The impact on BP Petrochemicals's net cash flow for additional lease liabilities was $37 million for the year ended December 31, 2019.

IFRS 15—Revenue from Contracts with Customers

The Parent and INOVYN

The Parent and INOVYN each applied IFRS 15 from January 1, 2018. IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control—at a point in time or over time—requires judgement.

The Parent and INOVYN each adopted IFRS 15 using the retrospective method with the effect of initially applying the standard recognized at the date of the earliest comparative period (*i.e.*, January 1, 2017). The Parent and INOVYN each elected to use certain practical expedients available under the retrospective transition method, which are disclosed in Note 1 of the 2018 Audited Parent Consolidated Financial Statements and Note 1 of the 2018 Audited INOVYN Consolidated Financial Statements contained elsewhere herein. However, there were no material changes to the timing or amount of revenue, EBITDA before special items and EBITDA before exceptional items for the Parent and INOVYN as a result of adopting IFRS 15 and thus, no restatement of unaudited comparative financial information for the year ended December 31, 2017 in the 2018 Audited Parent Consolidated Financial Statements or the 2018 Audited INOVYN Consolidated Financial Statements.

IFRS 9—Financial Instruments

The Parent and INOVYN

The Parent and INOVYN each initially applied IFRS 9 from January 1, 2018. IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaced IAS 39 Financial Instruments: Recognition and Measurement ("**IAS 39**").

As a result of the adoption of IFRS 9, the Parent and INOVYN each adopted consequential amendments to IAS 1 Presentation of Financial Statements, which requires impairment of financial assets to be presented in a separate line item in the income statement and the statement of other comprehensive income. Additionally, the Parent and INOVYN each adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2018 but were not generally applied to comparative information.

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except in certain instances permitted by IFRS and disclosed in Note 1 of the 2018 Audited Parent Consolidated Financial Statements and Note 1 of the 2018 INOVYN Consolidated Financial Statements contained elsewhere herein. As a result of adopting IFRS 9, there were no material changes recognized and no restatement of unaudited comparative financial information for the year ended December 31, 2017 in the 2018 Audited Parent Consolidated Financial Statements or the 2018 Audited INOVYN Consolidated Financial Statements.

Non-IFRS Financial Measures

The Parent and the Styrolution Business

This offering memorandum presents the non-IFRS financial measures "**EBITDA before special items**", "**RC EBITDA before special items**", "**total gross debt**" and "**net debt**" in respect of the Parent and the Styrolution Business. EBITDA before special items represents net income before income tax expense, interest expense, exchange movements, depreciation and amortization and special items. Special items refer to loss on the sale of property, plant and equipment and expenses for planned site and line closures, which are expected to be non-recurring. Aside from loss on the sale of property, plant and equipment and expenses for planned site and line closures, there are no special items recognized for 2018, 2019 or the nine months ended September 30, 2020. Special items in 2017 mainly related to loss on the sale of property, plant and equipment and provisions the Styrolution Business recognized relating to its liabilities to its previous shareholder BASF under prior legal agreements, pursuant to which the Styrolution Business transfers amounts equivalent to certain realized tax benefits to BASF. RC EBITDA before special items represents net income before income tax expense, interest expense, exchange movements, depreciation and amortization, special items and inventory holding (gains)/losses. In accordance with IFRS, the Styrolution Business uses the weighted average cost method of accounting for purposes of determining its inventory cost in connection with the preparation of its audited annual consolidated financial information. The Styrolution Business's replacement cost method values raw materials and consumables and

finished goods at their replacement cost at the time the related finished goods are sold. RC EBITDA before special items is based on the Styrolution Business's replacement cost method of accounting for inventory, which is not a measurement basis in accordance with the principles of IFRS. Total gross debt represents total financial indebtedness, excluding unamortized discounts and capitalized finance costs. Net debt represents total financial indebtedness, excluding unamortized discounts and capitalized finance costs less cash and cash equivalents.

The reconciliation of the Parent's net income to EBITDA before special items and RC EBITDA before special items is as follows:

	For the year ended December 31,			For the nine months ended September 30,		For the 12 months ended
	2017	2018[3]	2019[3]	2019	2020	September 30, 2020
			(in €million)			
Net income	**493.1**	**452.5**	**323.0**	**303.6**	**127.5**	**146.9**
Income tax expense	14.8	124.1	110.3	86.0	59.5	83.8
Income before income tax	**507.9**	**576.6**	**433.3**	**389.6**	**187.0**	**230.7**
Exchange movements	49.6	(12.5)	(4.8)	(7.5)	13.6	16.3
Interest expense	54.2	46.0	38.3	27.8	36.6	47.1
Interest income	(5.3)	(6.5)	(17.4)	(14.1)	(5.9)	(9.2)
Profit from operating activities	**606.4**	**603.6**	**449.4**	**395.8**	**231.3**	**284.9**
Depreciation and amortization	226.9	209.0	247.9	184.8	177.0	240.1
Special items[1]	38.9	0.2	6.9	0.2	—	6.7
EBITDA before special items	**872.2**	**812.8**	**704.2**	**580.8**	**408.3**	**531.7**
Inventory holding (gains)/losses[2]	(39.0)	48.0	12.0	(9.0)	86.0	107.0
RC EBITDA before special items	**833.2**	**860.8**	**716.2**	**571.8**	**494.3**	**638.7**

(1) Special items refer to loss on the sale of property, plant and equipment and expenses for planned site and line closures, which are expected to be non-recurring. Aside from loss on the sale of property, plant and equipment (€0.6 million, €0.2 million, €0.6 million and €0.2 million for the years ended December 31, 2017, December 2018 and December 31, 2019 and the nine months ended September 30, 2019, respectively), there are no special items recognized for 2018 or the nine months ended September 30, 2019 or 2020. Special items in the year ended December 31, 2017 also include provisions the Styrolution Business recognized relating to its liabilities to its previous shareholder BASF under prior legal agreements, pursuant to which the Styrolution Business transfers amounts equivalent to certain realized tax benefits to BASF (€38.3 million). Special items in the year ended December 31, 2019 also include exceptional expenses for planned site and line closures in India (€6.3 million). We exclude these items because we do not consider them indicative of ongoing operating performance.

(2) In accordance with IFRS, the Styrolution Business uses the weighted average cost method of accounting for purposes of determining its inventory cost in connection with the preparation of its audited annual consolidated financial information. The Styrolution Business's replacement cost method values raw materials and consumables and finished goods at their replacement cost at the time the related finished goods are sold. RC EBITDA before special items is based on the Styrolution Business's replacement cost method of accounting for inventory, which is not a measurement basis in accordance with the principles of IFRS.

(3) The Parent adopted IFRS 15 and IFRS 9 from January 1, 2018 and did not restate comparative financial information presented in our consolidated financial statements. Therefore, the financial information presented for the year ended December 31, 2017 may not be comparable to the financial information presented for the years ended December 31, 2018 and 2019. See *"Presentation of Financial and Other Information—Adoption of new accounting standards—IFRS 15—Revenue from Contracts with Customers" and "—IFRS 9—Financial Instruments". The Parent adopted IFRS 16 from January 1, 2019 and did not restate comparative financial information presented in our consolidated financial statements. Therefore, the financial information presented for the year ended December 31, 2019 may not be comparable to the financial information presented for the year ended December 31, 2018. See "Presentation of Financial and Other Information—Adoption of new accounting standards—IFRS 16—Leases".*

EBITDA before special items and RC EBITDA before special items are not measures of financial performance under IFRS. EBITDA-based measures are not measures of our financial performance or liquidity under IFRS. We believe that the presentation of EBITDA-based measures enhances an investor's understanding of the Styrolution Business's financial performance. However, EBITDA-based measures should not be considered in isolation or viewed as substitutes for profit from operating activities or net income or as a measure of operating performance, cash flows from operating activities or as a measure of our ability to meet cash needs, or any other measures of performance as defined by IFRS. These EBITDA-based measures, as used herein, are not necessarily comparable to other similarly titled captions of other companies due to potential inconsistencies in the method of calculation and differ from the definition of "Consolidated Adjusted EBITDA" under "*Description of the Senior Secured Notes—Certain Definitions*" and "*Description of the Senior Notes—Certain Definitions*". The Styrolution Business's management has used, and expects to use,

EBITDA-based measures to assess operating performance and to make decisions about allocating resources among its various business units. In assessing the Styrolution Business's overall performance and the performance of each of its various business units, the Styrolution Business's management reviews EBITDA-based measures as a general indicator of performance compared to prior periods. Furthermore, management and employee bonuses can be linked to the EBITDA-based performance of the business and the region in which they work. These EBITDA-based measures exclude items that the Styrolution Business's management does not utilize in assessing operating performance, including foreign currency effects. The Styrolution Business's management believes it is useful to eliminate such items because it allows management to focus on what it considers to be a more meaningful indicator of operating performance and ability to generate cash flow from operations.

The information presented by EBITDA before special items, RC EBITDA before special items, net debt and total gross debt in respect of the Parent and the Styrolution Business is unaudited and has not been prepared in accordance with IFRS or any other accounting standards. In addition, the presentation of these measures is not intended to and does not comply with the reporting requirements of the SEC; compliance with its requirements would require us to make changes to the presentation of this information.

INOVYN

This offering memorandum presents the non-IFRS financial measure "**EBITDA before exceptional items**". EBITDA before exceptional items represents profit for the period before tax charge, net finance costs, loss on disposal of business, profit/(loss) on disposal of property, plant, and equipment, (loss) on disposal of other investment, purchase gain on acquisition, share of profit/(loss) of associated undertakings, depreciation, amortization, and exceptional items. Exceptional items include exceptional cost of sales and administrative expenses and exceptional finance costs. Please see note 4 in the Unaudited INOVYN Interim Condensed Consolidated Financial Statements and note 6 in each of the 2019 Audited INOVYN Consolidated Financial Statements, the 2018 Audited INOVYN Consolidated Financial Statements and the 2017 Audited INOVYN Consolidated Financial Statements for more information on exceptional items. In accordance with IFRS, INOVYN uses both the FIFO and weighted average cost methods of accounting for purposes of determining its inventory cost in connection with the preparation of its audited annual consolidated financial information. EBITDA before exceptional items is based on the FIFO and weighted average cost methods of accounting for inventory used in connection with the preparation of such financial information. EBITDA before exceptional items is derived from income statement line items calculated in accordance with IFRS on historical cost basis. Due to the relatively swift inventory turnaround in the INOVYN Business, in the historical periods presented in this offering memorandum, there was no material difference between EBITDA before exceptional items presented on a historical cost basis for the INOVYN Business and EBITDA before exceptional items presented on a replacement cost (i.e., adjusted for inventory holding (gains)/losses) basis.

The reconciliation of the INOVYN Business's profit for the period to EBITDA before exceptional items is as follows:

	For the year ended December 31,			For the nine months ended September 30,		For the 12 months ended September 30,
	2017	2018	2019	2019	2020	2020
	(€ in millions)					
Profit for the period	**303.4**	**385.2**	**301.9**	**275.2**	**224.8**	**251.5**
Tax charge	133.1	121.4	67.7	66.9	53.1	53.9
Profit before tax	**436.5**	**506.6**	**369.6**	**342.1**	**277.9**	**305.4**
Net finance costs	76.0	37.4	16.4	11.2	25.8	31.0
Loss on disposal of business	3.4	—	—	—	—	—
(Profit)/loss on disposal of property, plant and equipment	(1.2)	—	—	—	0.5	0.5
Loss on disposal of other investment	—	0.1	—	—	—	—
Purchase gain on acquisition	(3.7)	—	—	—	—	—
Share of (profit)/loss of associated undertakings	(12.6)	0.5	—	—	—	—
Operating Profit	**498.4**	**544.6**	**386.0**	**353.3**	**304.2**	**336.9**
Exceptional items[(1)]	36.7	12.8	51.6	1.9	—	49.7

Depreciation and amortization	132.8	133.7	168.5	115.7	130.5	183.3
EBITDA before exceptional items[(2)]	**667.9**	**691.1**	**606.1**	**470.9**	**434.7**	**569.9**

(1) Represents exceptional plant closure costs due to the closure of various facilities, a provision for environmental plans related to the demolition of a closed facility, costs related to cost reduction and synergy projects, costs related to the closure of the pension scheme, aborted capital expenditures, payments that were agreed as part of the termination of a chlorine supply agreement in Belgium and various miscellaneous legal claims and commercial disputes. Please see note 4 in the Unaudited INOVYN Interim Condensed Consolidated Financial Statements and note 6 in each of the 2019 Audited INOVYN Consolidated Financial Statements, the 2018 Audited INOVYN Consolidated Financial Statements and the 2017 Audited INOVYN Consolidated Financial Statements for more information on exceptional items.

(2) EBITDA before exceptional items is not a measure of financial performance under IFRS. EBITDA-based measures are non-GAAP measures. We believe that the presentation of EBITDA-based measures enhances an investor's understanding of INOVYN's financial performance. However, EBITDA-based measures should not be considered in isolation or viewed as a substitute for operating profit, profit, cash flows from operating activities or other measures of performance as defined by IFRS. These EBITDA-based measures, as used herein, are not necessarily comparable to other similarly titled captions of other companies due to potential inconsistencies in the method of calculation. INOVYN's management has used, and expects to use, EBITDA-based measures to assess operating performance and to make decisions about allocating resources among INOVYN's various business units. In assessing INOVYN's overall performance and the performance of each of INOVYN's various business units, INOVYN's management reviews EBITDA-based measures as a general indicator of performance compared to prior periods. Furthermore, INOVYN's management and employee bonuses can be linked to the EBITDA-based performance of the business and the region in which they work. INOVYN's EBITDA-based measures exclude items that INOVYN's management does not consider in assessing operating performance. INOVYN's management believes it is useful to eliminate such items because it allows management to focus on what it considers to be a more meaningful indicator of operating performance and ability to generate cash flow from operations.

The information presented by EBITDA before exceptional items in respect of INOVYN is unaudited and has not been prepared in accordance with IFRS or any other accounting standards. In addition, the presentation of this measure is not intended to and does not comply with the reporting requirements of the SEC; compliance with its requirements would require us to make changes to the presentation of this information.

Aromatics and Acetyls Businesses

This offering memorandum presents the non-IFRS financial measures "**EBITDA**" and **"RC EBITDA**" in respect of the Aromatics and Acetyls Businesses. This offering memorandum also presents EBITDA separately for the Aromatics Business and the Acetyls Business, which is reconciled on a consistent basis with EBITDA for the Aromatics and Acetyls Businesses. Aromatics EBITDA and Acetyls EBITDA are non-IFRS measures.

EBITDA represents profit/(loss) after tax for the period before taxation expense/(benefit), finance costs, depreciation, depletion and amortization and interest income. RC EBITDA represents profit/(loss) after tax for the period before taxation expense/(benefit), finance costs, depreciation, depletion and amortization, interest income and inventory holding (gains)/losses. In accordance with IFRS, the cost of inventory charged to the income statement is based on its historical cost of purchase or manufacture, rather than its replacement cost. The Aromatics and Acetyls Businesses' replacement cost method values raw materials and consumables and finished goods at their replacement cost at the time the related finished goods are sold. RC EBITDA is based on the Aromatics and Acetyls Businesses' replacement cost method of accounting for inventory, which is not a measurement basis in accordance with the principles of IFRS.

The reconciliation of the Aromatics and Acetyls Businesses' profit for the year/period to EBITDA and RC EBITDA is as follows:

	For the year ended December 31,		**For the nine months ended September 30,**		
	2018	**2019**	**2019**	**2020**	**For the 12 months ended September 30, 2020**
			($ in millions)		
Profit/(Loss) after tax for the year/period	**567**	**222**	**221**	**(25)**	**(24)**
Taxation expense/(benefit)	(22)	62	54	5	13
Profit/(Loss) before tax	**545**	**284**	**275**	**(20)**	**(11)**
Finance costs	38	32	26	19	25
Profit/(Loss) before interest and taxation	**583**	**316**	**301**	**(1)**	**14**
Depreciation, depletion and amortization	173	193	147	144	190

Interest income	(4)	(7)	(5)	(5)	(7)
EBITDA[2]	**752**	**502**	**443**	**138**	**197**
Inventory holding (gains)/losses[1]	(36)	55	59	117	113
RC EBITDA[2]	**716**	**557**	**502**	**255**	**310**

The reconciliation of the Aromatics and Acetyls Businesses' profit before interest and taxation for the Aromatics Business and for the Acetyls Business for the year/period to EBITDA is as follows:

	For the year ended December 31, 2018			For the year ended December 31, 2019		
	Aromatics	Acetyls	Total	Aromatics	Acetyls	Total
			($ in millions)			
Profit/(Loss) after tax for the year/period	**—**	**—**	**567**	**—**	**—**	**222**
Taxation expense/(benefit)	—	—	(22)	—	—	62
Profit/(Loss) before tax	**—**	**—**	**545**	**—**	**—**	**284**
Finance costs	—	—	38	—	—	32
Profit before interest and taxation	**388**	**195**	**583**	**261**	**55**	**316**
Depreciation, depletion and amortization	153	20	173	160	33	193
Interest Income	(1)	(3)	(4)	(4)	(3)	(7)
EBITDA[2]	**540**	**212**	**752**	**417**	**85**	**502**

	For the nine months ended September 30, 2019			For the nine months ended September 30, 2020		
	Aromatics	Acetyls	Total	Aromatics	Acetyls	Total
			($ in millions)			
Profit/(Loss) after tax for the year/period	**—**	**—**	**221**	**—**	**—**	**(25)**
Taxation expense/(benefit)	—	—	54	—	—	5
Profit/(Loss) before tax	**—**	**—**	**275**	**—**	**—**	**(20)**
Finance costs	—	—	26	—	—	19
Profit before interest and taxation	**275**	**26**	**301**	**(52)**	**51**	**(1)**
Depreciation, depletion and amortization	122	25	147	121	23	144
Interest Income	(3)	(2)	(5)	(3)	(2)	(5)
EBITDA[2]	**394**	**49**	**443**	**66**	**72**	**138**

(1) Inventory holding gains and losses represent the difference between the cost of sales calculated using the replacement cost of inventory and the cost of sales calculated on the first-in first-out (FIFO) method after adjusting for any changes in provisions where the net realizable value of the inventory is lower than its cost. Under the FIFO method, which the Aromatics and Acetyls Businesses' uses for IFRS reporting, the cost of inventory charged to the income statement is based on its historical cost of purchase or manufacture, rather than its replacement cost. In volatile energy markets, this can have a significant distorting effect on reported income. The amounts disclosed represent the difference between the charge to the income statement for inventory on a FIFO basis (after adjusting for any related movements in net realizable value provisions) and the charge that would have arisen based on the replacement cost of inventory. For this purpose, the replacement cost of inventory is calculated using data from each operation's production and manufacturing system, either on a monthly basis, or separately for each transaction where the system allows this approach. The amounts disclosed are not separately reflected in the financial statements as a gain or loss. No adjustment is made in respect of the cost of inventories held as part of a trading position and certain other temporary inventory positions. See Replacement cost (RC) profit or loss definition below.

Replacement cost (RC) profit or loss reflects the replacement cost of inventories sold in the period and is arrived at by excluding inventory holding gains and losses from profit or loss. RC profit or loss for the group is not a recognized IFRS measure. Management believes this measure is useful to illustrate to investors the fact that crude oil and product prices can vary significantly from period to period and that the impact on our reported result under IFRS can be significant. Inventory holding gains and losses vary from period to period due to changes in prices as well as changes in underlying inventory level.

(2) EBITDA, RC EBITDA, Aromatics EBITDA, and Acetyls EBITDA are not measures of financial performance under IFRS. EBITDA-based measures are not measures of the Aromatics and Acetyls Businesses' financial performance or liquidity under IFRS. We believe that the presentation of EBITDA-based measures enhances an investor's understanding of the Aromatics and Acetyls Businesses' financial performance. However, EBITDA-based measures should not be considered in isolation or viewed as substitutes for profit or as a measure of operating performance, cash flows from operating activities or as a measure of the Aromatics and Acetyls Businesses' ability to meet cash needs, or any other measures of performance as defined by IFRS. These EBITDA-based measures, as used herein, are not necessarily comparable to other similarly titled captions of other companies due to potential inconsistencies in the method of calculation and differ from the definition of "Consolidated Adjusted EBITDA" under "Description of the Senior Secured Notes—Certain Definitions" and "Description of the Senior Notes—Certain Definitions". The Aromatics and Acetyls Businesses' management expects to use, EBITDA-based measures to assess operating performance and to make decisions about allocating resources among its various business units. In assessing the Aromatics

and Acetyls Businesses' overall performance and the performance of each of its various business units, the Aromatics and Acetyls Businesses' management reviews EBITDA-based measures as a general indicator of performance compared to prior periods.

The information presented by EBITDA and RC EBITDA in respect of the Aromatics and Acetyls Businesses is unaudited and has not been prepared in accordance with IFRS or any other accounting standards. In addition, the presentation of these measures is not intended to and does not comply with the reporting requirements of the SEC; compliance with its requirements would require us to make changes to the presentation of this information.

Pro Forma and "As Adjusted Pro Forma" Financial Information

This offering memorandum includes certain pro forma and "as adjusted pro forma" unaudited condensed consolidated financial information. The pro forma unaudited condensed consolidated financial information presented in this offering memorandum reflects the effects of the Transactions as described under "*Use of Proceeds*" and "*The Transactions*" on certain consolidated statement of financial position data of the Group as of September 30, 2020 and certain consolidated statement of income data of the Group for the nine months ended September 30, 2019 and 2020, as if the Transactions had occurred on (i) September 30, 2020 for the purpose of the unaudited pro forma condensed consolidated statement of financial position data as of such date and (ii) January 1, 2019 for the purpose of the unaudited pro forma condensed consolidated statement of income data for the year ended December 31, 2019, the nine months ended September 30, 2019 and the nine months ended September 30, 2020. The pro forma unaudited financial information for the 12 months ended September 30, 2020 presented in this offering memorandum is calculated by adding the unaudited pro forma condensed consolidated statement of income data for the nine months ended September 30, 2020 to the difference between the unaudited pro forma condensed consolidated statement of income data for the year ended December 31, 2019 and the unaudited pro forma condensed consolidated statement of income data for the nine months ended September 30, 2019. The "as adjusted pro forma" unaudited financial information presented in this offering memorandum has been adjusted further to reflect the difference in the historical cost for corporate services charged to the Aromatics and Acetyls Businesses by BP (See Note 25 of the Audited BP Petrochemicals Combined Carve-out Financial Statements, included elsewhere in this offering memorandum, and Note 5 of the Unaudited BP Petrochemicals Interim Condensed Combined Carve-out Financial Statements, included elsewhere in this offering memorandum) compared to the cost of those services under the Transitional Services Agreement (i) on September 30, 2020 for the purposes of the calculation of the unaudited as adjusted consolidated statement of financial position data and (ii) on January 1, 2019 or January 1, 2020, as applicable, for the purposes of the calculation of the unaudited as adjusted consolidated statement of income data. The unaudited pro forma condensed consolidated financial information for the 12 months ended September 30, 2020 are non-IFRS measures.

The pro forma and "as adjusted pro forma" unaudited condensed consolidated financial information has been prepared for illustrative purposes only and does not purport to represent what the actual consolidated statement of financial position data or consolidated statement of income data of the Parent would have been if the Transactions had occurred on (i) September 30, 2020 for the purpose of the unaudited pro forma condensed consolidated statement of financial position data as of such date and (ii) January 1, 2019 for the purpose of the unaudited pro forma condensed consolidated statement of income data for the year ended December 31, 2019, the nine months ended September 30, 2019 and the nine months ended September 30, 2020, nor do they purport to project the consolidated financial position and finance costs of the Parent and its subsidiaries at any future date or period. The adjustments and assumptions used in calculating the unaudited pro forma and "as adjusted pro forma" financial information set out in this offering memorandum are based on available information and certain assumptions and estimates that we believe are reasonable but may differ materially from the actual amounts.

This offering memorandum presents the non-IFRS financial measures "Pro forma EBITDA before special items", "Pro forma RC EBITDA before special items" and "As adjusted Pro forma EBITDA before special items" in respect of the Group. Pro forma EBITDA before special items, Pro forma RC EBITDA before special items and As adjusted Pro forma EBITDA before special items are non-IFRS measures.

Pro forma EBITDA before special items represents pro forma net income before pro forma income tax expense, pro forma net finance costs, pro forma depreciation, amortization and impairment expense and pro forma special items.

Pro forma RC EBITDA before special items represents pro forma net income before pro forma income tax expense, pro forma net finance costs, pro forma depreciation, amortization and impairment expense, pro forma special items and pro forma inventory holding losses.

As adjusted Pro forma EBITDA before special items represents pro forma net income before pro forma income tax expense, pro forma net finance costs, pro forma depreciation, amortization and impairment expense, pro forma special items and pro forma inventory holding losses, adjusting for the difference between the historical BP corporate charges to the Aromatics and Acetyls Businesses and the charges to the Aromatics and Acetyls Business for the services under the Transitional Services Agreement.

The reconciliation of the Group's pro forma net income for the year/period to pro forma EBITDA before special items, pro forma RC EBITDA before special items and as adjusted pro forma RC EBITDA before special items is as follows:

	For the year ended December 31,	For the nine months ended September 30,		For the 12 months ended September 30,
	2019	2019	2020	2020
Pro forma net income for the year/period	**766.2**	**735.3**	**270.1**	**301.0**
Pro forma income tax expense	212.2	186.0	95.7	121.9
Pro forma income before income tax	**978.4**	**921.3**	**365.8**	**422.9**
Pro forma net finance costs	177.5	127.0	171.8	222.3
Pro forma depreciation, amortization and impairment expense	588.6	431.1	435.9	593.4
Pro forma special items[2]	58.5	2.1	0.5	56.9
Pro forma EBITDA before special items[1]	**1,803.0**	**1,481.5**	**974.0**	**1,295.5**
Pro forma inventory holding losses	61.1	43.4	190.3	208.0
Pro forma RC EBITDA before special items[1]	**1,864.1**	**1,524.9**	**1,164.3**	**1,503.5**
BP corporate charges to the Aromatics and Acetyls Businesses	96.1	52.2	68.2	112.1
Corporate costs under the Transitional Services Agreement	(27.4)	(20.4)	(20.5)	(27.5)
As adjusted pro forma RC EBITDA before special items[1]	**1,932.8**	**1,556.7**	**1,212.0**	**1,588.1**

(1) Pro forma EBITDA before special items, pro forma RC EBITDA before special items and as adjusted pro forma RC EBITDA before special items are not measures of financial performance under IFRS. EBITDA-based measures are not measures of the Group's financial performance or liquidity under IFRS. We believe that the presentation of EBITDA-based measures enhances an investor's understanding of the Group's financial performance. However, EBITDA-based measures should not be considered in isolation or viewed as substitutes for profit or as a measure of operating performance, cash flows from operating activities or as a measure of the Group's ability to meet cash needs, or any other measures of performance as defined by IFRS. These EBITDA-based measures, as used herein, are not necessarily comparable to other similarly titled captions of other companies due to potential inconsistencies in the method of calculation and differ from the definition of "Consolidated Adjusted EBITDA" under "Description of the Senior Secured Notes—Certain Definitions" and "Description of the Senior Notes—Certain Definitions". The Group's management expects to use, EBITDA-based measures to assess operating performance and to make decisions about allocating resources among its various business units. In assessing the Group's overall performance and the performance of each of its various business units, the Group's management reviews EBITDA-based measures as a general indicator of performance compared to prior periods.

(2) Pro forma special items are described in the reconciliation of the Parent's net income to EBITDA before special items and the reconciliation of the INOVYN Business's profit for the period to EBITDA before exceptional items.

The information presented by pro forma EBITDA before special items, pro forma RC EBITDA before special items and as adjusted pro forma RC EBITDA before special items in respect of the Group is unaudited and has not been prepared in accordance with IFRS or any other accounting standards. In addition, the presentation of these measures is not intended to and does not comply with the reporting requirements of the SEC; compliance with its requirements would require us to make changes to the presentation of this information.

Rounding

Certain numerical figures set out in this offering memorandum, including financial information presented in millions or thousands and percentages, have been subject to rounding adjustments and, as a result, the totals of such numerical figures in this offering memorandum may vary slightly from the actual arithmetic totals of such information.

In this offering memorandum, unless otherwise indicated: all references to the "**EU**" are to the European Union; all references to "**euro**" or "**€**" are to the lawful currency of the European Union; all references to the "**U.K.**" are to the United Kingdom; all references to the "**United States**" or the "**U.S.**" are to the United States of America; all references to "**U.S.$**," "**U.S. dollars**," "**dollars**" or "**$**" are to the lawful currency of the United States.

EXCHANGE RATE INFORMATION

The following table sets forth, for the periods set forth below, the period end, average, high and low Bloomberg Composite Rate (New York) expressed as U.S. dollars per €1.00. The Bloomberg Composite Rate is a "best market" calculation, in which, at any point in time, the bid rate is equal to the highest bid rate of all contributing bank indications and the ask rate is set to the lowest ask rate offered by these banks. The Bloomberg Composite Rate is a mid-value rate between the applied highest bid rate and the lowest ask rate. The rates may differ from the actual rates used in the preparation of the financial statements and other financial information appearing elsewhere in this offering memorandum. We make no representation that the euro or U.S. dollar amounts referred to in this offering memorandum have been, could have been or could, in the future, be converted into U.S. dollars or euro, as the case may be, at any particular rate, if at all.

The Bloomberg Composite Rate (New York) of the euro on January 20, 2021 was $1.2106 per €1.00.

	U.S. dollars per €1.00			
Year ended December 31,	**Period end**	**Average[1]**	**High**	**Low**
2016	1.0520	1.1035	1.1532	1.0389
2017	1.2005	1.1393	1.2036	1.0406
2018	1.1469	1.1782	1.2509	1.1218
2019	1.1214	1.1179	1.1543	1.0900
2020	1.2217	1.1419	1.2298	1.0691

	U.S. dollars per €1.00			
Nine months ended	**Period end**	**Average[2]**	**High**	**Low**
September 30, 2019	1.0900	1.1235	1.1543	1.0900
September 30, 2020	1.1721	1.1247	1.1936	1.0691

	U.S. dollars per €1.00			
Month of	**Period end**	**Average[2]**	**High**	**Low**
October 2020	1.1647	1.1766	1.1861	1.1647
November 2020	1.1927	1.1837	1.1963	1.1641
December 2020	1.2217	1.2173	1.2298	1.2071
January 2021 (through January 20, 2021)	1.2106	1.2189	1.2327	1.2077

(1) The average of the closing Bloomberg Composite Rate on the last business day of each month during the relevant period.

(2) The average of the closing Bloomberg Composite Rate on each business day during the relevant period.

FORWARD-LOOKING STATEMENTS

This offering memorandum includes "forward-looking statements," within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 and the securities laws of certain other jurisdictions, based on our current expectations and projections about future events, including:

- our ability to successfully integrate the Aromatics and Acetyls Businesses;
- our ability to realize anticipated revenue and cost synergies and benefit from anticipated opportunities or experience growth from the Acquisitions;
- our relationship with our joint ventures;
- our dependence on BP and certain of our joint ventures to supply methanol for our Acetyls Business;
- our reliance on transitional support services following the Acquisitions;
- difficulties in providing financial information representative of the results of operations of the Aromatics and Acetyls Businesses;
- the consummation of the Acquisitions;
- raw material availability and costs, as well as energy and supply arrangements, including arrangements with principal feedstock suppliers;
- outbreaks of disease;
- operational hazards and risks, including the risk of accidents or other incidents that result in environmental contamination or personal injuries;
- the substitutability of other products for our products and regulatory initiatives that may create incentives for the use of substitute products;
- the highly competitive nature of our principal industries;
- the cyclical nature of our industries and their sensitivity to changes in capacity, demand and global economic factors;
- business interruption risks resulting from the actions of third parties;
- demand levels in emerging markets and the ability of local producers to satisfy such demand;
- our and our customers' ability to borrow or raise capital;
- our ability to maintain key customer relationships;
- political, economic and legal risks associated with doing business in emerging markets;
- current or future environmental requirements, including those related to waste management and air emissions, and the related costs of maintaining compliance and addressing liabilities;
- government regulations and/or public perceptions regarding our products, including those that relate to the potential classification of styrene as a carcinogen;
- existing and proposed government regulations to address climate change by reducing greenhouse gas emissions;
- the adequacy of our insurance coverage;

- currency fluctuations and economic downturns in the countries in which we operate;
- our ability to implement our business, cost control and growth strategies;
- our ability to keep up with technological innovation and the increasing trend toward digitalization of our industry;
- our ability to maintain an effective system of internal controls;
- risks related to the destruction or ineffectiveness or obsolescence of our information systems;
- risks related to cyber security;
- our ability to attract and retain key personnel;
- our ability to consummate future acquisitions or achieve expected synergies from consummated acquisitions;
- the enforceability and validity of our intellectual property rights and the confidentiality of our proprietary information and trade secrets;
- risks related to litigation and other proceedings, including product liability claims;
- changes in tax laws or increases in tax authorities' scrutiny of transactions;
- our ability to make necessary contributions to pension plans;
- relationships with our workforce;
- withdrawal of the United Kingdom from the European Union;
- the interests of our controlling shareholder;
- the outbreak of COVID-19 or other pandemics or epidemics and the response (or lack of response) of governments thereto;
- our substantial indebtedness following the consummation of the Transactions, which may affect our ability to service our outstanding indebtedness and operate our business; and
- other factors as described in this offering memorandum, including factors set forth under "*Risk Factors*."

All statements other than statements of historical facts included in this offering memorandum including, without limitation, statements regarding our future financial position, risks and uncertainties related to our business, strategy, capital expenditures, projected costs and our plans and objectives for future operations, may be deemed to be forward-looking statements. These forward-looking statements are subject to a number of risks and uncertainties, including those identified under the "*Risk Factors*" section in this offering memorandum. Words such as "anticipate," "assume," "believe," "estimate," "expect," "intend," "may," "plan," "risk," "should," "will" and similar expressions or the negatives of these expressions are intended to identify forward-looking statements. Forward-looking statements contained in this offering memorandum include, in particular (but are not limited to), the following: statements regarding our financial results for quarter and the year ended December 31, 2020, statements regarding the estimated impact of the COVID-19 pandemic, statements regarding our future cash flows and liquidity needs, statements regarding potential expansion plans, statements regarding expected future capacity of our facilities, statements regarding safety, statements regarding the expected future financial and operating impacts of consummated acquisitions (including the Acquisitions), statements regarding expected cost savings in connection with the BP Acquisition, statements regarding expectations of industry growth and ISO certification targets and pledges made regarding levels of future recyclable content and other sustainability targets. In addition, from time to time we or our representatives, acting in respect of information provided by us, have made or may make forward-looking statements orally or in writing and these forward-looking statements may be included in but are not limited to press releases (including on our website), reports to our security holders and

other communications. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to be correct. Any forward-looking statement speaks only as of the date on which it is made and we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this offering memorandum, including those set forth under the section entitled "*Risk Factors*."

The risks described in the "*Risk Factors*" section in this offering memorandum are not exhaustive. Other sections of this offering memorandum describe additional factors that could adversely affect our business, financial condition or results of operations. Moreover, we operate in a very competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for us to predict all such risk factors, nor can we assess the impact of all such risk factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, you should not place undue reliance on forward-looking statements as a prediction of actual results.

TAX CONSIDERATIONS

Prospective purchasers of the Notes are advised to consult their own tax advisors as to the consequences of purchasing, holding and disposing of the Notes, including, without limitation, the application of U.S. federal tax laws to their particular situations, as well as any consequences to them under the laws of any other taxing jurisdiction, and the consequences of purchasing the Notes at a price other than the initial issue price in the Offering. See "*Certain Tax Considerations*."

TRADEMARKS AND TRADE NAMES

We own or have rights to certain trademarks or trade names that we use in conjunction with the operation of our businesses. Each trademark, trade name or service mark of any other company appearing in this offering memorandum is the property of its respective holder.

HISTORICAL AND CURRENT MARKET AND INDUSTRY DATA

Historical and current market and industry data used throughout this offering memorandum were obtained from internal company analyses, consultants' reports and industry publications. In particular, information has been provided by industry consultants Nexant Ltd. ("**NexantECA**"), IHS Markit Limited and its affiliates ("**IHS Markit**") and Wood Mackenzie Ltd. ("**Wood Mackenzie**") and their respective affiliates. Industry surveys and publications generally state that the information contained therein has been obtained from sources believed to be reliable, but the accuracy and completeness of information contained therein is not guaranteed. This information has been accurately reproduced and as far as the Issuers are aware, and are able to ascertain from published information, no facts have been omitted that would render the reproduced information inaccurate or misleading.While we accept responsibility for the accurate extraction and reproduction of such market data, we have not independently verified such market data and cannot guarantee its accuracy or completeness. In addition, certain statements in this offering memorandum regarding the styrenics, PVC, caustic soda, chlorine derivatives (including chlorinated paraffins and epichlorohydrin) and aromatics and acetyls industries, our positions in such industries and our market share are based on internal company estimates, our experience and investigations of market conditions and our review of industry positions. In particular, due to the fragmented nature of certain product groups in the styrenics industry, the classification of these product groups is not verified by third party market data. As such, information about such product groups is supported by Group information ascertained using the practices listed above. Our statements regarding product groups may therefore not align with the findings or published data of other industry participants. Where market data is available for certain product groups and there is no consensus between third-party data providers, we have exercised our judgment to determine the information we believe most accurately reflects the market, based on our experience and industry knowledge. We cannot assure you that any of the assumptions underlying those statements are accurate or correctly reflect our position in the industry. Similarly, internal company analyses, while believed by us to be reliable, have not been verified by any independent sources, and neither we nor any of the Initial Purchasers or their affiliates make any representation as to the accuracy or completeness of such information. While we are not aware of any misstatements regarding any industry or similar data presented herein, such

data involve risks and uncertainties and are subject to change based on various factors, including those discussed under the "*Risk Factors*" section in this offering memorandum.

This offering memorandum makes reference to certain information taken from reports prepared by NexantECA, IHS Markit and Wood Mackenzie. These reports were generally not prepared specifically for us and in most cases relate to general industry analysis. NexantECA, IHS Markit and Wood Mackenzie conducted their analysis and prepared their reports utilizing reasonable care and skill in applying methods of analysis consistent with normal industry practice. All results are based on information available at the time of review unless specifically noted otherwise. Changes in factors upon which the review was based could affect the results. Forecasts are inherently uncertain because of events or combinations of events that cannot reasonably be foreseen, including the actions of government, individuals, third parties and competitors.

This offering memorandum presents certain market ranking information, which has been prepared by NexantECA, IHS Markit and Wood Mackenzie on the basis of capacity by owner. Such rankings treat joint ventures as separate owners from their joint venture partners and, in certain cases, if the joint venture partners' shares had been instead attributed to the individual partner, our rankings would have been lower.

Some of the information on which the NexantECA, IHS Markit and Wood Mackenzie reports are based has been provided by others. NexantECA, IHS Markit and Wood Mackenzie have utilized such information without verification unless specifically noted otherwise. NexantECA, IHS Markit and Wood Mackenzie accept no liability for errors or inaccuracies in information provided by others.

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SUMMARY

*This summary highlights selected information contained elsewhere in this offering memorandum. It is not complete and does not contain all the information that you should consider before investing in the Notes. You should read the entire offering memorandum, including the more detailed information in the Consolidated/Combined Carve-out Financial Statements and the related notes thereto included elsewhere in this offering memorandum, before making an investment decision. See "Risk Factors" for factors that you should consider before investing in the Notes and "Forward-Looking Statements" for information relating to the statements contained in this offering memorandum that are not historical facts. All references to the "**Group**," "**we**," "**us**" or "**our**" are to the Parent and its consolidated subsidiaries after giving effect to the Acquisitions. See "Summary—The Acquisitions". The results and assets and liabilities of joint ventures are incorporated in the BP Petrochemicals Combined Carve-out Financial Statements using the equity method of accounting. See "Operating and Financial Review and Prospects—The Aromatics and Acetyls Businesses".*

We operate our business through four business segments: the Styrolution Business, the INOVYN Business, the Aromatics Business and the Acetyls Business. The historical results, have not applied IFRS 8 "Operating Segments" as permitted by IFRS; however, for purposes of this offering memorandum, they will be presented as separate business segments. These business segments do not represent segments as outlined in IFRS 8 nor has the Group completed its assessment on whether the business segments identified above meet the quantitative or qualitative criteria under IFRS 8 "Operating Segments". While each business segment is presented separately in this offering memorandum, such presentation is not prepared in accordance with IFRS 8.

Overview

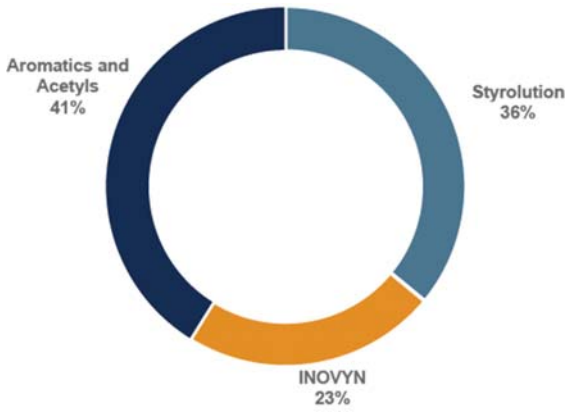
Introduction

We are a leading global petrochemicals producer, marketer and merchant. Our business operates approximately 50 manufacturing sites in 19 countries in the Americas, Europe and Asia. We have a strong global footprint and leading market positions with respect to our key products. Our business benefits from cost advantages as a result of operating large-scale, highly integrated facilities strategically located near major transportation routes and customer locations.

We operate our business through four business segments: the Styrolution Business, the INOVYN Business, the Aromatics Business and the Acetyls Business. The products we manufacture are derived from crude oil and natural gas and salt, and include styrene, vinyls, aromatic chemical compounds and organic compounds. Our products serve a broad and diverse range of end markets, including packaging, construction, automotive, electronics, household, textiles, agrochemicals and healthcare. We benefit from the cost advantages of operating large scale, well invested, highly integrated facilities strategically located near major transportation facilities and customer locations. We and our predecessors have invested significantly in our production facilities to ensure that they operate efficiently, resulting in integrated, and state of the art production units. We believe these investments allow us to operate at lower cost and higher utilization rates than most of our competitors, and enable us to maintain positive margins and cash flows even during downturns in industry cycles or customer demand. In the year ended December 31, 2019 we generated €13,551 million in pro forma revenue with 30% from Asia, 44% from EMEA and 26% from the Americas. In addition our pro forma RC EBITDA before special items was €1,864 million with 21% generated from Asia, 53% from EMEA and 26% from the Americas. For the twelve-month period ended September 30, 2020, our pro forma revenue was €10,789 million and our as adjusted pro forma RC EBITDA before special items was € 1,588 million. As adjusted pro forma RC EBITDA does not include the impact of the $150 million annualized fixed cost savings that the Group is targeting to achieve by the end of 2022. See "*Presentation of Financial and Other Information—Non IFRS Financial Measures*". Cost savings initiatives represent a core principle of our business model and our strategy to achieve those are outlined in detail in the Strategy section.

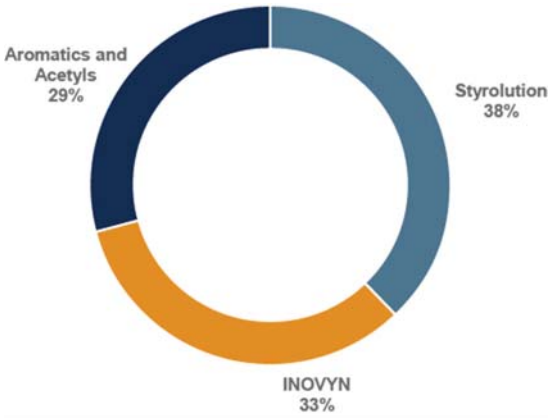
Over the past several years, we have implemented a range of strategic initiatives designed to lower our operating costs, increase our profitability and further enhance our market position. These include fixed asset investments to expand our capacity in higher value products, to enhance productivity at our existing facilities, and to reduce our fixed cost structure through headcount reductions, production line closures and system upgrades. In addition, we have shifted our product portfolio to focus on more differentiated products, exited low-margin businesses and implemented premium pricing strategies designed to improve our margins. We believe these initiatives provide us with a strong platform to drive growth, create significant operating leverage and position us to benefit from volume recovery in our end markets.

Pro forma revenue by business segment (2019)



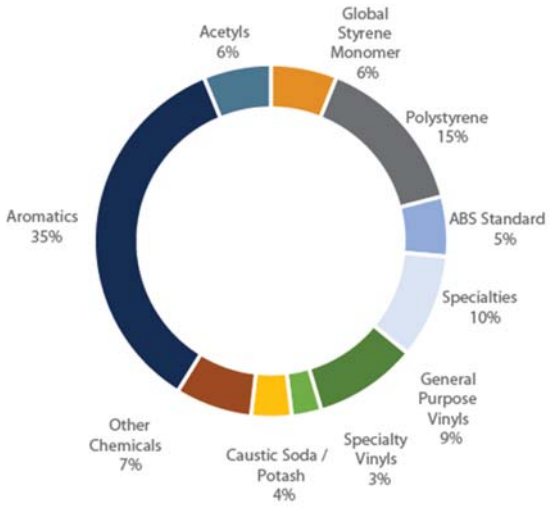
€13,551.4 million

Pro forma RC EBITDA before special items by business segment (2019)



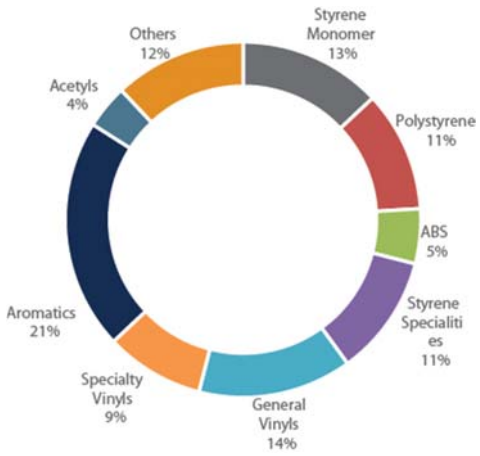
€1,864.1 million

Pro forma revenue by product group (2019)



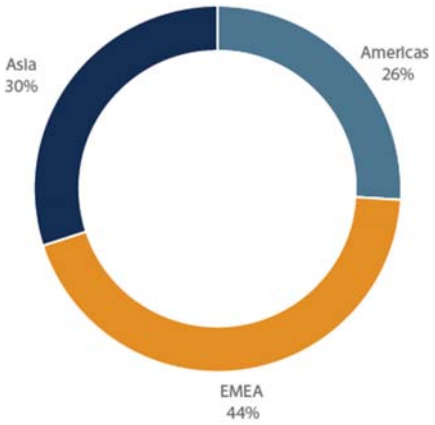
€13,551.4 million

Pro forma RC EBITDA before special items by product group (2019)



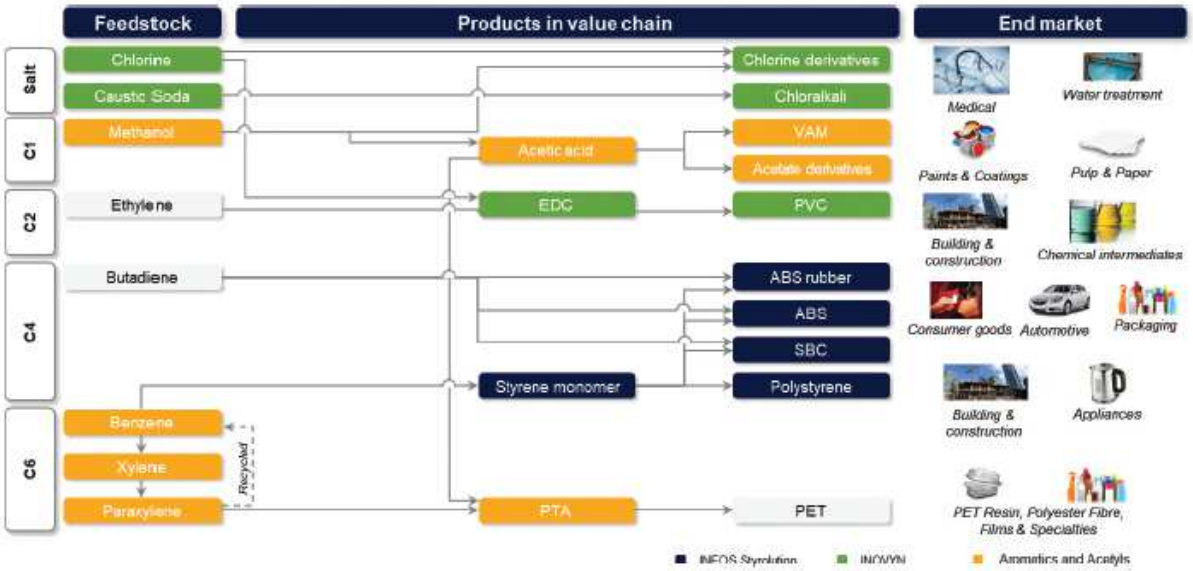
€1,864.1 million

Pro forma revenue by geography (2019)



€13,551.4 million

The following presents our main products across the petrochemicals value chain:



The Styrolution Business

The Styrolution Business operates through four business segments: Polymers EMEA, Polymers Americas, Polymers Asia and Styrene Monomer. The Styrolution Business sells a comprehensive mix of products that includes both commodity (SM) and standard (PS and ABS Standard) products as well as Specialties (ABS Specialty and copolymers). The Styrolution Business's products are used in a wide variety of focus industries, such as electronics, healthcare, household, and automotive. The Styrolution Business currently operates a total of 20 manufacturing facilities across 10 countries.

The INOVYN Business

The INOVYN Business operates four main business units: General Purpose Vinyls, offering a portfolio of vinyls products to a number of industries, including the building and construction, electronics and packaging industries; Specialty Vinyls, developing a number of Emulsion PVC products and specialty Suspension PVC products, which have higher specifications than general purpose PVC; Organic Chlorine Derivatives, producing various chlorine derivatives for use throughout the chemical industry, including chlorinated paraffins, chlorinated solvents, allylics, epichlorohydrin, and sulphur chemicals; and Chlor-Alkali, producing chlor-alkali chemicals including caustic soda, caustic potash,

chlorine and chlorine by-products, brine and water, salt and hydrochloric acid. The INOVYN Business currently operates a total of 15 manufacturing sites in eight countries.

The Aromatics and Acetyls Businesses

The Aromatics Business and the Acetyls Business operate as two distinct businesses. The Aromatics Business produces a variety of aromatic chemical compounds, including paraxylene ("**PX**"), purified terephthalic acid ("**PTA"**), benzene and metaxylene, which may be used in the production of a variety of products including, among others, 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, among others, building and construction materials, paints and coatings, automotive glass, polyester fibre, PET bottles, surface coatings, inks and solvents, cigarette filters, washing powders, wood acetylation and herbicides and pesticides.

The Aromatics Business currently operates a total of six sites in five countries (two in the Americas, one in Europe and three in Asia), including sites operated by the Aromatics Business and sites operated by a joint venture in which the Aromatics Business holds an ownership interest. The Aromatics Business also includes a 61% interest in the CAPCO joint venture in Taiwan.

The Acetyls Business currently operates a total of eight sites in seven countries (two in the Americas, one in Europe and five in Asia), including sites operated by the Acetyls Business and sites operated by seven joint ventures in which the Acetyls Business holds an ownership interest.

Our Competitive Strengths

We believe the factors set forth below make us competitive in the markets in which we operate:

Leading market positions throughout the petrochemicals value chain with global reach

We are a leading global producer, marketer and merchant seller of SM, PS, ABS Standard, Styrenic Specialties, PVC, Emulsion PVC, caustic soda, chlorine derivatives (such as HCI and ECH), PTA, PX and acetic acid. We believe that our global manufacturing scale, wide range of chemical products and deep customer base has allowed us to achieve and hold leading market positions with respect to our key products.According to NexantECA, we were the second largest global producer of SM in 2020, with an estimated share of global production capacity of 6%, and the largest global producer of PS, with an estimated share of global production capacity of 15%. In Europe and North America, we are the leading SM and PS producer in each market with significantly larger market shares than our closest competitors. We are the largest producer of PS in North America, Europe and Asia. We are also the largest producer of SM in North America and the sixth largest in Europe. In addition, we are the largest producer of ABS in Europe, accounting for 50% of ABS capacity in 2020, the third largest producer of ABS globally, accounting for 11% of ABS capacity in 2020, as well as the second largest producer of ABS in North America, accounting for 41% of ABS production capacity in 2020. We are also the sixth largest producer of ABS in Asia. We believe we are the largest global producer of Styrenic Specialties, with number one positions in Europe, the Americas and India by capacity in 2020. According to IHS Markit and internal estimates, we are the largest producer of suspension PVC, emulsion PVC, caustic soda, allyl chloride and chlorinated paraffins in Europe and the second largest producer of ECH and caustic potash in Europe, each as measured by production capacity as of December 31, 2020. We believe that we are the world's largest producer of specialty PVC, which includes specialty suspension PVC grades and emulsion PVC, as measured by production capacity as of December 31, 2020, according to our internal estimates. According to Wood Mackenzie and internal estimates, in 2020 we were the largest producer of PTA in the United States and Europe, with an estimated share of global production capacity of 7%, the largest producer of PX in the United States, with an estimated share of U.S. production capacity of 25%, the largest and only one of two producers of MX, the second largest producer of PX in Europe, with an estimated share of European production capacity of 28%, as measured by production capacity as of December 31, 2020. According to IHS Markit, in 2020 we are the second largest global producer of acetic acid, with an estimated share of global production capacity of 12% and the largest producer of acetic anhydride in Europe with a capacity share of 49%, as measured by production capacity as of December 31, 2020.

Balanced product portfolio with diversified and complementary product offerings and vertical integration providing key advantages

We sell a comprehensive mix of products in our Styrolution, INOVYN, Aromatics and Acetyls Businesses that have extensive applications across a wide variety of industries, with broad geographical reach. We believe that our diversity of products, applications and end markets help minimize our exposure to individual markets, industries, customers and geographic regions and provide a strong natural hedge against economic downturns as the supply and demand cycles tend to vary between our four business segments. In addition, the diversity of the feedstocks used in our four business segments also provides a natural hedge against feedstock price or supply shocks. We operate approximately 50 production facilities across 19 countries, serving more than 4,500 customers.

Within the Styrolution Business, we sell a comprehensive mix of products that includes both commodity (SM) and standard (PS and ABS Standard) products, as well as Specialties (ABS Specialty and copolymers), with a strong global footprint. Further, the Styrolution Business's products are used in a wide variety of industries, such as electronics, healthcare, household, automotive and construction. Our Styrolution Business's Specialties line generates strong operating cash flows due to the unique characteristics of its products, such as heat, chemical resistance or high impact strength. Because we produce nearly as much SM as we consume in the production of polymers, we consider our polymers business to be vertically-integrated. The Styrolution Business currently operates a total of 20 manufacturing facilities across 10 countries.

The INOVYN Business also has a broad product offering, including, among other things, PVC, caustic soda and various chlorine derivatives in multiple grades, which are used in a broad range of applications. PVC applications include pipes, window frames, cable insulation, flooring, wall coverings, domestic appliances, automotive parts, food and pharmaceutical packaging, medical supplies, pharmaceutical products, conveyor belting, mastics, coated fabrics and core foams for wind turbines. Caustic soda is a widely used industrial chemical with numerous applications, including detergents, pulp and paper, packaging, agriculture, environmental protection, water treatment, foodstuffs, health, textiles as well as applications in the chemical, construction and automotive industries. Chlorine derivative applications include additives for metal working fluids, fire retardant/plasticizer, carbon copying paper, solvents, pharmaceuticals, metal cleaning, metal degreasing foams and chloriding agent. In terms of ECH, we supply epoxy resins which are used in paints and coatings, composites, adhesives electronics, paper and has applications in water treatments and the healthcare industry. The INOVYN Business's raw materials supply is highly integrated along its production chain, and it is vertically integrated into several facilities with INEOS Group affiliates that produce its feedstock chemicals, providing us with the opportunity to purchase a portion of our feedstock without paying for transportation costs, which are typically passed on to customers. The INOVYN Business currently operates a total of 15 manufacturing sites in eight countries.

Our Aromatics Business also has diverse product mixes, which include, among other things, PTA, PX and MX, that are used in a broad range of applications, such as the production of polyester fibres, PET resins, and polyester film. We consider that the Aromatics Business also benefits from up- and down-stream integration, including through the integration of our Texas City, United States, site (which is the largest PX production site in North America) with Marathon's Oil refinery for advantaged feedstocks and other utilities and our PX/PTA production in Geel, Belgium, with Europe's most modern PET facility owned and operated by JBF. Our Aromatics Business currently operates six plants including two joint ventures, in five countries.

Our Acetyls Business produces acetic acid, acetic anhydride, ethyl acetate and vinyl acetate monomer, which are used in a variety of downstream applications such as 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. For our Acetyls Business, up- and down-stream integration is provided through the JV with Methanex, Trinidad and Tobago, for the supply of methanol to the Acetyls Business's acetic acid production plants; and through the Aromatics Business, joint ventures and the wider INEOS group into VAM, PTA, ethyl acetate and butyl acetate. Our Acetyls Business currently operates a total of eight sites in seven countries.

Geographical diversification with a large presence in key Asian growth markets

Having a strong global presence and revenue sources split among numerous geographic markets, we believe that we are well diversified and display strengths across geographies, with EMEA, Americas and Asia regions having represented an estimated 44%, 26% and 30%, respectively, of our pro forma revenue in the year ended December 31, 2019.

We believe we are the only styrenics producer with a global reach and a significant production footprint in Europe, North America and Asia, which has allowed us to tap into high growth markets, such as Asia, and benefit from

current feedstock and energy cost advantages in North America. As the largest producer of suspension PVC, emulsion PVC, caustic soda and chlorinated paraffins in Europe and the second largest producer of ECH and caustic potash in Europe, in each case based on production capacity as of December 31, 2020, according to IHS Markit, we are able to leverage our purchasing power and well-invested infrastructure to maintain a low cost profile and offer competitive prices to our customers, which, in turn, supports the growth of our market position. In addition, our Aromatics Business has facilities that are low-cost producers across each of our key regions and the Acetyls Business's joint ventures are strategically situated in Asia with strong local partners to capture the high demand coming from that region while its partnership in the United States with Eastman provides access to acetic acid in a key global market.

As of December 31, 2020, on a pro forma basis, we operated approximately 50 manufacturing facilities in 19 countries, which are generally strategically located in or near countries with significant demand for our products, thereby reducing transportation costs. Many of our manufacturing facilities also benefit from close proximity to advantaged feedstock, giving us an advantage over our competitors.

Market leading technologies in all Businesses with a focus on specialty product offerings

We place significant focus on research and development and aim to be at the forefront of technological advances in order to support our product innovation initiatives and satisfy our customers' evolving demands. We believe that our research and development efforts have resulted in technological advances that offer us various competitive advantages with respect to our ability to introduce new products, product grades and applications for our customers and to improve the efficiency with which we deploy our commodity products, as well as the quality and properties of our specialty products, which generally tend to generate higher and more stable margins than more commoditized products and also tend to have more stable demand, driven by the captive customer base and the more valuable end-uses of the products.

For example, the Specialties teams within the Styrolution Business collaborate closely with our styrenics customers' R&D departments in order to support their demands through technological developments. To further strengthen our customer-centric innovation, we organized parts of the Styrolution Business sales force along our customers' industries, which allows us to provide specific industry-related know-how and technological innovations. We believe that this approach supports the development of robust, long-term customer relationships and ensures that the Styrolution Business maintains in-depth knowledge of our customers' markets and their technological demands, thus giving us a competitive edge over new entrants in the market. To drive customer centric innovation, the Styrolution Business has also created a dedicated organizational unit, "Future Business and Innovation", which focuses on developing longer-term product and service innovations meeting future industry needs and works closely with the R&D and sales teams. In addition, we believe that our Styrolution Business's R&D partnership with the independent research institute Neue Materialien Bayreuth and the University of Bayreuth in Germany will continue to bring it closer to the plastics industry and will further foster collaborative product innovation with customers.

The INOVYN Business invests significant amounts in research and innovation in order to develop specialty PVC products and leverages its know-how in developing new specialty PVC products and its existing asset base to expand its Specialty Vinyl Business unit. Our Research, Technology and Engineering Team is a significant part of the Specialty Vinyls Business growth plan which aims to expand capacity by 120 kilotonnes through de-bottlenecking projects at our production facilities in Belgium, Germany, France, Sweden and Norway by the end of 2023. We believe that the INOVYN Business's experience in the research and innovation of specialty PVC products helps us to expand our existing product offering, both in terms of Emulsion PVC and specialty Suspension PVC, in order to remain at the front of the industry in terms of innovation. We also believe that our growth in the market allows us to reach new customers and grow our margins.

In addition to innovation in specialties products across our businesses, we also have market-leading technologies in respect of processes that have lowered our costs of production and enabled us to be a low-cost producer in each of our business units. For example, our Aromatics and Acetyls Businesses research and development efforts have also supported technological advances, resulting in product innovation and process improvements. For example, the PTA technology platform used in the newer Zhuhai plant has resulted in $60-120 million in capital expenditure savings compared to conventional technology used for a 1.25 MT PTA unit and has reduced equipment count by 30% from the previous generation of technological design. These technological design advancements have also lowered variable costs by up to $60 per MT and have reduced GHG emissions by up to 65%, water discharge by 75% and solid waste disposal by 95%. In Merak, near Jakarta, our Aromatics Business operates the largest PTA plant in Indonesia and is in the process of completing a project that leverages iPlan technology that was developed and matured in Geel, Belgium, and is expected to result in cost savings through increased operational efficiency and higher throughput. This technology results in lower equipment count and fewer rotating parts, leading to a smaller asset footprint, better reliability, plant availability and lower maintenance costs. Efficient heat integration and better recovery from the reactor lowers energy consumption,

while improved oxidation reactor design minimizes the losses of acetic acid and paraxylene in the reaction, therefore increasing yield.

The Aromatics Business's research and development efforts in the field of PET recycling have led to innovation in the recovery and monetization of scrap PET, beyond the scope of traditional recycling technology. PET is the most recovered polymer in the world. For example, a new process which is in the pilot plant stage of development, converts zero or negative value PET waste back into its component parts of PTA and MEG monomers, for reconversion into new PET that is indistinguishable from the original product.

Our Acetyls Business's world leading Cativa® technology converts methanol and synthesis gas into acetic acid and acetic anhydride and offers variable cost improvements and a lower capital equipment count as compared to the industry average. The technology has been deployed in the Acetyls Business's UK plant and is licensed to our five JV's in Asia and to Eastman's Texas City plant in the United States. The combination of the Cativa® technology and strong cost base via feedstock positions and co-locating on large petrochemical sites means the business has some of the lowest cost producing units in the markets which it serves.

Our Acetyls Business's new SaaBre™ technology converts synthesis gas directly into acetic acid through an integrated, three-step process that avoids the need to purify carbon monoxide (CO) or use methanol. When deployed, SaaBre™ is expected to deliver significant reductions in variable manufacturing costs.

Low cost production footprint and well invested asset base

Our asset base is distributed across all major regions and includes world-class facilities, many of which we believe are considered industry benchmark facilities. We benefit from the cost advantages of operating large-scale, integrated facilities strategically located near major transportation routes and customer locations. The size and scope of our manufacturing operations allow us to benefit from economies of scale in purchasing, production, distribution, marketing, research and development and the application of best practices throughout our facilities and across our Businesses. We and our predecessors have made significant investments in our production facilities to enhance their efficiency. We believe these investments allow us to operate at lower cost and higher utilization rates than most of our competitors and help us maintain positive margins and cash flows even during industry downturns or periods of decreased customer demand.

Our Styrolution Business's facilities include the largest chemical production site in Europe at Antwerp, Belgium, and the largest single production line styrene plant in the world at Bayport, Texas, United States. At least 75% of our Styrolution Business's output in 2019 came from manufacturing facilities that we believe have competitive production cost profiles and are positioned in the first or second quartile of the industry's cost curve. In North America in particular, where three out of our Styrolution Business's four SM facilities are located, which account for approximately 75% of our SM production capacity as of December 31, 2020, our Styrolution Business has benefited from lower energy costs and sustainably lower ethylene prices. Our ability to rely on our own world-class SM production capacity in both North America and Europe improves our cost competitiveness and helps stabilize our supply of the main manufacturing input for our other product groups.

Our INOVYN Business's asset base benefits from significant historical investment and modernization of the key production and environmental technologies employed in production assets. We believe our INOVYN Business's Jemeppe and Newton Aycliffe PVC plants are amongst the largest PVC plants in Europe, and the Jemeppe PVC plant is one of the lowest cost PVC plants in Europe; the plant is highly automated and equipped with modern process-logic control systems. The Runcorn chlor-alkali facility, in which we hold a 50% interest, houses one of Europe's largest high-technology membrane cellrooms for chlor-alkali production. Our INOVYN Business operates large plants at high utilization rates, permitting them to spread fixed costs over large volumes of production, reducing their per unit costs and allowing them to be cost-competitive across most of our INOVYN Business's products. These cost advantages, combined with upstream integration with our affiliates, have resulted in a combined average cash cost per tonne of PVC that we believe is lower than the average cash cost per tonne for other Western European producers. We also believe that our INOVYN Business's combined energy consumption costs, measured in euro per tonne of VCM produced, is near the lowest in Europe and that its ethylene conversion efficiency rates, measured in kilograms of ethylene per tonne of VCM produced, are near the current top technology rate. In particular, we believe our INOVYN Business's average ethylene to PVC conversion efficiency is higher than the industrial average. The expansive geographic footprint of our INOVYN Business also provides us with a broad infrastructure of facilities from which to service our customers, allowing us to reduce the high fixed costs and transportation costs that characterize the European PVC market. We believe the majority of our chlor alkali facilities are in the top 50% of the European cost curve ranked by cost efficiency, and we plan to leverage our INOVYN Business's synergies to shift volumes from certain of our plants in the bottom half of the European cost curve to more efficient, lower cost plants. According to our internal estimates, the average operating rate

of European suspension PVC producers was approximately 88% for the twelve months ended September 30, 2020. We believe that INOVYN plants operated at a higher operating rate than the European average for the same period.

Our Aromatics Business is the largest merchant producer of PTA in the United States and Europe and has a cost advantage, relative to its scale, in PTA technology which helps us offer competitively priced products to our customers, thus further strengthening our market position. Our Aromatics Business operates material regional businesses in the United States, Europe and Asia, including five sites operated directly by our Aromatics and Acetyls Business, each of which is in the first quartile for cost competitiveness in its region. The Aromatics Zhuhai facility in China benefits from reduced capital and variable costs and improved environmental performance due to our Aromatics Business's proprietary PTA manufacturing technology. We believe that our Aromatics Business operates the most efficient assets in every region in which it operates, with leading technology providing cost advantages over competitors. Our Aromatics Business also benefits from the cost advantages of operating large-scale, integrated facilities strategically located near major transportation facilities and customer locations, including the largest and most efficient integrated PX/PTA/PET production site in Europe at Geel, Belgium (30 miles east of Antwerp), with canal, rail and road access on a shared site with INEOS's polypropylene facility and JBF's PET facility. The business also operates the largest PX production site in North America in Texas City, United States, which is integrated with a Marathon Oil refinery for feedstocks and other utilities, the largest PTA facility in North America with sea, rail and road access and the Zhuhai PTA facility, which is in close proximity with CRC's downstream plant that will expand its PET capacity by an additional 500 kilotonnes per annum in Q1 2021.

The Acetyls Business is the largest producer of acetic acid and acetic anhydride in Europe having production units at its site in Hull, United Kingdom, where it benefits from being co-located with the INEOS ethyl acetate business to which it supplies acetic acid via a pipeline. The Hull site is also connected via a pipeline to the INEOS Grangemouth facility which supports the various co-located downstream businesses, INEOS ethyl acetate, Nippon Gohsie, EvOH. Our Acetyls Business also operates material businesses in North America, Europe and Asia. In Asia, our Acetyls Business partners, through its joint ventures, with leading producers in their domestic markets, benefiting from site integration and advantageous feedstock supply. In China, we entered into two partnerships with Sinopec for the supply of acetic acid and ethyl acetate with plants located in different parts of the country to support market coverage. In South Korea, our JV with Lotte BP Chemical Co ("**LTBP**") is the only producer of acetic acid and vinyl acetate monomer ("**VAM**") in the country and has recently doubled VAM capacity to approximately 400 kilotonnes with additional variable cost improvement projects planned on the asset. Our JV with Petronas in Malaysia is the only producing asset of acetic acid in the country whilst our JV with Formosa in Taiwan, benefits from being co-located on Formosa's Mai Liao site. In North America we have a long standing profit share agreement with Eastman for production from their Texas City site which is supplemented with a further purchase for re-sale agreement from Eastman's Kingsport plant supporting logistics and lead times to our North American customers.

Track record of acquiring and integrating businesses

James A. Ratcliffe, our controlling shareholder, and the other existing shareholders have a long and successful record of investing in the chemicals industry. Across the wider INEOS group, including our ultimate parent company and its other subsidiaries, our shareholders have completed 36 significant acquisitions since the formation of INEOS in 1998. Each of these acquisitions has been integrated effectively and has achieved significant cost-savings in the acquired businesses. Our management team has extensive experience in the chemicals industry, including with leading companies such as ICI, DuPont, Dow, Degussa and BP, and a proven ability to integrate large, complex businesses from leading companies in the industry. For example, INEOS has completed five acquisitions of BP assets, including the acquisition of Innovene in 2006, and has successfully integrated them into its portfolio. In addition, the INEOS Group successfully achieved the transformational integration of INEOS, a low-cost manufacturer of petrochemicals and specialty chemicals, and Innovene, the olefins, polymers and derivatives business of BP and two of BP's European refineries. Further, both our Styrolution Business and our INOVYN Business are the result of the combination of legacy INEOS businesses with those of former joint venture partners (BASF, in the case of our Styrolution Business, and Solvay, in the case of our INOVYN Business). Our Styrolution Business successfully managed the integration of the legacy INEOS and BASF businesses and implemented a simple and decentralized organizational structure that allowed our management team to use their industry knowledge in order to respond to market opportunities. Similarly, the creation of our INOVYN Business through the combination of the legacy INEOS (Kerling) and Solvay businesses provided the opportunity to streamline our INOVYN Business's model and leverage best practices from both of its constituent legacy businesses while taking advantage of benefits of scale.

Leading sustainability platform

We have been dedicated to sustainability and have placed significant focus on the development of a circular economy for plastics to reduce our environmental footprint. As a member of the INEOS Group of companies, we have

committed to achieving the ambitious targets that were set by our parent company for 2025. This includes, amongst others, a pledge to use on average 30% of recycled content in products destined for polystyrene packaging in Europe, incorporate recycled material into our products and ensure 100% of our polymer products can be recycled.

Our Styrolution Business has already made successful advances toward achieving this goal, which were recognized with the joint award in 2019 of an Independent Commodity Intelligence Services (ICIS) Innovation Award in the category "Innovation with Best Benefit for Environment and Sustainability". We were also nominated as a finalist by Chemical Week magazine for its 2020 Sustainability Awards under the category "best sustainability programme". Our Styrolution Business is also one of the founding members of Styrenics Circular Solutions (SCS), promoting circular solutions in the industry in collaboration with the complete value chain. For ABS Standard, our 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. Our Styrolution Business has also established co-operations to secure high quality waste for polystyrene and ABS feedstock. Further, our Styrolution Business was awarded Silver Merit status in 2015 in an assessment of its Corporate Social Responsibility program by EcoVadis, the global independent assessor of environmental and labor practices/supplier sustainability. Since then, it has improved its EcoVadis score, reaching Gold Merit in 2017 and Platinum Merit in the most recent assessment, placing our Styrolution Business in the top 1% of plastics manufacturers assessed by EcoVadis and also the top 1% of all suppliers assessed by EcoVadis in all categories (around 65,000 suppliers).

Sustainability has also been a key corporate objective for our INOVYN Business. A project is nearing completion that has benchmarked INOVYN sites on their environmental footprints in order for comparisons to be made between sites and with European average data. The early conclusions show that INOVYN's overall carbon footprint is approximately half the European average for caustic soda and between 25% and 33% lower for PVC resins. This is largely due to significant use of renewable and/or nuclear energy by our sites. In October 2019, our INOVYN Business launched bio-attributed PVC, known as BIOVYN™. BIOVYN™ is the world's first commercially available grade of bio-attributed PVC. This is manufactured at Rheinberg, Germany, using bio-attributed ethylene, a renewable feedstock derived from second-generation biomass that does not compete with the food chain. The development of BIOVYN™ forms part of our wider sustainability program, through which we are developing a new generation of PVC grades that meet both the rigorous product quality and performance needs of our customers, whilst moving us closer towards a circular, carbon-neutral economy for PVC. Our INOVYN Business was awarded Gold Merit status in 2019 in an assessment of its Corporate Social Responsibility program by EcoVadis, the global independent assessor of environmental and labor practices/supplier sustainability. In early 2020, our INOVYN Business delivered a further 10% year-on-year improvement in its overall score due to continued progress during 2019 towards making our INOVYN Business fully sustainable. In particular, our INOVYN Business improved its score associated with environment and labor/human rights practices, putting it in the top 3% and 1%, respectively, for these categories out of the 25,000 companies that were assessed. Overall, our INOVYN Business is in the top 3% of all companies assessed within its industry group.

We also believe that sustainability is beginning to reshape the Aromatics Business's industry and that creating a circular economy for PET (the key use for PTA) will be of strategic, long-term importance. With its Infinia technology in partnership with Danone, Unilever, Nestlé and P&G, the Aromatics Business is committed to enabling a circular economy for PET to convert difficult to recycle waste PET (such as black food trays and colored bottles) into new PTA and MEG monomers. The Aromatics Business is also at the forefront of developing bio-PX through its development agreement with Virent and Johnson Matthey.

In 2017, the Acetyls Business invested in TVUK, a consortium that will build and operate the world's first Tricoya® wood elements acetylation plant at the Saltend Chemicals Park in Hull. The co-location of the TVUK plant with the Acetyls Business's 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.

Strong management team with experience in realizing synergies

Our senior management team has extensive experience in the petrochemical industry. Further, they have a demonstrated track record of achieving profitable growth, successfully integrating large acquisitions, dramatically reducing the fixed cost base, and deleveraging the business following such acquisitions.

The executive management team of each of our INOVYN and Styrolution Business has over 150 years of combined experience in the petrochemical industry. Kevin McQuade, the Executive Chairman of the Styrolution

Business and the Aromatics Business, has 40 years of relevant experience. Prior to becoming the Executive Chairman of the Styrolution Business and the Aromatics Business, he was the Styrolution Business's Chief Executive Officer since January 1, 2015 and previously was Managing Director since the formation of our predecessor company as a joint venture between INEOS and BASF in 2011. Chris Tane, our INOVYN Business's Chief Executive Officer until December 31, 2019 and the Executive Chairman of the INOVYN Business and the Acetyls Business thereafter has 41 years of experience in the chemicals industry, primarily in the chlor-vinyls sector, including as CEO of INEOS ChlorVinyls, which covered the majority of our INOVYN Business's legacy Kerling business assets. The Acetyls Business's executive team has almost 160 years of combined experience in the petchem and oil and gas industry, including experience in derivative businesses within the Acetyls industry that are currently part of INEOS. The Aromatics Business's executive team has strong leadership credentials and a track record in business integration and meaningful synergy realization.

Our Styrolution Business successfully managed the integration of the legacy INEOS and BASF businesses, improving our Styrolution Business's safety record, reducing costs and complexity and maximizing value, including through the achievement of over €300 million in synergies following its formation in 2011. Our Styrolution Business achieved the bulk of these synergies through cost structure, asset footprint and services optimization, but also negotiated favorable procurement contracts, improved asset efficiency, optimized its corporate structure and streamlined its product portfolio. Our INOVYN Business originally set a target of achieving cost savings in excess of €100 million by the end of 2017 for the combination of the legacy INEOS (Kerling) and Solvay businesses into our INOVYN Business, but far exceeded this target with over €220 million of savings on an annualized basis having been delivered since the formation of this business.

The Aromatics and Acetyls Businesses are expected to also achieve synergies through shared sites and other business activities. The Acetyls Business will leverage its co-location with the INEOS Group ethyl acetate business in Hull and butyl acetate business in Antwerp to drive both our fixed and variable cost savings. The Acetyls Business anticipates savings through re-negotiation of more favorable procurement contracts, removal of third party supply costs and improved optimization of its production assets. Similarly, the Aromatics Business will leverage its co-location with the INEOS Group Polypropylene business in Geel and the Syrolution business in Texas City to drive fixed and variable cost savings. The Aromatics Business also anticipates achieving cost savings through the renegotiation of more favorable procurement contracts, the removal of third party supply costs and headcount synergies for duplicate site activities.

Our Strategy

Our principal objectives are to increase the value of the business by generating strong, sustainable and growing cash flows across industry cycles and to maintain our position as a leading global supplier of petrochemicals. To achieve these objectives, we have the following key strategies:

Achieve cost savings and realize synergies

Overhead cost reviews are undertaken on a regular basis at our main sites. We will continue to implement a number of cost-saving initiatives in the fields of procurement, operations and selling, and general and administrative expenses, in order to reduce our fixed and variable cost base and to improve our manufacturing efficiency.

We are targeting annualized fixed cost savings of $150 million by the end of 2022. As an illustration, if we had achieved such annual cost savings during the 12 months ended September 30, 2020, our as adjusted pro forma RC EBITDA before special items would have been €1,722.4 million and our ratio of pro forma net debt to pro forma as adjusted RC EBITDA before special items would have been reduced by 0.3x to 3.7x.

Across the wider INEOS Group, our shareholders have historically succeeded in reducing costs at our acquired businesses by making rapid reductions in underlying fixed costs and implementing an efficient corporate and management structure. Historically, INEOS has been conservative in their approach on cost savings and thus over achieves. They have achieved significant fixed cost reductions in businesses that they have acquired, delivering on average a reduction of approximtely 25% of inherited fixed costs in the four-year period post-acquisition. Immediately after the formation of each of our Styrolution Business and our INOVYN Business, we appointed a dedicated team to identify and pursue cost savings opportunities, and since the formation of our Styrolution Business and our INOVYN Business we have realized more than €300 million and €220 million of cost savings on an annualized basis, respectively. We believe that similar synergy opportunities exist within the Aromatics and Acetyls Businesses, and have already identified a number of early synergy opportunities, including, among others, redirecting acetic acid sales from the Hull, UK site from the low-margin deep sea export market to co-located and easy- access INEOS affiliates at higher-margin

market rates; improvements to variable costs and increased production capacity at the Hull site and the Merak, Indonesia PTA site; and favorable mixed xylene contract terms at the Geel site under a ten-year supply contract.

Generate strong cash flow to reduce leverage

We intend to focus on improving cash flow generation by maximizing the utilization of assets, leveraging existing resources and following focused capital expenditure and cost reduction plans. We intend to apply some of the excess cash flow generated from these initiatives to repay debt. We believe that the combination of improved cash flow and EBITDA, along with a reduction in debt will result in reduced leverage levels.

Focus capital investments on high return projects

Our capital expenditure plan is focused on delivering efficiency improvements on high return projects. We believe that the technology, personnel and production facilities of the combined business will allow us to increase our profitability and cash flows while focusing on investments in projects with attractive payback economics. We will also continue to implement de-bottlenecking projects at our facilities in order to increase our production capacity, particularly when the incremental capacity can be achieved without significant additional fixed costs or capital expenditures. For example, our Styrolution Business is building a 600 kilotonnes new ABS Standard capacity in Ningbo, China, adjacent to the existing PS site in Ningbo (which is expected to be completed during the second half of 2023), to further improve our ABS Standard position in inland China and create a manufacturing footprint for the Group in the largest ABS market in the world. We are also building an ASA plant at Bayport, Texas, United States, with a capacity of 100 kilotonnes to serve the high margin Styrenics Specialties market which will go on stream in the second half of 2022. Our Styrolution Business recently completed a de-bottlenecking project at its Antwerp SM plant, expanding its capacity from 500 kilotonnes to 560 kilotonnes, in the third quarter of 2020, further strengthening its top quartile production SM asset in Antwerp. Capacity testing of the Antwerp plant was completed in the fourth quarter of 2020. In the INOVYN Business, a major expansion project was delivered in 2020 at the site in Rafnes, Norway. The VCM capacity at the site was increased by around 70 kilotonnes per year, which is used in the production of vinyls at sites at Porsgrunn, Norway, Stenungsund, Sweden and Newton Aycliffe, United Kingdom. This project also included investment in an additional 35 kilotonnes per year of membrane electrolysis capacity to supply caustic soda customers in Scandinavia. The INOVYN Business is also undertaking a project to increase production of general purpose PVC at its site in Jemeppe, Belgium. The investment, which is estimated to deliver a further approximately 200 kilotonnes of capacity together with the associated increase in VCM capacity, aims to meet demand growth across the construction, electronics, packaging, food protection, water and energy sectors. The PVC capacity first phase of the expansion program is currently expected to be operational at the end of 2021, together with approximately 65 kilotonnes per annum of additional VCM capacity. The second phase consisting of the remaining VCM capacity corresponding to the full 200 kilotonnes of general purpose PVC capacity is currently under study. In addition, in the Aromatics Business, a de-bottlenecking project is planned at the PTA facility in Zhuhai, China (which is expected to be completed in 2022), while a capacity expansion (of approximately 75 kilotonnes) and variable cost improvement project is nearing completion at the PTA facility in Merak, Indonesia. In the Acetyls Business, we recently completed a capacity expansion project at the acetic acid site of our JV with LTBP in South Korea. This project is expected to result in a reduction in acetic acid variable cost and an expansion of capacity to 700 kilotonnes. The Acetyls Business's JV with LTBP in South Korea has recently completed a project that doubled capacity at its VAM plant. The same site will also invest in a variable cost improvement project to replace the use of low sulphur fuel oil with natural gas which will make significant improvements in the costs to produce acetic acid and reduce the site's carbon emissions.

Maximize utilization of assets

As a low-cost producer, we aim to operate our facilities at high capacities and operating rates. Historically, this has allowed our Businesses to maintain positive margins and to generate cash flows (even if reduced) during downturns in industry cycles or customer demand, unlike some of our competitors who we believe have higher production costs. We intend to achieve growth in production volume by improving utilization rates within the defined availability of an asset, improving availability of an asset by minimizing planned and unplanned facility downtime and improving capacity of an asset through de-bottlenecking projects. Our management team has a long track record of improving utilization rates on assets.

Maintain lean corporate structure and incentivize management and employees

We intend to operate the combined business consistent with the INEOS Capital philosophy and implement a simple and decentralized, flat organizational structure that minimizes corporate bureaucracy, coupled with compensation arrangements that incentivize our employees. We believe that a simple and decentralized organizational structure is cost

effective and will allow each of our management teams the freedom to use their industry knowledge to respond to market opportunities. We believe that we can increase the value of our business when our employees share in the value they create. Management and employee bonuses are also linked to the EBITDA-based performance of the business and region in which they work. We intend to implement similar bonus incentive schemes for our recently acquired businesses.

Access advantaged feedstock and energy opportunities

We maintain an asset base capable of exploiting feedstock opportunities around the world, providing us with access to a broad range of advantaged feedstock and energy opportunities. We intend to exploit the advantageous pricing of feedstock and energy resulting from expanding global shale gas production. For example, we have signed a one-year supply agreement with an INEOS Group affiliate for the supply of U.S.-sourced ethylene to our INOVYN Business's Rheinberg and Jemeppe plants, which we will evaluate in 2021 with a view towards potentially extending the contract for subsequent years. We believe this supply agreement enables our INOVYN Business to compete more effectively with U.S. and Asian PVC producers in export markets. Our INOVYN Business will also continue to take advantage of its access to ethylene via its significant minority interest in the Feyzin ethylene cracker in France, as well as its integrated access to brine at its Tavaux, Jemeppe, Runcorn, Rheinberg and Rosignano plants. A significant portion of our INOVYN Business's chlorine is also used twice because it supplies chlorine to BASF to make methylene diphenyl diisocyanate ("**MDI**"), and BASF then provides our INOVYN Business with hydrochloric acid (a by-product of MDI production), which we use to make EDC. In our Aromatics Business, a new supply agreement with an upstream European refinery that provides low-cost feedstock to our Geel PX plant in Belgium is also expected to reduce the cost of sourcing similar feedstock from other suppliers starting 2021.

We will continue to exploit opportunities to lower our energy costs in key areas of our production, particularly in electricity generation and usage. For example, a significant percentage of the energy supplied to our INOVYN Business's Runcorn site is being delivered from an "Energy from Waste" plant operated by Runcorn TPS, in which our INOVYN Business holds a 25% economic interest and a 60% voting interest. The "Energy from Waste" plant accepts and burns fuel derived from waste delivered by the Greater Manchester Waste Disposal Authority. The energy produced by this plant, representing some 40% of the site's energy consumption, benefits from environmental incentives and is significantly below-market prices, thereby strengthening our INOVYN Business's cost advantages. The recent investments in best available technologies, such as bipolar membrane cells for electrolysis has resulted in reduction in average electricity unit usages across our INOVYN Business. In the Acetyls Business, the acetic acid and anhydride units located at our gas production facility in Hull, United Kingdom, use gas as a fuel source and within their processes. We have deployed various energy efficiency programs across all of our sites in recent years and will continue to seek further efficiencies. At some of our key energy intensive sites, we have taken the opportunity when advantageous to enter into electricity fixed price supply contracts and derivative swap contracts, rather than simply purchasing at the prevailing spot price.

Maintain and grow our leadership positions to enhance our competitiveness

We will continue to implement a series of operational efficiencies and strategic business growth initiatives to retain our market leading positions in Europe, North America and Asia. We also have ambitions to make our businesses the leading innovators in products and processes within our industry. For example, our Styrolution Business is emphasizing the development of, and increasing its scale in, its high-margin and less cyclical Specialties and ABS Standard grades, including expanding its ABS and ASA capacity in the Americas through the construction of a new 100 kilotonnes capacity ASA polymer plant in Bayport, Texas, United States, which is expected to be operational in the second half of 2022 and converting an existing PS production line into a 46 kilotonnes ABS production line at its site in Wingles, France, to meet the growing demand for ABS, as well as building a new 600 kilotonnes ABS plant in Ningbo, China, adjacent to the Group's existing PS site in Ningbo, which is expected to be completed during the second half of 2023. In addition, we intend to leverage our INOVYN Business's know-how in developing specialty PVC products in order to maintain our position as the world's largest producer of specialty PVC, and work has already commenced on previously announced investments to increase capacity by more than 100 kilotonnes per annum at our INOVYN Business's production assets in Belgium, Germany, France, Sweden and Norway by the end of 2023. Our INOVYN Business's position as a key supplier of PVC, caustic soda and chlorine derivatives will allow it to leverage its purchasing power as its ethylene and power contracts expire. Our Aromatics Business continues to maintain its market share in the more predictable and stable polyester market, achieving a market share of approximately 25% in Europe based on revenue as of December 31, 2020. We believe that our management's track record of implementing synergies and cost savings and our well-invested profile of low-cost facilities will allow us to retain our cost advantage and continue to be a supplier of choice and leading innovator in the markets where we operate.

Dedication to sustainability

We aim to operate and develop our business in a way that balances our current and future needs, taking into account relevant economic, environmental and social factors, so that we can sustain and further grow our business for the long term. We strongly believe that sustainable business management and practices will contribute to our long-term business success and strengthen our leading position in the market.

We also believe sustainability is a lever for growth and will enable us to tap into new and emerging business opportunities. As a result, sustainability is a consideration in all of our decision-making processes. As a member of INEOS Group, we are committed to achieving the five ambitious targets that were set by the INEOS Group for 2025. These include, amongst others, a pledge to use on average 30% of recycled content in products destined for polystyrene packaging in Europe, and ensure 100% of our polymer products can be recycled as well as an INEOS-wide pledge to incorporate at least 325 kilotonnes per year of recycled material into products. For further details, refer to the section "*Business—Sustainability*".

Technology leadership

We believe that technology leadership can help us achieve a sustainable cost leadership position. We seek to optimize the overall effectiveness of our asset base by making appropriate investments in maintenance, turnarounds and capital equipment, in conjunction with personnel training and site and plant benchmarking, in order to achieve state-of-the-art facilities capable of operating on a 24 hours a day, seven days a week at high standards of safety and reliability. We intend to further develop our intellectual property and unpatented proprietary know-how in order to advance our product innovation and deliver process improvements that preserve our preferential cost position vis-à-vis our competitors.

Our History

Our combined business results from the combination of the historical INEOS Styrolution Business, the INOVYN Business and the Aromatics and Acetyls Businesses acquired from BP. The combination of INEOS Styrolution, INOVYN and the BP Aromatics and Acetyls Businesses represents a transformational expansion for our company, creating a global leader with providing broad geographical and product diversity, a balanced portfolio and world class manufacturing platforms. Our objective is to replicate the successful strategies of the Styrolution Business and the INOVYN Business with the Aromatics and Acetyls Businesses, taking advantage of synergies and other cost savings.

The Styrolution Business

The Company was incorporated on April 19, 2011 and the Parent was incorporated on December 18, 2015. Through a combination of direct and indirect transactions completed on October 1, 2011, the Styrolution Business inherited, with a few exceptions, the global styrenics activities of BASF and INEOS. As from that date, we engaged in the production of SM, PS, ABS and a number of other styrene derivatives under the category of "Specialties." The Styrolution Business was formed by INEOS and BASF as a 50:50 joint venture in order to create a low-cost global player in the styrenics sector that offers significant benefits to customers through enhanced efficiency, reduced costs and improved service and distribution at a global level.

The heritage businesses combined a rich history in innovation and leadership in the styrenics industry and had a record of achieving efficiencies and cost competitiveness. Among other examples, the BASF heritage business was responsible for the first styrene monomer synthesis and polystyrene polymerization in 1929 and 1930, respectively, and the INEOS heritage businesses can be credited with engaging in acquisitions and joint ventures in order to improve the efficiency and cost competitiveness of a number of businesses in the styrenics industry, including business segments once operated by Bayer, BP, Lanxess, Hüls and NOVA Chemicals. The Styrolution Business heritage businesses each had over 80 years of experience in the styrenics industry, and we believe that this experience has provided the Styrolution Business with a strong pedigree and strengthened its ability to compete and to continue to be a leader in technological innovation in the styrenics industry.

In 2014, INEOS signed a share purchase agreement with BASF SE and BASF Antwerpen NV, as sellers, for the acquisition of BASF's 50% share in INEOS Styrolution Holding GmbH (formerly Styrolution Holding GmbH). Upon consummation of such acquisition, the Styrolution Business became wholly-owned by INEOS Industries, but continues to be operated and financed on a standalone basis.

Since the formation of the Styrolution Business in 2011, it has integrated its assets to maximize synergies. The Styrolution Business has focused on achieving synergies to reduce fixed and variable costs, in addition to other expenses. In particular, the Styrolution Business has aimed to shut down inefficient assets, in-source functions previously conducted by BASF and optimize sourcing, supply chain and management structures. For example, the Styrolution Business has established a unified worldwide IT platform for the Group, terminated its tolling agreement with INEOS relating to its SM and PS facilities in Marl, Germany, converted its Antwerp, Belgium facility into a toller, and closed the PS plants in Trelleborg, Sweden and Indian Orchard, U.S. to improve capacity management and utilization rates at other facilities in the region. Our Styrolution Business has achieved over €300 million in synergies following its formation in 2011, the bulk of which were achieved through cost structure, asset footprint and services optimization, but also negotiated favorable procurement contracts, improved asset efficiency, optimization of its corporate structure and streamlining of its product portfolio.

Since the Styrolution Business became wholly-owned by INEOS Industries, it has continued developing and expanding the business through the acquisitions of the global K-Resin Business, including a production site in Yeosu, South Korea, and two PS production sites in Ningbo and Foshan, China (acquired from Total SA), which strengthen our position in the domestic Chinese market.

The INOVYN Business

INOVYN was formed on July 1, 2015 as a joint venture between INEOS and Solvay, which had a combined legacy of over 150 years of innovation and leadership in polyvinyl chloride, caustic soda, caustic potash and various chlorine derivatives, including epichlorohydrin. The formation of the joint venture created a leading player in the global PVC market.

The formation of INOVYN brought together the Kerling business of INEOS, which had a track record of acquiring and growing profitably a portfolio of PVC and related assets and of operating as a cost leader in its industries, and the Solvay business, which had a track record of product leadership and research and innovation, particularly in the specialty PVC market. The Kerling business included INEOS's chlor-alkali, PVC, hypochlorite, hydrochloric acid, chlorinated paraffins, chloromethane, brine and water businesses. The Solvay business included Solvay's chloromethane and European ECH businesses, its salt business in Belgium, France and Spain, SolVin's (previously a 75%/25% joint venture between Solvay and BASF, which became wholly owned by Solvay immediately prior to its contribution to INOVYN) European chlor-alkali and PVC assets and its 42.5% share of the Feyzin cracker.

On March 24, 2016, both shareholders entered into an agreement governing the exit of Solvay from the joint venture, pursuant to which INOVYN Limited agreed to redeem the shares held by Solvay. On July 7, 2016, following the consummation of the Solvay exit, INEOS Group Investments Limited became INOVYN Limited's sole shareholder.

Since the formation of INOVYN, the business has replicated the successful strategies of the Kerling and Solvay businesses and has taken advantage of the synergies achieved as a result of the combination, together with other cost savings. The INOVYN Business has also maintained its status as a low-cost producer and has built on its market leadership, including by growing the Specialty Vinyls Business into a specialty market leader. The INOVYN Business originally set a target of achieving cost savings in excess of €100 million by the end of 2017 for the combination of the legacy Kerling and Solvay businesses, but far exceeded this target with over €220 million of total savings on an annualized basis having been delivered since the formation of this business. These cost synergies have allowed it to become a more robust leader in an industry where cost competitiveness is critical to maintaining profitability through industry cycles and has allowed it to operate large scale, efficient, highly integrated and strategically located production facilities.

The Aromatics and Acetyls Businesses

The Aromatics Business was developed and grown organically as part of the Amoco Chemicals portfolio. Amoco was a leader in developing PTA and grew the business through deploying leading proprietary PTA chemical process technology originally in the U.S. followed by Europe and then China.

The modern Acetyls Business was developed and grown as part of the BP Chemicals portfolio after the acquisition of the acetic acid technology from Monsanto in the 1970s, starting with the facility at Hull, UK and growing through JV partnerships in Asia and Trinidad and Tobago, and a marketing partnership with Eastman in the U.S.

In the early sixties, the Aromatics Business's leadership in PTA technology started with the invention of an innovative hydrogen-based PTA purification process, which was patented by Amoco before its merger with BP. Since

then, the Aromatics Business has been developing this technology. The first PTA plant was built in Decatur, U.S. in 1967, followed by a plant in Geel, Belgium in 1969 and the world's largest (at the time) PTA facility in Cooper River, U.S. This was followed by PTA plants in Taiwan in 1979, Indonesia in 1997 and three plants in Zhuhai, China in 2003, 2008, and 2015. The latest generation of this technology results in lower equipment count and reduces capital costs leading to improved operability and maintenance, higher reliability and plant availability. Various generations of this technology have been installed across the entire Aromatics Business asset base. We estimate that the latest PTA technology delivers a 65% reduction in greenhouse gas emissions, 75% less water discharge and 95% less solid waste disposal than conventional technologies.

The Transactions

On the Acquisitions Closing Date, INEOS US Petrochem LLC and INEOS 226 Limited drew $350 million under the Dollar Term Loan A Facilities, € 300 million under the Euro Term Loan A Facilities, as well as $2,450 million and €870 million under the Bridge Facility, which amounts, along with the proceeds from the Equity Bridge Contribution (which Equity Bridge Contribution was funded with the proceeds of the Vendor Loan Notes) 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. On or about the Issue Date, INEOS US Petrochem LLC and INEOS 226 Limited will draw the New Term Loan B Facilities. The borrowings under the New Term Loan B Facilities, together with the proceeds of the Offering and cash on hand, will be used to (i) repay the amounts outstanding under the Bridge Facility, the 2025 Euro Term Loans (as defined under the caption "*Description of Other Indebtedness—Term Loan and Revolving Credit Facility Agreement*") and the INOVYN Senior Secured Term Loan B Facility and repay the Equity Bridge Contribution in the form of a dividend to a shareholder of the Parent, which will in turn use the proceeds to repay the Vendor Loan Notes and (ii) pay certain fees and expenses related to the Transactions.

The Offering, the borrowings under the Term Loan A Facilities, the Bridge Facility, the Deposit Facility and the New Term Loan B Facilities, the use of cash on hand and proceeds from the Offering and such borrowings, the Equity Bridge Contribution and the repayment thereof in the form of a dividend to the Group's immediate shareholder to repay the Vendor Loan Notes and the Acquisitions are collectively referred to herein as the "**Transactions**."

Recent Developments

The Acquisitions

The BP Acquisition

On June 29, 2020, we entered into the BP Acquisition Agreement to acquire BP's global Aromatics and Acetyls Businesses, including BP's shares in a number of wholly-owned BP subsidiaries, shares in a controlled joint-venture, shares in seven jointly-controlled joint-ventures and the assets owned and used or exercised exclusively in relation to BP's Aromatics and Acetyls Businesses, including properties, loose plant and equipment, feedstock and product inventory, contracts, licenses, intellectual property and information technology systems ("**BP Petrochemicals**"). The BP Acquisition closed on December 31, 2020 and the total purchase price for BP Petrochemicals was $5 billion.

To facilitate the financing of the BP Acquisition, the Group entered into the Deposit Facility, the Bridge Facility Agreement and the Term Loan and Revolving Credit Facility Agreement. On June 29, 2020, we drew the entire $400 million available under the Deposit Facility, which was used to pay the purchase price deposit payable upon the signing of the BP Acquisition Agreement. On the Acquisitions Closing Date, we drew $2,450,000,000 and €870,000,000 available to the Group under the Bridge Facility and $350,000,000 and €300,000,000 available to the Group under the Term Loan A Facilities, the proceeds of which, together with the $1.0 billion in proceeds from the Equity Bridge Contribution (which was funded with the proceeds of the Vendor Loan Notes), 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 by way of a cashless roll. We had entered into three separate FX forward transactions, the aggregate of which allowed us to convert €1,152.5 million into $1,370.7 million at an average exchange rate of $1.189 per euro.

The INOVYN Contribution

On July 24, 2020, in connection with the BP Acquisition, we entered into the INOVYN Contribution Agreement pursuant to which the Parent acquired a 94.9% interest in INOVYN Limited from INEOS Group Investments Limited on December 31, 2020 in exchange for the shares of the Parent, the Company in turn acquired such interest in exchange for shares of the Company. Prior to the INOVYN Contribution, INOVYN was under common control with the Parent so in

accordance with IFRS it will be treated as a transaction under common control and thus will be accounted for by recognizing the net assets of INOVYN Limited received at their historical carrying values.

Term Loan A Facilities and the Revolving Credit Facility

On July 31, 2020, the Group entered into a Term Loan and Revolving credit facility agreement among, *inter alios*, INEOS 226 Limited and INEOS US Petrochem LLC, as borrowers, the other borrowers from time to time party thereto, the guarantors from time to time party thereto, the lenders from time to time party thereto, J.P. Morgan AG (as successor administrative agent to J.P. Morgan Europe Limited), as administrative agent, and Barclays Bank PLC, as security agent, as amended by an incremental facility agreement dated on or about the Issue Date, and as the same may further be amended from time to time (the "**Term Loan and Revolving Credit Facility Agreement**").

On the Acquisitions Closing Date, the Group borrowed (i) $140 million under a dollar term loan A facility (the "**Three-Year Dollar Term Loan A Facility**"), (ii) $210 million under a dollar term loan A facility (the "**Five-Year Dollar Term Loan A Facility**" and, together with the Three-Year Dollar Term Loan A Facility, the "**Dollar Term Loan A Facilities**"), (iii) € 120 million under the euro term loan A facility (the "**Three-Year Euro Term Loan A Facility**" and, together with the Three-Year Dollar Term Loan A Facility, the "**Three-Year Term Loan A Facilities**") and (iv) €180 million under the euro term loan A facility (the "**Five-Year Euro Term Loan A Facility**" and, together with the Five-Year Dollar Term Loan A Facility, the "**Five-Year Term Loan A Facilities"** and, together with the Three-Year Term Loan A Facilities, the "**Term Loan A Facilities**"). In addition, INEOS 226 Limited and INEOS US Petrochem LLC may borrow up to $300 million under the revolving credit facility (the "**Revolving Credit Facility**"). The €180 million outstanding principal amount of loans under the Five-Year Euro Term Loan A Facility will be repaid in connection with the Transactions. See "*Use of Proceeds*".

Loans under the Term Loan A Facilities or the Revolving Credit Facility will bear interest at a rate per annum equal to: (x) EURIBOR (subject to a 0% floor) for euro-denominated loans; or (y) LIBOR (subject to a 0% floor) or an alternative base rate for dollar-denominated loans; plus, in each case, an applicable margin determined on a quarterly basis based on Consolidated Total Net Leverage Ratio (as defined in the Term Loan and Revolving Credit Facility Agreement) equal to: (i) for EURIBOR or LIBOR loans under the Three-Year Term Loan A Facilities or the Revolving Credit Facility, 2.00% to 3.50%; (ii) for EURIBOR or LIBOR loans under the Five-Year Term Loan A Facilities or the Revolving Credit Facility, 2.50% to 4.00%; (iii) for alternative base rate loans under the Three-Year Dollar Term Loan A Facility or the Revolving Credit Facility, 1.00% to 2.5%; and (iv) for base rate loans under the Five-Year Dollar Term Loan A Facility, 1.50% to 3.00%.

The obligations of INEOS 226 Limited and INEOS US Petrochem LLC under the Revolving Credit Facility are jointly and severally guaranteed on a senior secured basis by the Initial Guarantors and will be guaranteed on a senior secured basis by the Subsequent Guarantors after the Issue Date concurrently with the Senior Secured Notes. Borrowings outstanding under the Term Loan A Facilities and the Revolving Credit are secured on a first-priority basis, in accordance with the Intercreditor Agreement, subject to certain permitted collateral liens, by security interests over the Initial Senior Secured Notes Collateral and will be secured on a first-priority basis, in accordance with the Intercreditor Agreement, subject to certain permitted collateral liens, concurrently with the Senior Secured Notes, by security interests over the Subsequent Senior Secured Notes Collateral.

Borrowings under the Three-Year Dollar Term Loan A Facility and the Three-Year Euro Term Loan A Facility mature on July 31, 2023 and borrowings under the Five-Year Dollar Term Loan A Facility mature on July 31, 2025. Borrowings outstanding under the Revolving Credit Facility mature on July 31, 2023. Since September 30, 2020, the Revolving Credit Facility has been undrawn. See "*Description of Other Indebtedness—The Term Loan and Revolving Credit Facility Agreement*" and "*Use of Proceeds*".

Bridge Facility Agreement

Upon entering into the BP Acquisition Agreement, on July 31, 2020, the Group entered into a senior secured bridge facility agreement among, *inter alios*, INEOS 226 Limited and INEOS US Petrochem LLC, as borrowers and guarantors, the other guarantors from time to time party thereto, the lenders from time to time party thereto, J.P. Morgan AG, as administrative agent and Barclays Bank PLC, as security agent (the "**Bridge Facility Agreement**").

In order to pay the purchase price consideration for the BP Acquisition (including the refinancing of the Deposit Facility), the Group drew the loans under the Bridge Facility Agreement (the "**Bridge Facility**") in an amount of $2,450 million and €870 million on December 31, 2020. We intend to use a portion of the proceeds from the Notes, as well as borrowings under the New Term Loan B Facilities, to repay in full the Bridge Facility. Upon such repayment, the

Bridge Facility will be cancelled, and the Bridge Facility Agreement will be terminated. See "*Description of Other Indebtedness—The Bridge Facility"* and "*Use of Proceeds*".

Current Trading

The Styrolution Business

The discussion regarding the preliminary financial information of the Styrolution Business has been prepared by, and is a responsibility of, management. Our current independent auditors, Deloitte LLP, and predecessor independent auditor, PwC, have not compiled, examined, or performed any procedures with respect to the preliminary financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information, and assume no responsibility for, and disclaim any association with, the preliminary financial information. Such preliminary information was not prepared with a view toward compliance with IFRS or any other applicable rule.

The information as of and for the year and three-month period ended December 31, 2020 is based solely on preliminary internal information used by management. The Styrolution Business's financial statements for the year ended December 31, 2020 have not yet been completed. This information is preliminary and based on a number of assumptions that are subject to inherent uncertainties and may change. It may not be indicative of the actual financial annual or quarterly results or financial condition as of year or quarter end and may not be indicative of any other period. See " Forward Looking Statements".

The trading statement below describes the results and financial position of the Styrolution Business and excludes any financial effects from the BP Acquisition and the INOVYN Contribution.

Based on unaudited management information, management estimates that the Styrolution Business's EBITDA before special items for three months ended December 31, 2020 was approximately €238 million, which was the best fourth quarter EBITDA before special items performance since the formation of Styrolution in 2011. This compares to €123 million for three months ended December 31, 2019 and €177 million for the three months ended September 30, 2020.

The fourth quarter results were positively impacted by non-cash inventory holding gains estimated by management to be approximately €29 million (three months ended December 31, 2019: loss of €21 million) as a result of an increase in crude oil and product prices. Management estimates that the Styrolution Business's RC EBITDA before special items for the three months ended December 31, 2020 was approximately €209 million (three months ended December 31, 2019: €144 million and three months ended September 30, 2020: €167 million).

EBITDA before special items for the year ended December 31, 2019 was €704.2 million and management estimates it will be €646 million for the year ended December 31, 2020. Management estimates that RC EBITDA before special items for 2020 was approximately €703 million compared to €716 million in 2019.

Despite the ongoing challenges associated with the COVID-19 pandemic, the procedures and policies adopted by the Styrolution Business ensured that sufficient resources were available to maintain safe operation of all plants throughout the quarter.

The Styrolution Business's fourth quarter 2020 trading results improved in all its product groups as markets were tight due to strong demand, which was considerably higher than the seasonal average. The key drivers of the strong market were the top of cycle polymer trading conditions in Asia, especially in China, because of good domestic and export demand in the Electronics and Household industries. The sales of durable products also significantly improved compared to previous quarters. The increase in downstream polymer demand also strengthened our styrene performance as demand and margins improved.

The INOVYN Business

The discussion regarding the preliminary financial information of the INOVYN Business has been prepared by, and is a responsibility of, management. Our current independent auditors, Deloitte LLP, and predecessor independent auditor, PwC, have not compiled, examined, or performed any procedures with respect to the preliminary financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information, and assume no responsibility for, and disclaim any association with, the preliminary financial information. Such preliminary information was not prepared with a view toward compliance with IFRS or any other applicable rule.

The information as of and for the year and three-month period ended December 31, 2020 is based solely on preliminary internal information used by management. The INOVYN Business's financial statements for the year ended December 31, 2020 have not yet been completed. This information is preliminary and based on a number of assumptions that are subject to inherent uncertainties and may change. It may not be indicative of the actual financial annual or quarterly results or financial condition as of year or quarter end and may not be indicative of any other period. See "Forward Looking Statements".

Based on preliminary unaudited management information, management estimates that the INOVYN Business's EBITDA before exceptional items for the three months ended December 31, 2020 was approximately €166 million, which was the best fourth quarter EBITDA before exceptional items performance of the INOVYN Business since its formation in 2015. This compared to EBITDA before exceptional items of €135 million for the same period last year and €141 million for the previous quarter. The strong fourth quarter performance was the result of high general purpose PVC spreads over ethylene, driven by strong demand and global supply tightness. The high PVC margins more than compensated for further falls in caustic soda sales prices during the quarter.

Management estimates that full year EBITDA before exceptional items for the INOVYN Business in 2020 was €601 million versus €606 million in 2019. Average achieved caustic soda net selling prices in Europe fell by 17% compared to the year ended December 31, 2019 but the impact of this was offset by improved general purpose and specialty PVC spreads over ethylene, lower energy costs and higher caustic soda volumes.

Despite the ongoing challenges associated with the COVID-19 pandemic, the procedures and policies adopted by the INOVYN Business ensured that sufficient resources were available to maintain safe operation of all plants throughout the quarter and the year.

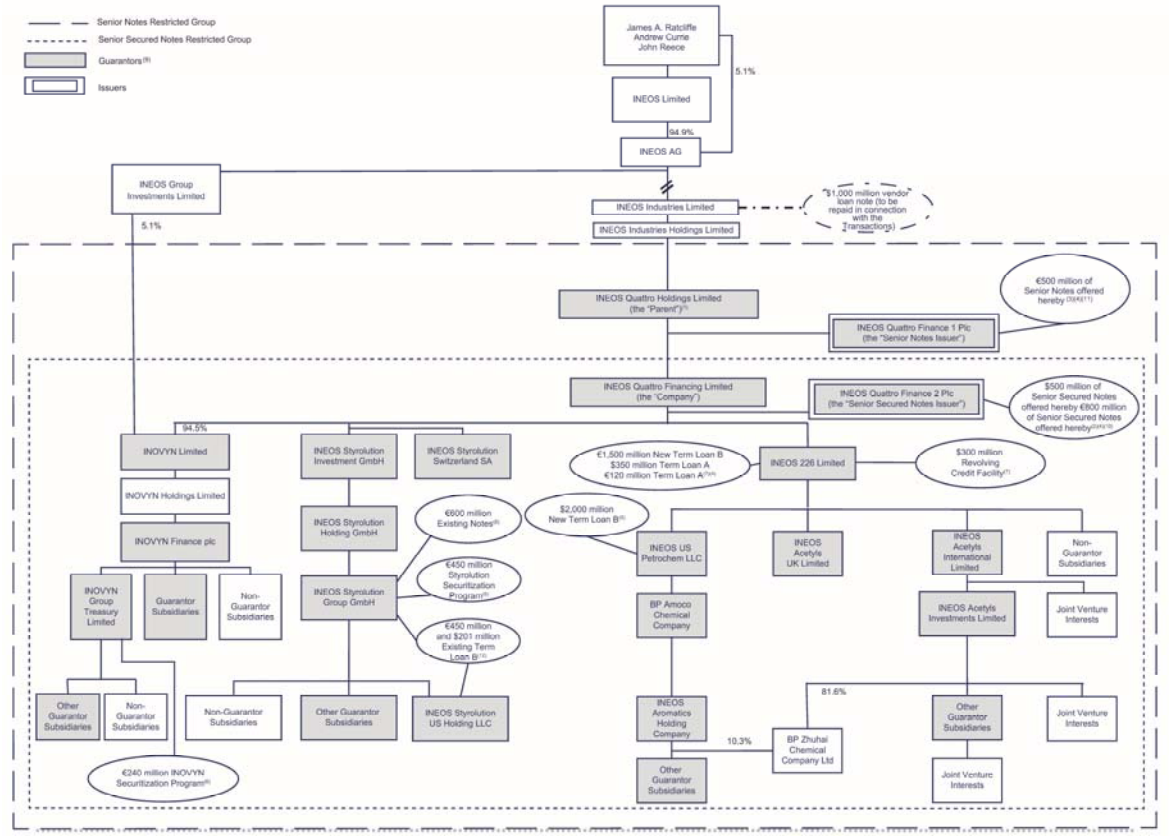
Global general purpose PVC markets were particularly tight in the fourth quarter of 2020 due to a combination of strong demand, which was considerably higher than the seasonal average, and supply side tightness caused by low stock levels and several planned and unplanned disruptions in Europe and the US. Sales prices increased significantly to very high levels in domestic and particularly export markets. European Ethylene contract prices (as reported by IHS Markit) averaged 782 per tonne for the fourth quarter of 2020, compared to 973 per tonne for the same period last year. As a consequence of the very high selling prices and the relatively low cost of ethylene, domestic contract spreads of general purpose PVC reached very high levels in the fourth quarter. Export margins also increased significantly on the back of strong worldwide demand and limited supply from the key European and US exporting regions. Total volumes of general purpose PVC sold by the INOVYN Business were at similar levels to the fourth quarter of 2019, but the proportion sold into export markets fell due to the high domestic demand. For Specialty PVC, strong demand combined with a series of planned and unplanned outages has resulted in global tightness allowing unitary margins over ethylene in the fourth quarter to reach the highest levels achieved since the formation of INOVYN.

Caustic soda demand in Europe recovered in the fourth quarter from the lows of the summer months, but supply continued to exceed demand due to very high chlorine demand from the PVC and isocyanate sectors. Consequently, in a long market, the European contract price for caustic soda fell by a further 37 per tonne in the fourth quarter to 581 per tonne which was 59 per tonne lower than the fourth quarter of 2019. With energy prices having recovered from the lows experienced in the second quarter, domestic caustic soda margins over energy were lower than both the previous and prior year quarters. Volumes of caustic soda supplied into export markets fell in the fourth quarter due to the improvement in European demand.

The INOVYN Business repaid in full €31 million of drawings under the INVOYN Securitization Facility. A cash dividend of €100 million was paid in December 2020. Management estimates that cash and cash equivalents at December 31, 2020 was approximately €118 million.

Summary Corporate and Financing Structure

The following diagram summarizes our corporate structure and principal outstanding financing arrangements after giving *pro forma* effect to the Transactions, which include the Acquisitions and the Offering. See "*The Transactions*." For a summary of the debt obligations referenced in this diagram, see "*Description of the Senior Secured Notes*", "*Description of the Senior Notes"* and "*Description of Other Indebtedness*."



(1) The Parent will guarantee the Senior Notes on a senior basis and will guarantee the Senior Secured Notes on a senior secured basis jointly and severally with the Company and the Subsidiary Guarantors (and in the case of the Senior Secured Notes, the Senior Notes Issuer). The obligations of each Guarantor will be subject to various limitations. See "*Limitations on the Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Considerations*", "*Description of the Senior Secured Notes—Brief Description of the Notes, the Guarantors and the Security—Security*" and "*Description of the Senior Notes—Brief Description of the Notes, the Guarantors and the Security—Security*."

(2) The Senior Secured Notes will be senior secured obligations of INEOS Quattro Finance 2 Plc. On the Issue Date, the Senior Secured Notes will be guaranteed on a senior secured basis by the Parent, the Senior Notes Issuer, the Company and the Initial Subsidiary Guarantors (collectively, the "**Senior Secured Notes Initial Guarantors**"). On the Issue Date, the Senior Secured Notes will be secured on a first-priority basis (but after certain obligations owed to agents and other creditor representatives), subject to certain permitted collateral liens, by security interests over certain shares, bank accounts, intercompany receivables, assets and real property of the Senior Secured Notes Issuer and the Senior Secured Notes Initial Guarantors. Within 90 days after the Issue Date (or such later date to the extent the relevant Subsequent Guarantor has yet to provide a guarantee under the Term Loan and Revolving Credit Facility Agreement due to the exercise of discretion of the administrative agent under the Term Loan and Revolving Credit Facility Agreement), the Senior Secured Notes will be guaranteed on a senior secured basis by the Subsequent Guarantors and will be secured on a first-priority basis (but after certain obligations owed to agents and other creditor representatives), subject to certain permitted collateral liens, by security interests over certain shares, bank accounts, intercompany receivables, assets and real property of the Subsequent Guarantors. The Guarantees granted by, and the Liens over the shares of, the Mexican Subsidiary will not be effective before third parties until filed and recorded in the relevant registries to the extent the Guarantees are granted over specific assets or property owned by the Mexican Subsidiary or over the shares representing its capital stock. The Guarantee from INEOS Styrolution Korea Ltd. (our "**Korean Subsidiary**") will be subject to the filing of a report by our Korean Subsidiary with the Bank of Korea. The Bank of Korea may request that our Korean Subsidiary submits such documents as may be necessary or desirable to determine whether to accept the report. This additional information can include financial statements of the issuer of the principal debt obligation, as well as documentation demonstrating the commercial benefit of the transaction for our Korean Subsidiary. The Bank of Korea may require that the amount of the Guarantee be limited to the value of the corporate benefit received by our Korean Subsidiary. After submission of a report to the Bank of Korea, under normal circumstances it may take up to five business days for the Bank of Korea to grant its acceptance thereof. If the Bank of Korea does not accept the report, our Korean Subsidiary will not provide a Guarantee of the Senior Notes, even though it provides a guarantee under the Existing Indenture and the Existing Term Loan B Facilities Agreement

and may still provide a guarantee under the Term Loan and Revolving Credit Facility Agreement. See "*Description of the Senior Secured Notes—Brief Description of the Notes, the Guarantees and the Security*".

(3) The Senior Notes will be senior obligations of INEOS Quattro Finance 1 Plc. On the Issue Date, the Senior Notes will be guaranteed on a senior basis by the Parent and on a senior subordinated basis by the Company, the Senior Secured Notes Issuer and the Initial Subsidiary Guarantors. On the Issue Date, the Senior Notes will be secured on a second-priority basis, subject to certain permitted collateral liens, by the shares of the Company and the claims under the Senior Notes Proceeds Loan. Within 90 days after the Issue Date (or such later date to the extent the relevant Subsequent Guarantor has yet to provide a guarantee under the Term Loan and Revolving Credit Facility Agreement due to the exercise of discretion of the administrative agent under the Term Loan and Revolving Credit Facility Agreement), the Senior Notes will be guaranteed on a senior subordinated basis by the Subsequent Guarantors. The Guarantee granted by the Mexican Subsidiary will not be effective before third parties until filed and recorded in the relevant registry. The Guarantee from the Korean Subsidiary will be subject to the filing of a report by our Korean Subsidiary with the Bank of Korea. The Bank of Korea may request that our Korean Subsidiary submits such documents as may be necessary or desirable to determine whether to accept the report. This additional information can include financial statements of the issuers of the principal debt obligation, as well as documentation demonstrating the commercial benefit of the transaction for our Korean Subsidiary. The Bank of Korea may require that the amount of the Guarantee be limited to the value of the corporate benefit received by our Korean Subsidiary. After submission of a report to the Bank of Korea, under normal circumstances it may take up to five business days for the Bank of Korea to grant its acceptance thereof. If the Bank of Korea does not accept the report, our Korean Subsidiary will not provide a Guarantee of the Senior Secured Notes, even though it provides a guarantee under the Existing Indenture and the Existing Term Loan B Facilities Agreement and may still provide a guarantee under the Term Loan and Revolving Credit Facility Agreement. See "*Description of the Senior Notes—Brief Description of the Notes, the Guarantees and the Security*".

(4) On the Issue Date, the borrowings under the New Term Loan B Facilities, together with the proceeds of the Offering and cash on hand, will be used to, (i) repay the amounts outstanding under the Bridge Facility, the 2025 Euro Term Loans (as defined under the caption "*Description of Other Indebtedness—Term Loan and Revolving Credit Facility Agreement*") and the INOVYN Senior Secured Term Loan B Facility and repay the Equity Bridge Contribution in the form of a dividend to a shareholder of the Parent, which will in turn use the proceeds to repay the Vendor Loan Notes and (ii) pay certain fees and expenses related to the Transactions. See "*The Transactions*" and "*Use of Proceeds*".

(5) As of September 30, 2020, the Styrolution Securitization Program had a total capacity of €450.0 million. Based on the number of receivables included in the program as of that date, we had a maximum borrowing limit of €223.5 million. As of September 30, 2020, all amounts borrowed under the Styrolution Securitization Program had been repaid. The maximum borrowing limit under our Securitization Program increases or decreases in accordance with outstanding customer invoices on any given day. INEOS Styrolution Group GmbH and certain of its subsidiaries grant security over collection accounts under the Styrolution Securitization Program and INEOS Styrolution Group GmbH provides a subordinated loan facility to the Styrolution Business Securitization SPV to meet certain receivables funding requirements. See "*Description of Other Indebtedness—The Styrolution Securitization Program*."

(6) As of September 30, 2020, the INOVYN Securitization Program had a total capacity of €240.0 million. Based on the number of receivables included in the program as of that date, we had a maximum borrowing limit of €186.3 million, out of which we had borrowed €31.2 million as of September 30, 2020. Such borrowings were repaid in October 2020. The INOVYN Securitization Program is consolidated on the balance sheets contained in the INOVYN Consolidated Financial Statements and the Unaudited Pro Forma Condensed Consolidated Financial Information even though INOVYN Group Treasury Limited is a special purpose vehicle that is not owned by the Group. See "*Description of Other Indebtedness—The INOVYN Securitization Program*" and "*Use of Proceeds*".

(7) On July 31, 2020, the Group entered into the Term Loan and Revolving Credit Facility Agreement. Under the Revolving Credit Facility, the Group may borrow up to $300 million. The Revolving Credit Facility is currently undrawn. See "*Description of Other Indebtedness—The Term Loan and Revolving Credit Facility Agreement*" and "*Use of Proceeds*". On the Acquisitions Closing Date, the Group drew $350 million under the Dollar Term Loan A Facilities and € 300 million under the Euro Term Loan A Facilities. The €180 million outstanding principal amount of loans under the Five-Year Euro Term Loan A Facility will be repaid in connection with the Transactions. See "*Description of Other Indebtedness—The Term Loan and Revolving Credit Facility Agreement"* and "*Use of Proceeds*".

(8) On January 31, 2020, INEOS Styrolution Group GmbH issued €600,000,000 $2^{1}/_{4}$% Senior Secured Notes due 2027 (the "**Existing Senior Secured Notes**"). The Existing Senior Secured Notes are senior secured obligations of INEOS Styrolution Group GmbH and rank *pari passu* in right of payment to all of INEOS Styrolution Group GmbH's existing and future senior indebtedness, including the Senior Secured Notes, the New Term Loan B Facilitiess, the Term Loan A Facilities and the Revolving Credit Facility. The Existing Senior Secured Notes are jointly and severally guaranteed by the Guarantors and secured on a first-priority basis by security interests in the Senior Secured Notes Collateral (and subject to and in accordance with the agreed security principles).

(9) Together, the Issuers and the Guarantors represented 97.5% of our combined consolidated EBITDA before special items in the nine months ended September 30, 2020 and held 92.2% of our combined consolidated total assets (in each case, prior to giving effect to pro forma adjustments and calculated in a consistent manner as the covenants in the Term Loan and Revolving Credit Facility Agreement, i.e., excluding the receivables sold to the securitization special purpose vehicles under the Securitization Programs and the consolidated EBITDA before special items and assets of our subsidiaries in China (excluding Hong Kong), India, Indonesia, Jordan, Malaysia, Taiwan, Trinidad and Tobago and Turkey) as of September 30, 2020 (the "**Excluded Jurisdictions**"). The obligations of each Guarantor will be subject to various limitations. Our subsidiaries in the Excluded Jurisdictions represented 18.1% of our total assets and 6.3% of our consolidated EBITDA before special items as of and for the nine months ended September 30, 2020 (in each case, excluding the EBITDA before special items and assets of the securitization special purpose vehicles under the Securitization Programs). See "*Limitations on the Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Considerations*."

(10) On the Issue Date in the case of the Initial Guarantors and, in the case of the Senior Secured Notes Collateral to be pledged by the Subsequent Guarantors within 90 days after the Issue Date (or such later date to the extent the relevant Subsequent Guarantor has yet to provide a lien to secured the obligations under the Term Loan and the Revolving Credit Facility Agreement), the Senior Secured Notes and the Senior Secured Notes Guarantees will be secured in accordance with the priorities set forth in the Intercreditor Agreement, subject to certain permitted collateral liens, by security interests over certain shares, bank accounts, intercompany receivables, assets and real property

of the Senior Secured Notes Issuer and the Guarantors, as described in "*Description of the Senior Secured Notes—Brief Description of the Notes, the Guarantees and the Security—Security.*" The Senior Secured Notes Guarantee from the Korean Subsidiary will be subject to the filing of a report by our Korean Subsidiary with the Bank of Korea. The Bank of Korea may request that our Korean Subsidiary submit such documents as may be necessary or desirable to determine whether to accept the report. This additional information can include financial statements of the issuers of the principal debt obligation, as well as documentation demonstrating the commercial benefit of the transaction for our Korean Subsidiary. The Bank of Korea may require that the amount of the Senior Secured Notes Guarantee be limited to the value of the corporate benefit received by our Korean Subsidiary. After submission of a report to the Bank of Korea, under normal circumstances it may take up to five business days for the Bank of Korea to grant its acceptance thereof. If the Bank of Korea does not accept the report, our Korean Subsidiary will not provide a Guarantee of the Senior Notes, even though it provides a guarantee under the Existing Indenture and the Existing Term Loan B Facilities Agreement and may still provide a guarantee under the Term Loan and Revolving Credit Facility Agreement. Our Korean Subsidiary accounted for € 70.5 million of the Parent's consolidated EBITDA before special items in the nine months ended September 30, 2020 and €207.7 million of the Parent's consolidated total assets as of September 30, 2020.

(11) On the Issue Date, the Senior Notes and the Senior Notes Guarantees will be secured by second-priority security interests, subject to certain permitted collateral liens, over the shares in the Company and the claims under the Senior Notes Proceeds Loan. See "*Description of the Senior Notes—Brief Description of the Notes, the Guarantees and the Security—Security.*" The Senior Notes Guarantee from the Korean Subsidiary will be subject to the filing of a report by our Korean Subsidiary with the Bank of Korea. The Bank of Korea may request that our Korean Subsidiary submit such documents as may be necessary or desirable to determine whether to accept the report. This additional information can include financial statements of the issuers of the principal debt obligation, as well as documentation demonstrating the commercial benefit of the transaction for our Korean Subsidiary. The Bank of Korea may require that the amount of the Senior Notes Guarantee be limited to the value of the corporate benefit received by our Korean Subsidiary. After submission of a report to the Bank of Korea, under normal circumstances it may take up to five business days for the Bank of Korea to grant its acceptance thereof. If the Bank of Korea does not accept the report, our Korean Subsidiary will not provide a Guarantee of the Senior Secured Notes, even though it provides a guarantee under the Existing Indenture and the Existing Term Loan B Facilities Agreement and may still provide a guarantee under the Term Loan and Revolving Credit Facility Agreement. Our Korean Subsidiary accounted for € 70.5 million of the Parent's consolidated EBITDA before special items in the nine months ended September 30, 2020 and €207.7 million of the Parent's consolidated total assets as of September 30, 2020.

(12) Represents the $201 million and €450 million Existing Term Loan B Facilities. The Existing Term Loan B Facilities are senior secured obligations of INEOS Styrolution US Holding LLC and INEOS Styrolution Group GmbH and rank *pari passu* in right of payment to all of the borrowers' existing and future senior indebtedness, including the Senior Secured Notes, the New Term Loan B Facilities, the Existing Senior Secured Notes, the Term Loan A Facilities and the Revolving Credit Facility. The Existing Term Loan B Facilities are jointly and severally guaranteed by the Guarantors and secured on a first-priority basis by security interests in the Senior Secured Notes Collateral (and subject to and in accordance with the agreed security principles).

In addition, the Group also has (i) several short-term committed and uncommitted credit facilities with different local banks to fund our working capital requirements up to a total aggregate amount of € 435.3 million equivalent in China, India, Mexico, Singapore, South Korea, Thailand, and UK and (ii) letter of credit facilities in India, Mexico, Singapore, South Korea, Thailand, and UK. As of September 30, 2020, the drawn amount under working capital facilities totaled € 16.8 million equivalent, and there was €415.3 million available under such facilities (after taking into account a reduction in the available amounts due to the use of certain bank acceptances in China of €3.2 million). As of September 30, 2020, the drawn amount under all letter of credit facilities was €11.2 million equivalent. See "*Description of Other Indebtedness—Other Financing—Working Capital, Letter of Credit and Bank Guarantee Facilities*" and "*Operating and Financial Review and Prospects—Liquidity and Capital Resources—Financing Arrangements*." Our Chinese, Indian and Thai subsidiaries will not guarantee the Notes. As of September 30, 2020, our non Guarantor subsidiaries had €16.8 million in total financial indebtedness (excluding the Securitization Programs). Any additional debt that our non Guarantor subsidiaries incur in accordance with the Indentures will rank structurally senior to the Notes and the Guarantees.

Principal Shareholders and Our Relationships with INEOS Limited

The Issuers are wholly-owned subsidiaries of the Parent. The Parent is a wholly-owned subsidiary of INEOS Industries. INEOS Industries is controlled by INEOS AG. Of the issued share capital of INEOS AG, 94.9% is held by INEOS Limited and 5.1% is directly held by James A. Ratcliffe, Andrew Currie and John Reece. INEOS Limited became the ultimate parent undertaking of INEOS Styrolution Holding Limited and its consolidated subsidiaries on December 1, 2016.

James A. Ratcliffe, Andrew Currie and John Reece control us through their shareholdings in INEOS Limited. INEOS AG, whose share capital is held by INEOS Limited, provides operational management services to us. Messrs. Ratcliffe, Currie and Reece, through INEOS AG, also control (i) INEOS Group Holdings SA, which produces a range of chemicals, including petrochemicals, (ii) INEOS Industries Limited, a portfolio of businesses, including the Group, INEOS Olefins & Polymers UK and INEOS Upstream Limited, an oil and gas exploration, production and transportation business, (iii) INEOS Enterprises Holdings Limited, a portfolio of businesses, including Pigments, Composites and Solvents and (iv) INEOS Technologies (Holdings) Ltd., which operates an electrolysis technology business.

Various service agreements and service-level agreements exist between us and members of the INEOS Group. These agreements cover services such as information technology, office use, management services and project services. Such services are rendered on a cost-plus basis. We also have several purchase agreements with the INEOS Group governing the purchase of raw materials.

In 2019, the Styrolution Business sold products totaling €69.7 million (2018: €90.3 million, 2017: €94.7 million) to the INEOS Group and purchased raw materials totaling €347.3 million (2018: €362.3 million, 2017: €432.7 million) and paid for services in an amount totaling €43.0 million (2018: €46.7 million, 2017: €49.7 million) from the INEOS Group. All outstanding balances with the INEOS Group are priced based on contractual arrangements and are settled in cash within two months of the reporting date. All balances are unsecured. As of December 31, 2019, €11.2 million (2018: €11.2 million, 2017: €14.0 million) was owed by the INEOS Group to the Styrolution Business and €48.3 million (2018: €54.8 million, 2017: €65.6 million) was owed by the Styrolution Business to the INEOS Group. The sales to and purchases from the INEOS Group of the Styrolution Business are conducted on an arm's-length basis.

In 2019, the INOVYN Business (excluding balances with associates and joint ventures of INOVYN) sold products totaling €78.4 million (2018: €98.5 million, 2017: €71.0 million) to the INEOS Group and purchased raw materials totaling €415.9 million (2018: €413.2 million, 2017: €464.6 million) and paid for services in an amount totaling €38.8 million (2018: €27.3 million, 2017: €31.1 million) from the INEOS Group. All outstanding balances with the INEOS Group are priced based on contractual arrangements and are settled in cash within two months of the reporting date. All balances are unsecured. As of December 31, 2019, €18.7 million (2018: €22.9 million, 2017: €24.7 million) was owed by the INEOS Group to the INOVYN Business (excluding balances with associates and joint ventures of INOVYN) and €63.7 million (2018: €41.9 million, 2017: €89.8 million) was owed by the INOVYN Business (excluding balances with associates and joint ventures of INOVYN) to the INEOS Group. The sales to and purchases from the INEOS Group of the INOVYN Business are conducted on an arm's-length basis.

The Acetyls Business sells acetic acid to a number of entities within the INEOS Group and the major interaction is the supply of acetic acid to INEOS ethyl acetate business in Europe. The business also supplies acetic acid to the Aromatics Business. These sales to the INEOS Group and INEOS Aromatics are conducted on an arm's length basis.

The Aromatics and Acetyls Businesses will supply acetic acid to other parts of the INEOS group (for example, to the INEOS EtAc plant in Hull and to the INEOS esters facilities in Antwerp) and between the Aromatics and Acetyls Businesses. The sales to and purchases from the INEOS Group of the Aromatics and Acetyls Businesses are conducted on an arm's-length basis.

See "*Risk Factors—Risks Relating to the Notes and Our Capital Structure—The interests of our principal shareholders and of the INEOS Group may conflict with your interests*", "*Management*", "*Principal Shareholders*" and "*Certain Relationships and Related Party Transactions*."

THE OFFERING

The following is a brief summary of some of the terms of the Offering. For a more complete description of the terms of the Notes, see "*Description of the Senior Secured Notes*" and "*Description of the Senior Notes"*.

Issuers:	
Senior Secured Notes	INEOS Quattro Finance 2 Plc, a public limited company incorporated under the laws of England and Wales (the "**Senior Secured Notes Issuer**")
Senior Notes	INEOS Quattro Finance 1 Plc, a public limited company incorporated under the laws of England and Wales (the "**Senior Notes Issuer**")
Notes Offered:	
Senior Secured Notes	€800 million aggregate principal amount of 2 1/2% Senior Secured Notes due 2026 $500 million aggregate principal amount of 3 3/8% Senior Secured Notes due 2026
Senior Notes	€500 million aggregate principal amount of 3 3/4% Senior Notes due 2026
Issue Date	January 29, 2021.
Issue Price:	
Euro Senior Secured Notes	100.000% (plus accrued and unpaid interest from the Issue Date, if any).
Dollar Senior Secured Notes	100.000% (plus accrued and unpaid interest from the Issue Date, if any).
Euro Senior Notes	100.000% (plus accrued and unpaid interest from the Issue Date, if any).
Interest Rate:	
Euro Senior Secured Notes	2 1/2% per annum. Interest on the Senior Secured Notes will accrue from the Issue Date.
Dollar Senior Secured Notes	3 3/8% per annum. Interest on the Senior Secured Notes will accrue from the Issue Date.
Euro Senior Notes	3 3/4% per annum. Interest on the Senior Notes will accrue from the Issue Date.
Maturity Date:	
Senior Secured Notes	January 15, 2026
Senior Notes	July 15, 2026
Interest Payment Dates	Interest on the Senior Secured Notes is payable semi-annually in arrears on January 15 and July 15 of each year, commencing July 15, 2021. Interest on the Senior Notes is payable semi-annually in arrears on January 15 and July 15 of each year, commencing July 15, 2021.
Denominations	Each Euro Note will have a minimum denomination of €100,000 and integral multiples of €1,000 in excess thereof. Each Dollar Note will have a minimum denomination of $200,000 and integral multiples of $1,000 in excess thereof.
Ranking of the Notes:	
Senior Secured Notes	The Senior Secured Notes will: • be senior obligations of the Senior Secured Notes Issuer secured on a first-priority basis (but after certain obligations owed to agents and other creditor representatives) by the Senior Secured Notes Collateral (together with the New Term Loan B Facilities, Term Loan A Facilities, the Revolving Credit Facility, the Existing Term Loan B Facilities, the Existing Senior Secured Notes and certain hedging obligations and cash management arrangements); • rank *pari passu* in right of payment with all existing and future indebtedness of the Senior Secured Notes Issuer that is not subordinated to the Senior Secured Notes, including, without limitation, the Issuer's guarantees of the New Term Loan B Facilities, the Existing Credit Facilities, the Existing Senior Secured Notes and certain hedging obligations and cash management arrangements; • be guaranteed on a senior secured basis by the Guarantors; • rank effectively senior to all existing and future indebtedness of the Senior Secured Notes Issuer that is unsecured or that is secured by liens junior to the liens securing the Senior Secured Notes to the extent of the value of the Senior Secured Notes Collateral, including the Senior Secured Notes Issuer's guarantee of the Senior Notes;

	• be effectively subordinated to all existing and future indebtedness of the Senior Secured Notes Issuer that is secured by property or assets that do not secure the Senior Secured Notes to the extent of the value of the assets securing such Indebtedness; • rank senior in right of payment to all existing and future obligations of the Senior Secured Notes Issuer expressly subordinated in right of payment to the Senior Secured Notes, including the Senior Secured Notes Issuer's guarantee of the Senior Notes; and • be structurally subordinated to all liabilities (including trade payables) and preferred stock of each subsidiary of the Senior Secured Notes Issuer that is not a Guarantor, including the Securitization Programs, drawings under certain working capital facilities and lease liabilities of the Senior Secured Notes Issuer's non-Guarantor subsidiaries.
Senior Notes.....	The Senior Notes will: • be senior obligations of the Senior Notes Issuer secured on a second-priority basis by the Senior Notes Collateral; • rank *pari passu* in right of payment with all existing and future indebtedness of the Senior Notes Issuer that is not subordinated to the Senior Notes, including, without limitation, the Senior Notes Issuer's guarantee of the Senior Secured Notes, the Existing Credit Facilities, the Existing Senior Secured Notes and the New Term Loan B Facilities and certain hedging obligations and cash management arrangements; • be guaranteed on a senior basis by the Parent and on a senior subordinated basis by the Company, the Senior Secured Notes Issuer and the Subsidiary Guarantors; • rank effectively senior to all existing and future indebtedness of the Senior Notes Issuer that is unsecured or that is secured by liens junior to the liens securing the Senior Notes to the extent of the value of the Senior Notes Collateral; • be effectively subordinated to all existing and future indebtedness of the Senior Notes Issuer that is secured by property or assets that do not secure the Senior Notes or that is secured on a first-priority basis over property and assets that secure the Senior Notes on a second-priority basis (including the Senior Notes Issuer's guarantee of the Senior Secured Notes, the New Term Loan B Facilities, the Existing Credit Facilities, the Existing Senior Secured Notes and certain hedging obligations and cash management arrangements) to the extent of the value of the assets securing such Indebtedness; • rank senior in right of payment to all existing and future obligations of the Senior Notes Issuer expressly subordinated in right of payment to the Senior Notes, if any; and • be structurally subordinated to all liabilities (including trade payables) and preferred stock of each subsidiary of the Senior Notes Issuer that is not a Guarantor.
Guarantees.....	Together, the Issuers and the Guarantors represented 97.5% of our combined consolidated EBITDA before special items in the nine months ended September 30, 2020 and held 92.2% of our combined consolidated total assets (in each case, prior to giving effect to pro forma adjustments and calculated in a consistent manner as the covenants in the Term Loan and Revolving Credit Facility Agreement, i.e., excluding the receivables sold to the securitization special purpose vehicles under the Securitization Programs and the consolidated EBITDA before special items and assets of our subsidiaries in the Excluded Jurisdictions as of September 30, 2020. Our subsidiaries in the Excluded Jurisdictions represented 18.1% of our total assets and 6.3% of our consolidated EBITDA before special items as of and for the nine months ended September 30, 2020 (in each case, excluding the EBITDA before special items and assets of the securitization special purpose vehicles under the Securitization Programs). On the Issue Date, the Notes will be jointly and severally guaranteed by the Parent, the Company and certain of the Company's subsidiaries (collectively, the "**Initial Guarantors**"). Within 90 days after the Issue Date (or such later date to the extent the relevant Subsequent Guarantor has yet to provide a guarantee under the Term Loan and Revolving Credit Facility Agreement due to the exercise of

discretion of the administrative agent under the Term Loan and Revolving, the Notes will be guaranteed by certain other subsidiaries of the Company (the "**Subsequent Guarantors**"). The Guarantees granted by the Mexican Subsidiary will not be effective before third parties until filed and recorded in the relevant registry to the extent the Guarantees are granted over specific assets or property owned by the Mexican Subsidiary or over the shares representing its capital stock. The Guarantees from our Korean Subsidiary will be subject to the filing of a report by our Korean Subsidiary with the Bank of Korea. The Bank of Korea may request that our Korean Subsidiary submit such documents as may be necessary or desirable to determine whether to accept the report. This additional information can include financial statements of the issuers of the principal debt obligation, as well as documentation demonstrating the commercial benefit of the transaction for our Korean Subsidiary. The Bank of Korea may require that the amount of the Guarantees be limited to the value of the corporate benefit received by our Korean Subsidiary. After submission of a report to the Bank of Korea, under normal circumstances it may take up to five business days for the Bank of Korea to grant its acceptance thereof. If the Bank of Korea does not accept the report, our Korean Subsidiary will not provide a Guarantee of the Notes, even though it provides a guarantee under the Existing Indenture and the Existing Term Loan B Facilities Agreement and may still provide a guarantee under the Term Loan and Revolving Credit Facility Agreement. Our Korean Subsidiary accounted for €70.5 million of the Parent's consolidated EBITDA before special items in the nine months ended September 30, 2020 and €207.7 million of the Parent's consolidated total assets as of September 30, 2020.

The Guarantors will also guarantee the New Term Loan B Facilities, Existing Credit Facilities, the Existing Senior Secured Notes and certain hedging obligations and cash management obligations. The obligations of each Guarantor will be subject to various limitations. See "*Limitations on the Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Considerations*" and "*Risk Factors—Risks Relating to the Notes and Our Capital Structure—Corporate benefit, capital maintenance laws and other limitations on the Guarantees and the security interests may adversely affect the validity and enforceability of the Guarantees and the security interests over the Collateral*."

The Guarantees will be subject to the terms of the Intercreditor Agreement. See "*Description of Other Indebtedness—Intercreditor Agreement*."

The Guarantees will be subject to release under certain circumstances. See "*Description of the Senior Secured Notes—Brief Description of the Senior Secured Notes, The Guarantees and the Security—The Guarantees—Release of the Guarantees"* and "*Description of the Senior Notes—Brief Description of the Senior Notes, The Guarantees and the Security—The Guarantees—Release of the Guarantees."*

As of September 30, 2020, our non Guarantor subsidiaries had €16.8 million in total financial indebtedness (excluding the Securitization Programs). Any additional debt that our non Guarantor subsidiaries incur in accordance with the Indentures will rank structurally senior to the Notes and the Guarantees. The Guarantees will be subject to contractual and legal limitations and may be released under certain circumstances. See "*Risk Factors—Risks Relating to the Notes and Our Capital Structure—The Notes and each Guarantee will be structurally subordinated to the liabilities of non-Guarantor subsidiaries and will only be secured to the extent of the value of the assets that have been granted as security for the Notes," "Risk Factors—Risks Relating to the Notes and Our Capital Structure—Your rights as a creditor may not be the same under relevant insolvency laws in Germany and other jurisdictions as under U.S. or other insolvency laws. Corporate benefit, capital maintenance and other limitations on the Guarantees and the security interests may adversely affect the validity and enforceability of the Guarantees of the Notes and the security interests and will limit the amount that can be recovered under the Guarantees and the security interests granted by the Issuers and its subsidiaries*", "*Description of the Senior Secured Notes—Brief Description of the Senior Secured Notes, the Guarantees and the Security—The Guarantees—Release of the Guarantees*" and "*Description*

of the Senior Notes—Brief Description of the Senior Notes, the Guarantees and the Security—The Guarantees—Release of the Guarantees."

Ranking of the Guarantees

Senior Secured Notes .....

Each Senior Secured Notes Guarantee will:

- be joint and several and will be the general senior obligation of the applicable Guarantor;
- be *pari passu* in right of payment with all existing and future indebtedness of the applicable Guarantor that is not subordinated to such Guarantee (including borrowings and guarantees under the New Term Loan B Facilities, the Existing Senior Secured Notes, the Term Loan A Facilities, the Revolving Credit Facility and certain hedging obligations and certain cash management arrangements) (and, in respect of the Senior Secured Notes Guarantees by the Parent and the Senior Notes Issuer, the obligations under the Senior Notes);
- rank senior in right of payment to all existing and future subordinated indebtedness of the applicable Guarantor, including (other than in the case of the Parent and the Senior Notes Issuer) that Guarantor's guarantee of the Senior Notes;
- rank effectively senior to all existing and future indebtedness of the applicable Guarantor that is unsecured or secured by liens junior to the liens securing the Senior Secured Notes to the extent of the value of the Senior Secured Notes Collateral, including (other than in the case of the Parent) that Guarantor's guarantee of the Senior Notes;
- be effectively subordinated to all existing and future indebtedness of the applicable Guarantor that is secured by property or assets that do not secure the Guarantee, to the extent of the value of the property and assets securing such Indebtedness;
- be secured by first-priority liens (together with the New Term Loan B Facilities, the Existing Credit Facilities, the Existing Senior Secured Notes, certain hedging obligations and certain cash management arrangements) over the Senior Secured Notes Collateral; and
- be structurally subordinated to all liabilities (including trade payables) and preferred stock of each subsidiary of the applicable Guarantor that is not a Guarantor.

Senior Notes .....

Each Senior Notes Guarantee will:

- be joint and several and will be the general senior subordinated obligation (or, in the case of the Senior Notes Guarantee by the Parent, senior obligation) of the applicable Guarantor;
- be subordinated (or, in the case of the Guarantee by the Parent, *pari passu*) in right of payment to any existing and future senior indebtedness of that Guarantor, including that Guarantor's obligations under the New Term Loan B Facilities, the Senior Secured Notes, the Term Loan A Facilities, the Revolving Credit Facility, the Existing Term Loan B Facilities, the Existing Senior Secured Notes, certain hedging obligations and certain cash management arrangements;
- rank *pari passu* in right of payment with all existing and future senior subordinated (or, in the case of the Guarantee by the Parent, rank senior in right of payment to all existing and future subordinated indebtedness of the Parent), if any indebtedness of the applicable Guarantor;
- be effectively subordinated to all existing and future indebtedness of the applicable Guarantor that is secured by property or assets that do not secure the Guarantee, or that is secured on a first-priority basis over property and assets that secure such Senior Notes Guarantee on a second-priority basis (including that Guarantor's obligations under the New Term Loan B Facilities, the Senior Secured Notes, the Term Loan A Facilities, the Revolving Credit Facility, the Existing Term Loan B Facilities, the Existing Senior Secured Notes, certain hedging obligations and certain cash management arrangements, to the extent of the value of the property and assets securing such Indebtedness; and
- be structurally subordinated to all liabilities (including trade payables) and preferred stock of each subsidiary of the applicable Guarantor that is not a Guarantor, including the Securitization Programs, drawings under certain

	working capital facilities and lease liabilities of the Senior Notes Issuer's non-Guarantor subsidiaries.
Security:	
Senior Secured Notes	On the Issue Date, subject to the terms of the security documents, the Senior Secured Notes and the Senior Secured Notes Guarantees (together with the New Term Loan B Facilities, the Existing Credit Facilities, the Existing Senior Secured Notes and certain hedging obligations and cash management arrangements) will be secured on a first-priority basis (but after certain obligations owed to agents and other creditor representatives), subject to certain permitted collateral liens, by the Initial Senior Secured Notes Collateral. References to first-priority security interests include security interests that were created subsequent in time and thus subsequent in *in rem* ranking, but are contractually *pari passu* with prior ranking security and entitled to equal treatment with other prior security secured creditors pursuant to the Intercreditor Agreement. Within 90 days after the Issue Date (or such later date to the extent the relevant Subsequent Guarantor has yet to provide a lien to secure the obligations under the Term Loan and Revolving Credit Facility Agreement), the Senior Secured Notes will be secured on a first-priority basis (but after certain obligations owed to agents and other creditor representatives), subject to certain permitted collateral liens, by security interests over certain shares, bank accounts, intercompany receivables, assets and real property of the Subsequent Guarantors. If the Bank of Korea does not accept our report, as discussed above, the Korean Subsidiary will not provide a Guarantee of the Senior Secured Notes and its assets will not secure the Senior Secured Notes or any Senior Secured Notes Guarantee. The Senior Secured Notes will be secured on a *pari passu* basis with the New Term Loan B Facilities, the Existing Credit Facilities, the Existing Senior Secured Notes and certain hedging obligations and cash management arrangements and will be treated as such for purposes of the application of proceeds from the enforcement of such Collateral. The Senior Secured Notes Collateral does not include certain assets, property and rights, including certain receivables assets. See "*Description of the Senior Secured Notes—Brief Description of the Senior Secured Notes, the Guarantees and the Security—Security*." The security interests over the Senior Secured Notes Collateral may be released under certain circumstances. See "*Description of Other Indebtedness—Intercreditor Agreement*" and "*Description of the Senior Secured Notes—Brief Description of the Senior Secured Notes, the Guarantees and the Security—Security—Release of Security.*"
Senior Notes	On the Issue Date, subject to the terms of the security documents, the Senior Notes will be secured on a second-priority basis, subject to certain permitted collateral liens, by the Senior Notes Collateral. The Senior Notes Collateral does not include certain assets, property and rights, including certain receivables assets. See "*Description of the Senior Notes—Brief Description of the Senior Notes, the Guarantees and the Security—Security*". The security interests over the Senior Notes Collateral may be released under certain circumstances. See "*Description of Other Indebtedness—Intercreditor Agreement*" and "*Description of the Senior Notes—Brief Description of the Senior Notes, the Guarantees and the Security—Security—Release of Security*".
Intercreditor Agreement.....	The liens securing the Senior Secured Notes will be first-priority liens on the Senior Secured Notes Collateral that also secure obligations under the Existing Term Loan B Facilities Agreement, the Term Loan and Revolving Credit Facility Agreement and the Existing Senior Secured Notes, certain hedging obligations and certain cash management arrangements and certain other future indebtedness permitted to be incurred under the Indentures. Such liens will be evidenced by security documents for the benefit of the creditors under such secured obligations. The liens securing the Senior Notes will be second-priority liens on the Senior Notes Collateral and will be evidenced by security documents for the benefit of the holders of the Senior Notes. Certain security interests securing the Senior Secured Notes will, as a matter of local law, be granted as junior ranking security interests in relation to the security granted in respect of the Existing Term Loan B Facilities Agreement, the Term Loan and Revolving Credit Facility Agreement and the Existing Senior Secured

	Notes. Nevertheless, the Intercreditor Agreement provides that as a contractual matter among Senior Secured Creditors (as defined in the Intercreditor Agreement), the Senior Secured Notes will be secured on a *pari passu* basis with the New Term Loan B Facilities, Existing Credit Facilities, the Existing Senior Secured Notes, certain hedging obligations and certain cash management arrangements and will be treated as such, including for purposes of the application of proceeds from the enforcement of such Senior Secured Collateral, in each case, subject to local law considerations and the definitive documentation governing such obligations. The Intercreditor Agreement also subjects such obligations to loss sharing. Certain existing senior-ranking liens securing the Existing Credit Facilities and the Existing Senior Secured Notes will remain in place and will extend to secure the Senior Secured Notes and the New Term Loan B Facilities. In some jurisdictions, the security documents creating the existing senior-ranking liens securing the Existing Credit Facilities and the Existing Senior Secured Notes will be amended and/or confirmed to extend such liens (or to confirm that these liens extend) to the Senior Secured Notes and the New Term Loan B Facilities or junior ranking security interests will be granted. In certain jurisdictions, the existing senior-ranking liens securing the Existing Credit Facilities will remain in place, and new liens over the same Senior Secured Collateral will be created in these jurisdictions to secure the Senior Secured Notes and the New Term Loan B Facilities. In such jurisdictions where new liens are created, the ranking of these new liens relative to the existing liens will, as a matter of general law, depend on a number of factors, such as the nature of the liens, the order of creation of the liens, compliance with the jurisdiction's perfection requirements with respect to the liens and the order of giving notices with respect to the liens, and accordingly without the Intercreditor Agreement, the new liens would be likely to rank after the existing liens. However, the Intercreditor Agreement provides that, as a contractual matter, the liens securing the Senior Secured Notes, the Existing Credit Facilities, the Existing Senior Secured Notes and the New Term Loan B Facilities will rank *pari passu* and will be treated as having equal priority, including with respect to the application of proceeds from the enforcement of any Senior Secured Notes Collateral to the extent secured by the same Senior Secured Notes Collateral. See "*Description of the Senior Secured Notes—Brief Description of the Senior Secured Notes, the Guarantees and the Security—Security*." In addition, the Intercreditor Agreement provides that a simple majority in aggregate amount of all senior secured debt (including the Senior Secured Notes, any additional Senior Secured Notes, the Term Loan A Facilities, the Revolving Credit Facility, the Existing Term Loan B Facilities, the Existing Senior Secured Notes, the New Term Loan B Facilities, certain hedging obligations and any other *pari passu* senior secured notes or credit facilities that are permitted to be issued under the Senior Secured Notes Indenture and that the trustees or lenders in respect thereof accede to the Intercreditor Agreement, but excluding certain cash management arrangements and, for the avoidance of doubt, any second lien debt obligations) under the Intercreditor Agreement can instruct the Security Agent, in the first instance, with respect to enforcement of the security. For a description of security enforcement and other intercreditor provisions, see "*Description of Other Indebtedness—Intercreditor Agreement*."
Sharing of Collateral.....	In certain circumstances, the relevant Issuer may secure specified indebtedness permitted to be incurred by the covenant described in "*Description of the Senior Secured Notes—Certain Covenants—Limitations on Indebtedness*" and "*Description of the Senior Notes—Certain Covenants—Limitations on Indebtedness*" by granting liens upon any or all of the relevant Collateral on an equal basis with the liens securing the relevant Notes.
Optional Redemption:	
Senior Secured Notes	Prior to January 15, 2023, the Senior Secured Notes Issuer will be entitled at its option to redeem all or a portion of the Senior Secured Notes at a redemption price equal to 100% of the principal amount thereof, plus the applicable make-whole premium described under the caption "*Description of the Senior*

	Secured Notes—Optional Redemption" and accrued and unpaid interest to, but not including, the redemption date. On or after January 15, 2023, the Senior Secured Notes Issuer will be entitled at its option to redeem all or a portion of the Senior Secured Notes at the redemption prices set forth under "*Description of the Senior Secured Notes—Optional Redemption*" plus accrued and unpaid interest to the redemption date. Prior to January 15, 2023, the Senior Secured Notes Issuer will be entitled at its option on one or more occasions to redeem each of the Euro Senior Secured Notes and the Dollar Senior Secured Notes in an aggregate principal amount not to exceed 40% of the aggregate principal amount of the Euro Senior Secured Notes or the Dollar Senior Secured Notes, as applicable, with the net cash proceeds from certain equity offerings at a redemption price equal to 102.500% of the aggregate principal amount of the Euro Senior Secured Notes or 103.375% of the aggregate principal amount of the Dollar Senior Secured Notes, as applicable, plus accrued and unpaid interest to, but not including, the redemption date; so long as at least 50% of the aggregate principal amount of the Euro Senior Secured Notes or Dollar Senior Secured Notes, as applicable, remains outstanding immediately after the occurrence of such redemption and each such redemption occurs within 90 days of the relevant equity offering.
Senior Notes	Prior to January 15, 2023, the Senior Notes Issuer will be entitled at its option to redeem all or a portion of the Senior Notes at a redemption price equal to 100% of the principal amount thereof, plus the applicable make-whole premium described under the caption "*Description of the Senior Notes—Optional Redemption*" and accrued and unpaid interest to, but not including, the redemption date. On or after January 15, 2023, the Senior Notes Issuer will be entitled at its option to redeem all or a portion of the Senior Notes at the redemption prices set forth under "*Description of the Senior Notes—Optional Redemption*" plus accrued and unpaid interest to the redemption date. Prior to January 15, 2023, the Senior Notes Issuer will be entitled at its option on one or more occasions to redeem the Euro Senior Notes in an aggregate principal amount not to exceed 40% of the aggregate principal amount of the Euro Senior Notes with the net cash proceeds from certain equity offerings at a redemption price equal to 103.750% of the aggregate principal amount of the Euro Senior Notes, plus accrued and unpaid interest to, but not including, the redemption date; so long as at least 50% of the aggregate principal amount of the Euro Senior Notes remains outstanding immediately after the occurrence of such redemption and each such redemption occurs within 90 days of the relevant equity offering.
Change of Control	Upon the occurrence of certain events constituting a change of control, the relevant Issuer may be required to offer to repurchase all outstanding relevant Notes at a purchase price in cash equal to 101% of the principal amount of such Notes on the date of purchase plus accrued and unpaid interest to, but not including, the date of purchase. See "*Description of the Senior Secured Notes—Purchase of Notes Upon a Change of Control*" and "*Description of the Senior Notes—Purchase of Notes Upon a Change of Control*".
Additional Amounts	Any payments made by or on behalf of the Issuers, any Surviving Entity or any Guarantor in respect of the Notes or with respect to any Guarantee will be made without withholding or deduction for Taxes in any Relevant Taxing Jurisdiction (as such terms are defined in "*Description of the Senior Secured Notes—Payment of Additional Amounts*" and "*Description of the Senior Notes—Payment of Additional Amounts*") unless required by law or by the official interpretation or administration of law, or by an applicable certification, identification, information or other reporting requirement or agreement, if entering into or complying with such requirement or agreement is required by law or by a taxing authority as a precondition to relief or exemption from such Tax. Subject to certain exceptions and limitations, if the relevant Issuer, any Guarantor or any Surviving Entity is required by law to withhold or deduct such taxes with respect to a payment on any Note, the relevant Issuer, the relevant Surviving Entity or the relevant Guarantor will pay the Additional Amounts (as defined in "*Description of the Senior Secured Notes—Payment of Additional Amounts*" and "*Description of the Senior Notes—Payment of Additional Amounts"*) as may be necessary to ensure

	that the net amount received after such withholding or deduction will be not less than the amount that would have been received if such Taxes had not been required to be withheld or deducted. See "*Description of the Senior Secured Notes—Payment of Additional Amounts*" and "*Description of the Senior Notes—Payment of Additional Amounts*".
Redemption for Taxation Reasons	In the event of certain developments affecting taxation or certain other circumstances, the relevant Issuer may redeem the relevant Notes in whole, but not in part, at any time, at a redemption price of 100% of the principal amount, plus accrued and unpaid interest, if any, and Additional Amounts, if any, to, but not including, the date of redemption. See "*Description of the Senior Secured Notes—Redemption Upon Changes in Withholding Taxes*" and *Description of the Senior Notes—Redemption Upon Changes in Withholding Taxes"*.
Certain Covenants	The Indentures will restrict the ability of the Company and its restricted subsidiaries (in the case of the Senior Secured Notes Indenture) or the Parent and its restricted subsidiaries (in the case of the Senior Notes Indenture) to: • incur or guarantee additional debt or issue preferred stock; • pay dividends and make other restricted payments; • create or incur liens; • make certain investments; • agree to limitations on the ability of our subsidiaries to make distributions; • engage in sales of assets and subsidiary stock; • enter into transactions with affiliates; and • transfer all or substantially all of our assets or enter into merger or consolidation transactions. Each of the covenants is subject to significant exceptions and qualifications. See "*Description of the Senior Secured Notes—Certain Covenants*" and "*Description of the Senior Notes—Certain Covenants*".
Transfer Restrictions	The Notes and the Guarantees have not been and will not be registered under the Securities Act and may not be offered or sold, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. See "*Notice to Investors*."
Use of Proceeds	The proceeds from the sale of the Notes will be used as set forth in "*Use of Proceeds*."
No Established Market for the Notes	Each of the Senior Secured Notes and the Senior Notes will be new securities for which there is currently no existing market. Although certain of the Initial Purchasers have informed us that they intend to make markets in the Notes, they are not obligated to do so and they may discontinue market-making at any time without notice. Accordingly, we cannot assure you that liquid markets for the Notes will develop or be maintained.
Listing and Trading	Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and to trade the Notes on the Euro MTF Market thereof.
Governing Law	The Indentures, the Notes and the Guarantees will be governed by New York law. The Intercreditor Agreement is governed by New York law. The security documents are governed by the applicable local law of the jurisdiction under which the security interests are granted as described under "*Description of the Senior Secured Notes—Brief Description of the Senior Secured Notes, the Guarantees and the Security—Security*" and "*Description of the Senior Notes—Brief Description of the Senior Notes, the Guarantees and the Security—Security"*.
Trustee	HSBC Corporate Trustee Company (UK) Limited
Paying Agent, Registrar and Transfer Agent for the Dollar Notes	HSBC Bank USA, National Association
Paying Agent, Registrar and Transfer Agent for the Euro Notes	HSBC Bank PLC
Security Agent	Barclays Bank PLC

Risk Factors

Investing in the Notes involves substantial risks. You should consider carefully all the information in this offering memorandum and, in particular, you should evaluate the specific risk factors set forth in the "*Risk Factors*" section in this offering memorandum before making a decision whether to invest in the Notes.

SUMMARY HISTORICAL AND UNAUDITED PRO FORMA FINANCIAL AND OTHER INFORMATION

The following tables present our summary financial information of the Parent, INOVYN and BP Petrochemicals for the periods and dates indicated, as well as unaudited pro forma summary financial information of the Group as of and for the year ended December 31, 2019, the nine months ended September 30, 2019 and the nine months and twelve months ended September 30, 2020, giving effect to the Transactions.

Consolidated Financial Information of the Parent

The summary financial information of the Parent as of September 30, 2020 and for each of the nine-month periods ended September 30, 2020 and September 30, 2019 is derived from the Unaudited Parent Condensed Consolidated Interim Financial Statements as of and for the nine months ended September 30, 2020 with unaudited comparative financial information for the nine months ended September 30, 2019, prepared in accordance with IAS 34 Interim Financial Reporting and included elsewhere in this offering memorandum. The summary financial information of the Parent as of and for the year ended December 31, 2019 is derived from the Audited Parent Consolidated Financial Statements as of and for the year ended December 31, 2019, prepared in accordance with IFRS and included elsewhere in this offering memorandum. The summary financial information of the Parent as of and for the year ended December 31, 2018 is derived from the audited consolidated financial statements of the Parent and its subsidiaries as of and for the year ended December 31, 2018, prepared in accordance with IFRS and included elsewhere in this offering memorandum. The summary financial information of the Parent as of and for the year ended December 2017 is derived from the Audited Parent Consolidated Financial Statements as of and for the year ended December 31, 2017, prepared in accordance with IFRS and included elsewhere in this offering memorandum. This information should be read in conjunction with "Certain Definitions," "Presentation of Financial and Other Information," "Risk Factors," "Use of Proceeds," "Capitalization," "Selected Historical Financial Information," "Operating and Financial Review and Prospects," and the Parent Consolidated Financial Statements and the notes thereto included elsewhere in this offering memorandum. The Audited Parent Consolidated Financial Statements were prepared in accordance with IFRS. The Unaudited Parent Interim Condensed Consolidated Financial Statements, which were prepared in accordance with IAS 34 Interim Financial Reporting. The information below is not necessarily indicative of the results of future operations.

The summary unaudited financial information for the 12 months ended September 30, 2020 is based on the Parent Consolidated Financial Statements and is calculated by adding the unaudited financial information for the nine months ended September 30, 2020 to the difference between the financial information for the year ended December 31, 2019 and the unaudited financial information for the nine months ended September 30, 2019. The unaudited financial information for the 12 months ended September 30, 2020 has been prepared solely for the purpose of this offering memorandum, is not prepared in the ordinary course of our financial reporting. It is not necessarily representative of our results of operations for any future period or our financial condition as of any future date.

The 2019 Audited Parent Consolidated Financial Statements include the impact of the application of IFRS 16 with effect from January 1, 2019. See "Presentation of Financial and Other Information—Financial Information—IFRS 16—Leases". During the periods presented in this offering memorandum, the Parent has adopted certain additional accounting standards that may have an impact on the comparability of the financial information presented herein. This includes the adoption of IFRS 15—Revenue from Contracts with Customers and IFRS 9—Financial Instruments. As a result, the Consolidated Parent Financial Statements may not be directly comparable between periods. See "Presentation of Financial and Other Information".

We present below the non-IFRS financial measures EBITDA before special items and RC EBITDA before special items in respect of the Parent. We believe that the presentation of EBITDA-based measures enhances an investor's understanding of our financial performance. However, EBITDA-based measures should not be considered in isolation or viewed as substitutes for income from operations or profit as a measure of operating performance, cash flows from operating activities as a measure of our ability to meet cash needs or any other measures of performance as defined by IFRS. These EBITDA-based measures, as used herein, are not necessarily comparable to other similarly titled captions of other companies due to potential inconsistencies in the method of calculation.

Summary Parent Consolidated Statement of Income Information

	For the year ended December 31,			For the nine months ended September 30,		
	2017	2018[5]	2019[6]	2019	2020	For the 12 months ended September 30, 2020
			(in €million)			
Revenue	**5,342.4**	**5,366.7**	**4,884.2**	**3,798.3**	**2,834.2**	**3,920.1**
Cost of sales	(4,284.5)	(4,349.5)	(4,003.2)	(3,079.3)	(2,299.1)	(3,223.0)
Gross profit	**1,057.9**	**1,017.2**	**881.0**	**719.0**	**535.1**	**697.1**
Selling and distribution expenses	(280.6)	(280.7)	(286.8)	(220.4)	(209.4)	(275.8)
General and administrative expenses	(113.6)	(118.6)	(119.1)	(89.3)	(80.5)	(110.3)
Research and development expenses	(12.4)	(13.8)	(13.8)	(9.8)	(9.3)	(13.3)
Other operating (expense), net	(44.9)	(0.5)	(11.9)	(3.7)	(4.6)	(12.8)
Operating profit	**606.4**	**603.6**	**449.4**	**395.8**	**231.3**	**284.9**
Net finance costs	(98.5)	(27.0)	(16.1)	(6.2)	(44.3)	(54.2)
Income before income tax	**507.9**	**576.6**	**433.3**	**389.6**	**187.0**	**230.7**
Income tax expense	(14.8)	(124.1)	(110.3)	(86.0)	(59.5)	(83.8)
Net income	**493.1**	**452.5**	**323.0**	**303.6**	**127.5**	**146.9**

Summary Parent Consolidated Statement of Cash Flows Information

	For the year ended December 31,			For the nine months ended September 30,	
	2017	2018[5]	2019[6]	2019	2020
			(in €million)		
Net cash flows generated from / (used in)					
Operating activities	589.2	778.4	617.1	483.4	377.4
Investing activities	(243.4)	(171.3)	(372.6)	(755.9)	(615.9)
Financing activities	(360.9)	(337.3)	(523.1)	(7.2)	352.2

Summary Parent Consolidated Statement of Financial Position Information

	As of December 31,			
	2017	2018[5]	2019[6]	As of September 30, 2020
			(in €million)	
Property, plant and equipment	888.5	942.7	1,282.1	1,373.0
Intangible assets and goodwill	1,463.9	1,415.2	1,372.8	1,289.7
Cash and cash equivalents	295.9	567.1	289.7	395.1
Total assets	3,978.5	4,139.9	4,027.7	4,294.5
Total equity[1]	1,926.8	2,241.8	1,989.8	1,674.8
Total financial indebtedness[2]	840.0	711.2	961.2	1,682.2

Other Financial and Operating Data of the Parent

	As of or for the year ended December 31,			As of or for the nine months ended September 30,		
	2017	2018[5]	2019[6]	2019[6]	2020	As of or for the 12 months ended September 30, 2020
			(in €million, except for percentages)			
EBITDA before special items[4]	872.2	812.8	704.2	580.8	408.3	531.7
RC EBITDA before special items[4]	833.2	860.8	716.2	571.8	494.3	638.7
Depreciation and amortization	226.9	209.0	247.9	184.8	177.0	240.1
Total Cash Capital Expenditures[7]	147.2	176.0	245.5	155.5	256.6	346.6

(1) Total equity includes non-controlling interests.

(2) Total financial indebtedness represents current and non-current financial indebtedness including the amount of unamortized discounts and capitalized financing costs. Under IFRS, debt issuance costs are deducted from the related debt amounts for the purposes of statement of financial position presentation and are amortized over the life of the debt. As of January 1, 2019, financial indebtedness also includes finance lease obligations as a result of the application of IFRS 16, which impacts comparability to prior periods presented. The Parent recognized additional lease liabilities of €135.4 million as of January 1, 2019. See "*Presentation of Financial and Other Information—Adoption of new accounting standards—IFRS 16—Leases*".

(3) Net debt represents total financial indebtedness, excluding unamortized discounts and capitalized finance costs less cash and cash equivalents. A reconciliation of total financial indebtedness to net debt as of December 31, 2017, 2018 and 2019 and September 30, 2020 is presented in the table below:

	As of December 31,			
	2017	**2018[5]**	**2019[6]**	**As of September 30, 2020**
			(in €million)	
Total financial indebtedness[2]	840.0	711.2	961.2	1,682.2
Unamortized discounts and capitalized finance costs	10.5	1.5	1.2	12.0
Total gross debt[8]	850.5	712.7	962.4	1,694.2
less cash and cash equivalents	295.9	567.1	289.7	395.1
Net debt	**554.6**	**145.6**	**672.7**	**1,299.1**

(4) EBITDA before special items represents net income before income tax expense, interest expense, exchange movements, depreciation and amortization and special items. Special items refer to loss on the sale of property, plant and equipment and to certain costs and benefits outside the usual course of business, which are expected to be non-recurring. Aside from loss on the sale of property, plant and equipment, there are no special items recognized for 2018 or 2019 or the nine months ended September 30, 2020. Special items in 2017 mainly related to loss on the sale of property, plant and equipment, provisions the Styrolution Business recognized relating to our liabilities to the Styrolution Business's previous shareholder BASF under prior legal agreements, pursuant to which the Styrolution Business transfers amounts equivalent to certain realized tax benefits to BASF. RC EBITDA before special items represents net income before income tax expense, interest expense, exchange movements, depreciation and amortization, special items and inventory holding (gains)/losses. In accordance with IFRS, the Styrolution Business uses the weighted average cost method of accounting for purposes of determining its inventory cost in connection with the preparation of its audited annual consolidated financial information. The Styrolution Business's replacement cost method values raw materials and consumables and finished goods at their replacement cost at the time the related finished goods are sold. RC EBITDA before special items is based on the Styrolution Business's replacement cost method of accounting for inventory, which is not a measurement basis in accordance with the principles of IFRS. We exclude these items because we do not consider them indicative of ongoing operating performance. You are encouraged to evaluate these adjustments and the reasons we consider them appropriate independently. In evaluating EBITDA before special items and RC EBITDA before special items, you should be aware that in the future we may incur expenses that are the same or similar to these adjustments. The Parent's presentation of EBITDA before special items and RC EBITDA before special items should not be construed as inference that our future results will not be affected by unusual or non-recurring items. See "*Presentation of Financial and Other Information*." Although EBITDA before special items and RC EBITDA before special items should not be considered a substitute measure for profit and net cash flow from operating activities, we believe that it provides useful information regarding our ability to meet future debt service requirements. EBITDA before special items and RC EBITDA before special items may not be comparable to similarly titled measures used by other companies and differ from the definition of "Consolidated Adjusted EBITDA" under "*Description of the Senior Secured Notes—Certain Definitions*" and *Description of the Senior Notes—Certain Definitions"*.

For a reconciliation of the Parent's results from net income to EBITDA before special items and RC EBITDA, see "*Presentation of Financial and Other Information—Non-IFRS Financial Measures—The Parent and the Styrolution Business*"

(5) The Parent adopted IFRS 15 and IFRS 9 from January 1, 2018 and did not restate comparative financial information presented in our consolidated financial statements. Therefore, the financial information presented for the year ended December 31, 2017 may not be comparable to the financial information presented for the years ended December 31, 2018 and 2019. See *"Presentation of Financial and Other Information—Adoption of new accounting standards—IFRS 15—Revenue from Contracts with Customers" and "—IFRS 9—Financial Instruments"*.

(6) The Parent adopted IFRS 16 from January 1, 2019 using the modified retrospective approach pursuant to which the audited comparative financial information for the years ended December 31, 2018 and 2017, has not been restated. EBITDA before special items for the nine months ended September 30, 2019 includes the impact of the

application of IFRS 16 with effect from January 1, 2019, which amounted to €20.2 million for the nine months ended September 30, 2019 and €27.9 million for the year ended December 31, 2019. As of January 1, 2019, financial indebtedness also includes finance lease obligations as a result of the application of IFRS 16. The Parent recognized additional lease liabilities of €135.4 million as of January 1, 2019. See "*Presentation of Financial and Other Information—Financial Information—IFRS 16—Leases"*.

(7) Represents the sum of cash expenditures on acquisition of property, plant and equipment and acquisition of intangible assets as recorded on the consolidated statement of cash flows. See "*Operating and Financial Review and Prospects—The Styrolution Business*".

(8) Total gross debt represents total financial indebtedness, excluding unamortized discounts and capitalized finance. A reconciliation of total financial indebtedness to net debt as of December 31, 2017, 2018 and 2019 and September 30, 2020 is presented in the table above.

Summary Financial Information of the INOVYN Business

The summary financial information as of September 30, 2020 and for each of the nine-month periods ended September 30, 2020 and September 30, 2019 is derived from the Unaudited INOVYN Interim Condensed Consolidated Financial Statements as of and for the nine months ended September 30, 2020 with unaudited comparative financial information for the nine months ended September 30, 2019, prepared in accordance with IAS 34 Interim Financial Reporting and included elsewhere in this offering memorandum. The summary financial information of INOVYN as of and for the year ended December 31, 2019 is derived from the 2019 Audited INOVYN Consolidated Financial Statements as of and for the year ended December 31, 2019, prepared in accordance with IFRS and included elsewhere in this offering memorandum. The summary financial information of INOVYN as of and for the year ended December 31, 2018 is derived from the 2018 Audited INOVYN Consolidated Financial Statements as of and for the year ended December 31, 2018, prepared in accordance with IFRS and included elsewhere in this offering memorandum. The summary financial information of INOVYN as of and for the year ended December 2017 is derived from the 2017 Audited INOVYN Consolidated Financial Statements as of and for the year ended December 31, 2017, prepared in accordance with IFRS and included elsewhere in this offering memorandum. This information should be read in conjunction with "Certain Definitions," "Presentation of Financial and Other Information," "Risk Factors," "Use of Proceeds," "Capitalization," "Selected Historical Financial Information," "Operating and Financial Review and Prospects," and the INOVYN Consolidated Financial Statements and the notes thereto included elsewhere in this offering memorandum. The Audited INOVYN Consolidated Financial Statements were prepared in accordance with IFRS. The Unaudited INOVYN Interim Condensed Consolidated Financial Statements, which were prepared in accordance with IAS 34 Interim Financial Reporting, have not been audited. The information below is not necessarily indicative of the results of future operations.

The summary unaudited financial information for the 12 months ended September 30, 2020 is based on the INOVYN Consolidated Financial Statements and is calculated by adding the unaudited financial information of INOVYN and its subsidiaries for the nine months ended September 30, 2020 to the difference between the financial information for the year ended December 31, 2019 and the unaudited financial information for the nine months ended September 30, 2019. The unaudited financial information for the 12 months ended September 30, 2020 has been prepared solely for the purpose of this offering memorandum, is not prepared in the ordinary course of our financial reporting and has not been audited or reviewed. It is not necessarily representative of our results of operations for any future period or our financial condition as of any future date.

The 2019 Audited INOVYN Consolidated Financial Statements include the impact of the application of IFRS 16 with effect from January 1, 2019. However, as permitted by IFRS, the financial information for the year ended December 31, 2018 has not been restated to reflect the impact of IFRS 16. See "Presentation of Financial and Other Information—Financial Information—IFRS 16—Leases". During the periods presented in this offering memorandum, INOVYN has adopted certain additional accounting standards that may have an impact on the comparability of the financial information presented herein. This includes the adoption of IFRS 15—Revenue from Contracts with Customers and IFRS 9—Financial Instruments. As a result, the INOVYN Consolidated Financial Statements may not be directly comparable between periods. See "Presentation of Financial and Other Information".

We present below the non-IFRS financial measures EBITDA before exceptional items in respect of the INOVYN Business. We believe that the presentation of EBITDA-based measures enhances an investor's understanding of our financial performance. However, EBITDA-based measures should not be considered in isolation or viewed as substitutes for income from operations or profit as a measure of operating performance, cash flows from operating activities as a measure of our ability to meet cash needs or any other measures of performance as defined by IFRS. These EBITDA-based measures, as used herein, are not necessarily comparable to other similarly titled captions of other companies due to potential inconsistencies in the method of calculation.

Summary INOVYN Consolidated Statement of Income Information

	For the year ended December 31,			For the nine months ended September 30,		For the 12 months ended September 30,
	2017	2018	2019[6]	2019[6]	2020	2020
				(in €million)		
Revenue	**3,324.6**	**3,359.3**	**3,105.4**	**2,365.3**	**2,118.1**	**2,858.2**
Cost of sales	(2,373.7)	(2,341.6)	(2,183.9)	(1,634.0)	(1,441.7)	(1,991.6)
Gross profit	**950.9**	**1,017.7**	**921.5**	**731.3**	**676.4**	**866.6**
Total Distribution costs	(319.6)	(332.6)	(348.8)	(262.0)	(264.7)	(351.5)
Total Administrative expenses	(132.9)	(140.5)	(186.7)	(116.0)	(107.5)	(178.2)
Operating profit	**498.4**	**544.6**	**386.0**	**353.3**	**304.2**	**336.9**
Total share of profit/(loss) of associated undertakings using the equity accounting method	12.6	(0.5)	—	—	—	—
Purchase gain on acquisition	3.7	—	—	—	—	—
Loss on disposal of other investments	—	(0.1)	—	—	—	—
Profit on disposal of property, plant and equipment	1.2	—	—	—	(0.5)	(0.5)
Loss on disposal of businesses	(3.4)	—	—	—	—	—
Profit before net finance costs	**512.5**	**544.0**	**386.0**	**353.3**	**303.7**	**336.4**
Net finance costs	(76.0)	(37.4)	(16.4)	(11.2)	(25.8)	(31.0)
Profit before tax	**436.5**	**506.6**	**369.6**	**342.1**	**277.9**	**305.4**
Tax charge	(133.1)	(121.4)	(67.7)	(66.9)	(53.1)	(53.9)
Profit for the year/period	**303.4**	**385.2**	**301.9**	**275.2**	**224.8**	**251.5**

Summary INOVYN Consolidated Statement of Cash Flows Information

	For the year ended December 31,			For the nine months ended September 30,	
	2017	2018[3]	2019[6]	2019[6]	2020
			(in €million)		
Net cash flows generated from / (used in)					
Operating activities	467.1	544.7	429.0	324.8	399.7
Investing activities	(72.5)	(219.8)	(264.8)	(180.4)	(176.8)
Financing activities	(339.9)	(240.6)	(308.9)	(291.5)	(71.6)

Summary INOVYN Consolidated Statement of Financial Position Information

	As of December 31,			
	2017	2018[3]	2019[6]	As of September 30, 2020
			(in €million)	
Property, plant and equipment	1,103.3	1,200.7	1,419.5	1,397.0
Intangible assets	5.7	9.3	8.8	27.8
Cash and cash equivalents	121.6	207.7	64.2	212.7
Total assets	2,401.4	2,438.2	2,808.8	3,182.4
Total equity[1]	67.5	342.6	267.3	443.8
Total financial indebtedness[2]	910.7	808.6	965.8	1,203.2

Other Financial and Operating Data of the INOVYN Business

	For the year ended December 31,			For the nine months ended September 30,		
	2017	2018	2019[6]	2019[6]	2020	For the 12 months ended September 30, 2020
				(in €million)		
EBITDA before exceptional items[4]	667.9	691.1	606.1	470.9	434.7	569.9
Depreciation, amortization and impairment	132.8	133.7	168.5	115.7	130.5	183.3
Cash capital expenditures[5]	160.5	223.0	242.1	182.6	178.4	237.9

(1) Total equity includes non-controlling interests.

(2) Total financial indebtedness includes the amount of unamortized discounts and capitalized financing costs. Under IFRS, debt issuance costs are deducted from the related debt amounts for the purposes of statement of financial position presentation and are amortized over the life of the debt. As of January 1, 2019, financial indebtedness also includes finance lease obligations as a result of the application of IFRS 16, which impacts comparability to prior periods presented. INOVYN recognized additional lease liabilities of €61.6 million as of January 1, 2019. See "*Presentation of Financial and Other Information—Adoption of new accounting standards—IFRS 16—Leases*".

(3) INOVYN adopted IFRS 15 and IFRS 9 from January 1, 2018 and did not restate comparative financial information presented in INOVYN's consolidated financial statements. Therefore, the financial information presented for the year ended December 31, 2017 may not be comparable to the financial information presented for the year ended December 31, 2018. See "*Presentation of Financial and Other Information—Adoption of new accounting standards—IFRS 15—Revenue from Contracts with Customers*" and "*—IFRS 9—Financial Instruments"*.

(4) EBITDA before exceptional items represents profit for the period before tax charge, net finance costs, loss on disposal of business, profit/(loss) on disposal of property, plant, and equipment, (loss) on disposal of other investment, purchase gain on acquisition, share of profit/(loss) of associated undertakings, depreciation, amortization, and exceptional items. Although INOVYN's EBITDA-based measures should not be considered a substitute measure for operating profit, profit, cash flows from operating activities or other measures of performance as defined by IFRS, we believe that they provide useful information regarding INOVYN's ability to meet future debt service requirements. The EBITDA measure presented may not be comparable to similarly titled measures used by other companies.

(5) Cash capital expenditures represents cash payments to acquire property, plant and equipment, and intangible assets as recorded on the consolidated cash flow statements.

(6) INOVYN adopted IFRS 16 from January 1, 2019 using the modified retrospective approach pursuant to which the audited comparative financial information for the years ended December 31, 2018 and 2017, has not been restated. EBITDA before special items for the nine months ended September 30, 2019 includes the impact of the application of IFRS 16 with effect from January 1, 2019, which amounted to €18.2 million for the nine months ended September 30, 2019 and €24.6 million for the year ended December 31, 2019. As of January 1, 2019, financial indebtedness also includes finance lease obligations as a result of the application of IFRS 16. INOVYN recognized additional lease liabilities of €61.6 million as of January 1, 2019. See "*Presentation of Financial and Other Information—Financial Information—IFRS 16—Leases*".

Summary Financial Information of BP Petrochemicals

The summary financial information as of September 30, 2020 and for each of the nine-month periods ended September 30, 2020 and September 30, 2019 is derived from the Unaudited BP Petrochemicals Interim Condensed Combined Carve-out Financial Statements as of and for the nine months ended September 30, 2020 with unaudited comparative financial information for the nine months ended September 30, 2019, prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU as modified by the principles in the Annexure to SIR 2000—Investment Reporting Standards Applicable to Public Reporting Engagement on Historical Financial Information and included elsewhere in this offering memorandum. The summary financial information as of and for the years ended December 31, 2019 and December 31, 2018 is derived from the Audited BP Petrochemicals Combined Carve-out Financial Statements as of and for the year ended December 31, 2019 and, 2018, prepared in accordance with IFRS as adopted by the EU as modified by the principles in the Annexure to SIR 2000—Investment Reporting Standards Applicable to Public Reporting Engagements on Historical Financial Information and included elsewhere in this offering memorandum. This information should be read in conjunction with "Certain Definitions," "Presentation of Financial and Other Information," "Risk Factors," "Use of Proceeds," "Capitalization," "Selected Historical Financial Information," "Operating and Financial Review and Prospects," and the BP Petrochemicals Combined Carve-out Financial Statements and the notes thereto included elsewhere in this offering memorandum. The Unaudited BP Petrochemicals Interim Condensed Combined Carve-out Financial Statements, have not been audited. The information below is not necessarily indicative of the results of future operations.

The summary unaudited financial information for the 12 months ended September 30, 2020 is based on the BP Petrochemicals Combined Carve-out Financial Statements and is calculated by adding the unaudited financial information of BP Petrochemicals and its subsidiaries for the nine months ended September 30, 2020 to the difference between the financial information for the year ended December 31, 2019 and the unaudited financial information for the nine months ended September 30, 2019. The unaudited financial information for the 12 months ended September 30, 2020 has been prepared solely for the purpose of this offering memorandum, is not prepared in the ordinary course of our financial reporting. It is not necessarily representative of our results of operations for any future period or our financial condition as of any future date. The financial information for the 12 months ended September 30, 2020 are non-IFRS measures.

We present below the non-IFRS financial measures EBITDA and RC EBITDA in respect of the Aromatics and Acetyls Businesses. We believe that the presentation of EBITDA-based measures enhances an investor's understanding of our financial performance. However, EBITDA-based measures should not be considered in isolation or viewed as substitutes for income from operations or profit as a measure of operating performance, cash flows from operating activities as a measure of our ability to meet cash needs or any other measures of performance as defined by IFRS. These EBITDA-based measures, as used herein, are not necessarily comparable to other similarly titled captions of other companies due to potential inconsistencies in the method of calculation.

The Audited BP Petrochemicals Consolidated Financial Statements include the impact of the application of IFRS 16 with effect from January 1, 2019. However, as permitted by IFRS, the financial information for the year ended December 31, 2018 has not been restated to reflect the impact of IFRS 16. See "Presentation of Financial and Other Information—Financial Information—IFRS 16—Leases".

Summary combined carve-out statement of income information

	For the year ended December 31,		For the nine months ended September 30,		
	2018	2019	2019	2020	For the 12 months ended September 30, 2020
	($ in million)				
Continuing operations					
Sales and other operating revenues	6,661	6,261	4,756	2,983	4,488
Earnings from joint ventures—after interest and tax	250	74	48	31	57
Interest and other income	53	68	50	27	45
Total revenues and other income	**6,964**	**6,403**	**4,854**	**3,041**	**4,590**
Purchases	5,072	4,774	3,586	2,211	3,399
Production and manufacturing expenses	826	813	615	473	671
Depreciation, depletion and amortization	173	193	147	144	190
Distribution and administration expenses	310	307	205	214	316

Profit/(Loss) before interest and taxation	**583**	**316**	**301**	**(1)**	**14**
Finance costs	38	32	26	19	25
Profit/(Loss) before tax	**545**	**284**	**275**	**(20)**	**(11)**
Taxation expense/(benefit)	(22)	62	54	5	13
Profit/(Loss) after tax for the year	**567**	**222**	**221**	**(25)**	**(24)**
Attributable to:					
BP owners	552	220	217	(20)	(17)
Non-controlling interest	15	2	4	(5)	(7)
	567	**222**	**221**	**(25)**	**(24)**

Summary combined carve-out balance sheet information

	As of December 31,		As of September 30,
	2018	2019	2020
	($ in million)		
Property, plant and equipment	1,925	1,966	1,991
Investments in joint ventures	653	582	565
Cash and cash equivalents	409	401	329
Total assets	4,336	3,985	3,925
Total invested equity[(1)]	2,649	2,478	2,563
Total financial indebtedness[(2)]	670	685	696

(1) Total invested equity includes non-controlling interests.

(2) Total financial indebtedness comprises total lease liabilities (current and non-current) and total finance debt (current and non-current) including the amount of unamortized discounts and capitalized financing costs. Under IFRS, debt issuance costs are deducted from the related debt amounts for the purposes of statement of financial position presentation and are amortized over the life of the debt. As of January 1, 2019, financial indebtedness also includes finance lease obligations as a result of the application of IFRS 16. BP Petrochemicals recognized additional lease liabilities of $81 million as of January 1, 2019. See "*Presentation of Financial and Other Information—Adoption of new accounting standards—IFRS 16—Leases*".

Summary combined carve-out cash flows statement information

	For the year ended December 31,		For the nine months ended September 30,	
	2018	2019	2019	2020
	(in $million)			
Net cash flows generated from / (used in)				
Operating activities[(1)]	592	536	407	18
Investing activities	(97)	(131)	(67)	(90)
Financing activities	(294)	(407)	(336)	(10)

(1) Includes dividends received from joint ventures of $94 million, $133 million, $119 million and $49 million for the year ended December 31, 2018 and 2019 and for the nine months ended September 30, 2019 and 2020, respectively.

Other Financial and Operating Data of the Aromatics and Acetyls Businesses

	As of or for the year ended December 31,		As of or for the nine months ended September 30,		
	2018	2019	2019	2020	As of or for the 12 months ended September 30, 2020
	(in $millions)				
EBITDA[(1)]	752	502	443	138	197
RC EBITDA[(1)]	716	557	502	255	310
Depreciation, depletion and amortization	173	193	147	144	190
Cash Capital Expenditures[(2)]	96	122	67	90	145

(1) EBITDA represents profit/(loss) for the year before taxation expense/(benefit), finance costs, depreciation, depletion and amortization and interest income. RC EBITDA represents net income before income tax expense, net finance income/(expense), depreciation depletion and

amortization and inventory holding (gains)/losses. In accordance with IFRS, the Aromatics and Acetyls Businesses use the First in First out method of accounting for purposes of determining its inventory cost in connection with the preparation of its audited annual consolidated financial information. The Aromatics and Acetyls Businesses' replacement cost method values raw materials and consumables and finished goods at their replacement cost at the time the related finished goods are sold. RC EBITDA before special items is based on the Aromatics and Acetyls Businesses' replacement cost method of accounting for inventory, which is not a measurement basis in accordance with the principles of IFRS. We exclude these items because we do not consider them indicative of ongoing operating performance. See "*Presentation of Financial and Other Information*". Although EBITDA and RC EBITDA should not be considered a substitute measure for profit and net cash flow from operating activities, we believe that it provides useful information regarding our ability to meet future debt service requirements. EBITDA and RC EBITDA may not be comparable to similarly titled measures used by other companies and differ from the definition of "Consolidated Adjusted EBITDA" under "*Description of the Senior Secured Notes—Certain Definitions*" and *Description of the Senior Notes—Certain Definitions"*.

(2) Represents the sum of cash expenditures for acquisition of property, plant and equipment as recorded on the consolidated statement of cash flows. See "*Operating and Financial Review and Prospects—The Aromatics and Acetyls Businesses*".

Unaudited Pro Forma Condensed Consolidated Financial Information

The summary Unaudited Pro Forma Condensed Consolidated Financial Information shown below has been derived from the Unaudited Pro Forma Condensed Consolidated Financial Information included elsewhere in this offering memorandum. The summary unaudited pro forma income statement information has been prepared to give pro forma effect to the Transactions, as if they had occurred at the beginning of the relevant period. The summary unaudited statement of financial position information has been prepared to give pro forma effect to the Transactions as if they had occurred as of the date of the relevant balance sheet. See "Summary Historical and Unaudited Pro Forma Financial and Other Information" and "Operating and Financial Review and Prospects" for a description of the pro forma effect of the Transactions. The Unaudited Pro Forma Condensed Consolidated Financial Information for the twelve months ended September 30,2020 has been prepared solely for the purpose of this offering memorandum, is not prepared in the ordinary course of our financial reporting and has not been audited or reviewed. It is not necessarily representative of our results of operations for any future period or our financial condition as of any future date. The Unaudited Pro Forma Condensed Consolidated Financial Information for the twelve months ended September 30, 2020 are non-IFRS measures.

The pro forma adjustments include, among other things, adjustments to conform with INEOS Quattro Holdings Limited's presentation of financial information, accounting policies and presentation currency. These adjustments are based on available information and certain assumptions that we believe are reasonable and have been applied to the historical financial statements of the Parent, INOVYN and BP Petrochemicals. In addition, the interest rate on the notes and other borrowings and actual fees and expenses may differ from the assumptions set forth therein. There can be no assurance that the actual results will not differ significantly from the pro forma adjustments reflected in the pro forma financial information. Accounting policies used in the preparation of these statements are those disclosed in Note 1 of the Audited Parent Consolidated Financial Statements included elsewhere in this offering memorandum.

The summary Unaudited Pro Forma Condensed Consolidated Financial Information is being furnished solely for information purposes and is not necessarily indicative of the results of operations or financial position that we might have achieved for the periods or as of the date indicated had the Transactions been completed as of the assumed dates, and should not be taken as representative of our future results of operations or financial condition following the completion of such events. The Unauited Pro Forma Condensed Consolidated Financial Information may contain financial measures other than those in accordance with IFRS and should not be considered in isolation from or as a substitute for the historical financial statements of the Parent, INOVYN or BP Petrochemicals. You should read the information summarized below in conjunction with the information contained in "Use of Proceeds", "The Acquisitions", "The Transactions", "Presentation of Financial and Other Information" and "Operating and Financial Review and Prospects" and the historical financial statements of each of the Parent, INOVYN and BP Petrochemicals included elsewhere in this offering memorandum.

This offering memorandum includes certain pro forma and "as adjusted pro forma" unaudited financial information. The Unaudited Pro Forma Condensed Consolidated Financial Information presented in this offering memorandum reflects the effects of the Transactions as described under "Use of Proceeds" and "The Transactions" on certain consolidated statement of financial position data of the Group as of September 30, 2020 and certain consolidated statement of income data of the Group for the nine months ended September 30, 2019 and 2020 and the 12 months ended September 30, 2020 as if the Transactions had occurred on (i) September 30, 2020 for the purpose of the unaudited pro forma condensed consolidated statement of financial position data as of such date and (ii) January 1, 2019 for the purpose of the unaudited pro forma condensed consolidated statement of income data for the year ended December 31, 2019, the nine months ended September 30, 2019 and the nine months ended September 30, 2020. The "as adjusted pro forma" unaudited financial information presented in this offering memorandum has been further adjusted to reflect the difference in the historical cost for corporate services charged to the Aromatics and Acetyls Businesses by BP compared

to the expected estimated cost of those services under the Transitional Services Agreement (i) on September 30, 2020 for the purposes of the calculation of the unaudited as adjusted consolidated statement of financial position data and (ii) on January 1, 2019 or October 1, 2019, as applicable for the purposes of the calculation of the unaudited as adjusted consolidated statement of income data.

The pro forma and "as adjusted pro forma" unaudited financial information has been prepared for illustrative purposes only and does not purport to represent what the actual consolidated statement of financial position data or consolidated statement of income data of the Parent would have been if the Transactions had occurred on (i) September 30, 2020 for the purpose of the unaudited pro forma condensed consolidated statement of financial position data as of such date and (ii) January 1, 2019 for the purpose of the unaudited pro forma condensed consolidated statement of income data for the year ended December 31, 2019, the nine months ended September 30, 2020 and the nine months ended September 30, 2019, nor do they purport to project the consolidated financial position and finance costs of the Parent and its subsidiaries at any future date or period. The adjustments and assumptions used in calculating the unaudited pro forma and "as adjusted pro forma" financial information set out in this offering memorandum are based on available information and certain assumptions and estimates that we believe are reasonable but may differ materially from the actual amounts.

Summary Unaudited Pro Forma Condensed Consolidated Statement of Income Information

The Unaudited Pro Forma Condensed Consolidated Financial Information for the twelve months ended September 30, 2020 presented in this offering memorandum is calculated by adding the unaudited pro forma condensed consolidated statement of income data for the nine months ended September 30, 2020 to the difference between the unaudited pro forma condensed consolidated statement of income data for the year ended December 31, 2019 and the unaudited pro forma condensed consolidated statement of income data for the nine months ended September 30, 2019.

	Pro forma for the twelve months ended September 30, 2020 (in € million)
Pro Forma Income Statement:	
Revenue	**10,788.9**
Cost of sales	(8,996.7)
Gross profit	**1,792.2**
Selling and distribution expenses	(863.6)
General and administrative expenses	(288.6)
Research and development expenses	(32.6)
Other operating expense	(13.3)
Operating profit	**594.1**
Share of profit of associates and joint ventures using the equity accounting method	51.1
Interest income	37.3
Interest expense	(249.2)
Exchange movements	(10.4)
Net finance costs	(222.3)
Income before income tax	**422.9**
Income tax expense	(121.9)
Net income for the year/period	**301.0**

Summary Unaudited Pro Forma Condensed Consolidated Statement of Financial Position Information

	As of September 30, 2020 (in € million)
Property, plant and equipment	4,467.2
Intangible assets and goodwill	2,896.1
Cash and cash equivalents	751.3
Total assets	11,923.2
Total equity[(1)]	2,018.4
Total financial indebtedness[(2)]	6,864.5

(1) Total equity includes non-controlling interests.

(2) Total financial indebtedness includes the amount of unamortized discounts and capitalized financing costs. Under IFRS, debt issuance costs are deducted from the related debt amounts for the purposes of statement of financial position presentation and are amortized over the life of the debt. As of January 1, 2019, financial indebtedness also includes finance lease obligations as a result of the application of IFRS 16, which impacts comparability to prior periods presented. See "*Presentation of Financial and Other Information—Adoption of new accounting standards—IFRS 16—Leases*"

Other As Adjusted Pro Forma Financial and Operating Data

	Pro forma as of and for the twelve months ended September 30, 2020
	(in € million)
Pro forma net debt[(1)]	6,376.7
Pro forma net senior secured debt[(1)]	5,876.7
Pro forma net interest expense[(2)]	211.9
As adjusted pro forma RC EBITDA before special items[(3)]	1,588.1
Ratio of pro forma net debt to as adjusted pro forma RC EBITDA before special items[(4)]	4.0x
Ratio of pro forma net senior secured debt to as adjusted pro forma RC EBITDA before special items[(5)]	3.7x
Ratio of as adjusted pro forma RC EBITDA before special items to pro forma net interest expense[(6)]	7.5x

(1) Pro forma net debt represents pro forma total financial indebtedness less pro forma cash and cash equivalents, plus discounts and capitalized financing costs as adjusted to reflect the reduction of € 185.8 million in cash at the Aromatics and Acetyls Businesses in connection with the BP Acquisition. Pro forma net senior secured debt represents pro forma total financial indebtedness less pro forma cash and cash equivalents, as adjusted to reflect the reduction of €185.8 million in cash at the Aromatics and Acetyls Businesses to reflect the terms of the BP Acquisition Agreement less the principal amount of the Senior Notes offered hereby. The following table presents a reconciliation of pro forma financial indebtedness to pro forma net debt and pro form net senior secured debt:

	As of September 30, 2020
	(in €million)
Pro forma total financial indebtedness	6,864.5
less Pro forma cash and cash equivalents	(751.3)
plus discounts and capitalized financing costs	77.7
plus reduction in cash in connection with BP Acquisition	185.8
Pro forma net debt	**6,376.7**
less Senior Notes offered hereby	(500.0)
Pro forma net senior secured debt	**5,876.7**

(2) Pro forma net interest expense represents pro forma interest expense net of pro forma interest income. Pro forma net interest expense for the 12 months ended September 30, 2020 includes interest expense relating to the Existing Term Loan B Facilities and the Existing Senior Secured Notes from January 31, 2020. We estimate that, if the loans under the Existing Term Loan B Facilities had been made and the Existing Senior Secured Notes had been issued on October 1, 2019, interest expense would have increased by approximately €9.5 million.

(3) As Adjusted Pro forma RC EBITDA before special items represents pro forma net income before pro forma income tax expense, pro forma net finance costs, pro forma depreciation, amortization and impairment expense, pro forma special items and pro forma inventory holding losses, adjusting for the difference between the historical BP corporate charges to the Aromatics and Acetyls Businesses and the expected estimated charges to the Aromatics and Acetyls Business for the services under the Transitional Services Agreement. For a reconciliation of the Group's pro forma net income for the year/period to as adjusted pro forma RC EBITDA before special items, see "*Presentation of Financial and Other Information—Pro Forma and "As Adjusted" Financial Information*".

(4) Ratio of pro forma net debt to as adjusted pro forma RC EBITDA before special items represents pro forma net debt divided by as adjusted pro forma RC EBITDA before special items. As Adjusted pro forma RC EBITDA does not include the impact of the $150 million in annualized fixed cost savings that the Group is targeting to achieve by the end of 2022. Please see "*Summary—Our Strategy—Achieve cost savings and realize synergies"* and "*Risk Factors—We may not realize anticipated revenue and cost synergies, benefit from anticipated business opportunities or experience anticipated growth from the Acquisitions*".

(5) Ratio of pro forma net senior secured debt to as adjusted pro forma RC EBITDA before special items represents pro forma net senior secured debt divided by as adjusted pro forma RC EBITDA before special items. As Adjusted pro forma RC EBITDA does not include the impact of the $150 million in annualized fixed cost savings that the Group is targeting to achieve by the end of 2022. We do intend to include these cost savings in our calculation of net leverage ratios under the Indentures, however, and those ratios will differ from the calculation presented here. Please see "*Summary—Our Strategy—Achieve cost savings and realize synergies*" and "*Risk Factors—We may not realize anticipated revenue and cost synergies, benefit from anticipated business opportunities or experience anticipated growth from the Acquisitions*".

(6) Ratio of as adjusted pro forma RC EBITDA before special items to pro forma net interest expense represents as adjusted pro forma RC EBITDA before special items divided by pro forma net interest expense.

RISK FACTORS

Risks Relating to the BP Acquisition

If we are unable to integrate the Aromatics Business and Acetyls Business successfully with the historical Styrolution Business and INOVYN Business, we may incur unanticipated costs, our operations may be disrupted and our ability to make payments on the Notes may be impaired.

We have recently been formed by the combination of the separate Styrolution, INOVYN, Aromatics and Acetyls Businesses. The process of effectively integrating these businesses into one company will require significant managerial and financial resources. The costs and time required to integrate these businesses into one organization could cause the interruption of, or a loss of momentum in, the activities of any one, or several, of the operations of the constituent entities. Furthermore, the Acquisitions have significantly increased the size of our Group and significantly diversified the business lines in which we operate. The Acquisitions have also substantially increased the scope and complexity of our operations. We cannot assure you that we will be able to effectively manage this newly enlarged operation, or achieve the desired profitability from the Acquisitions. The failure to successfully integrate the various businesses within the expected time frame could adversely affect our business, financial condition and results of operations. The Acquisitions may expose us to certain additional risks, including:

- difficulties arising from operating a significantly larger and more complex organization and adding operations to our existing operations;
- difficulties in the assimilation of the assets and operations of the Aromatics Business and Acetyls Business with the assets and operations of the existing Styrolution Business and INOVYN Business, especially when the assets acquired are in a new business segment or involve new joint venture partners;
- the loss of Styrolution, INOVYN, Aromatics and Acetyls customers or key employees;
- the diversion of management's attention from other business concerns;
- the failure to realize expected profitability or growth;
- the failure to realize expected synergies and cost savings;
- difficulties arising from coordinating geographically disparate organizations, systems and facilities;
- difficulties arising from coordinating and consolidating corporate and administrative functions, including integration of internal controls and procedures;
- unforeseen legal, regulatory, contractual, labor or other issues; and
- difficulties in integrating the Styrolution, INOVYN, Aromatics and Acetyls employees into a single Group or in consolidating the workforces of the Styrolution, INOVYN, Aromatics and Acetyls Businesses.

Further, unexpected costs and challenges may arise whenever businesses with different operations or management are combined, and we may experience unanticipated delays in realizing the benefits of the Acquisitions.

We may not realize anticipated synergies, benefit from anticipated business opportunities or experience anticipated growth from the Acquisitions.

We expect that the Acquisitions will result in various synergies, business opportunities and growth. Our ability to realize these synergies, benefit from these opportunities and grow our business is dependent on business conditions in future periods that we cannot predict or measure with certainty. We cannot assure you that we will achieve the expected levels of synergies, or benefits from anticipated business opportunities or growth levels. In addition, there may be liabilities or risks of which we are unaware. These may result in a failure to achieve our expected levels of synergies and cost savings or other benefits. Moreover, any such liabilities or risks could result in significant additional costs and may materially adversely affect our business, financial condition, results of operations and cash flows and impair our ability to make payments on the Notes. Our assumptions underlying estimates of expected cost savings and anticipated synergies may be inaccurate, and future business conditions and events may reduce or eliminate our ability to realize them. In addition, we may experience increased competition that limits our ability to grow our business. General industry and

business conditions may deteriorate, which also may limit our ability to grow our business or to exploit business opportunities. Finally, our growth and operating strategies for the combined businesses may not be successful or the costs of integration may be higher than expected. The inability to realize anticipated synergies, benefit from business opportunities or experience growth from the Acquisitions may materially adversely affect our business, financial condition, results of operations and cash flows and impair our ability to make payments on the Notes.

Although we perform due diligence with respect to acquisitions and joint ventures into which we enter, it may not be possible for these reviews to be comprehensive in all respects.

Several of the Aromatics and Acetyls Businesses' facilities are owned and operated in joint ventures with third parties. We do not control all of these joint ventures, and our lack of control and the actions taken by our joint venture partners in respect of these joint ventures could materially adversely affect our business.

Several of the Aromatics and Acetyls Businesses' facilities are owned and operated by joint ventures between us and one or more third parties. Although we own a majority of the interests and control the Zhuhai aromatics joint venture in China (92% owned by us), we do not control a number of other joint ventures to which we are a party, including in some cases where we own a majority of the interests. These facilities include the YARACO and BYACO acetyls facilities in China (51% and 50% owned by us, respectively), the BPPA acetyls facility in Malaysia (70% owned by us), the FBPC acetyls facility and CAPCO aromatics facility in Taiwan (50% and 61% owned by us, respectively), the Lotte BP acetyls facility in South Korea (51% owned by us) and the Atlas acetyls facility in Trinidad (37% owned by us). While we have a certain amount of influence over each of these joint ventures and can appoint directors, in some cases even a majority of directors, we do not control them and are therefore dependent on our respective joint venture partners to cooperate with us in making decisions regarding the relevant joint venture. Moreover, the management and day-to-day operation of the relevant facilities is the responsibility of the respective joint venture. Therefore, our ability to influence the management decisions and operations on a day-to-day basis is limited and we may be unable to prevent actions that we believe are not in the best interests of the relevant joint venture or our company as a whole which may result in increased audit and litigation risk for our joint ventures and for our company. In addition, our investments in joint ventures are illiquid and subject to direct and indirect transfer restrictions which may limit our ability to increase or decrease our ownership interests in joint ventures in the future. For example, several of our joint venture partners have notice, consent, put or veto rights, which may prohibit us from selling our ownership interests to certain third parties and/or require us to sell our interests to our joint venture partners instead. From time to time, our joint ventures may borrow money to help finance their activities and, in some circumstances, we may be required to provide funding to and/or guarantees of obligations of these entities. While our joint venture partners are subject to similar obligations in respect of our joint ventures, our joint venture partners could become bankrupt or otherwise fail to fund their share of required capital contributions or block or delay necessary funding. Any of the foregoing could materially adversely affect our business, financial condition and results of operations. As of December 31, 2019, the Aromatics and Acetyls Businesses' investment in joint ventures represents 23% of their net assets and as of September 30, 2020, represented 22% of their net assets.

BP provides us and certain of our joint ventures with a substantial proportion of the methanol and methane feedstock requirements in our Acetyls Business, and several of the Acetyls Business's sites (including at joint ventures) depend entirely on BP for their supply of methanol or methane.

BP is the sole supplier of methanol to the Acetyl site in Hull and Eastman's Texas City plant, which produces acetic acid sold under our profit sharing agreement. BP is also the sole supplier, via back to back arrangements with NGC, the national gas company of Trinidad and Tobago, of methane to the Atlas methanol joint venture. From time to time, BP also supplies methanol to our JV sites along with other suppliers, with these purchasing activities being managed entirely by the respective JV. However, the transitional agreement with BP for the supply of methanol to the Hull and Eastman facilities, will expire within one year after the BP Acquisition, and the contracts with NGC will expire in 2024. If we or one of our joint ventures were to lose BP as a supplier or if, as a result of operational problems at any of its facilities or for commercial reasons, BP were to become unable or unwilling to supply us and/or our joint ventures with methanol or methane in the required quantities or at all, we and/or our joint venture partners could experience temporary disruptions that could force us to shut down facilities or operate with sub-optimal economics.

In this case, we and/or our joint ventures could experience substantial delays in finding suitable replacement methanol feedstocks on commercially viable terms. At sites that are deeply integrated with BP's facilities and therefore depend entirely on BP for the supply of raw materials, we may be unable to find a suitable alternative supplier. If BP or other methanol suppliers fail to supply us with raw materials at any of our sites, we may be forced to shut the affected facilities, either temporarily or permanently. If any of these risks materializes, our business, financial condition and results of operations could be materially adversely affected.

Following consummation of the Acquisitions, we will rely on BP for a variety of transitional support services for our Aromatics Business and Acetyls Business. We cannot assure you that these transitional services will be sufficient for our needs or that we will be able to adequately replace these services after the transitional period.

Our Aromatics Business and Acetyls Business have historically worked with BP for the procurement and optimization of purchases of feedstocks on the international commodity markets, the off-take of aromatics and acetyls products and related commodity trading and hedging activities. In addition, BP in the past has provided our Aromatics Business and Acetyls Business with operational assistance, including in the areas of technical support, shipping and transportation. BP has agreed to continue to provide us with these services, other than trading and hedging assistance, for a limited period of time through a series of arrangements with BP's supply and trading operations. In addition, BP has agreed to provide certain transitional support services to us, including services related to information technology systems, treasury functions, human resources management and financial, tax and accounting services. While the term and termination provisions of the relevant agreements vary based on the service being provided, these agreements will all be terminated during 2021. We intend to develop capabilities to provide many of the services for which we will initially rely on BP during the term of the relevant agreements. If we fail to adequately replace the functions for which we will initially rely on BP, or are unable to enter into alternative arrangements with third parties on commercially viable terms, our business, financial condition and results of operations could be materially adversely affected.

The Aromatics and Acetyls Businesses' historical financial results as part of BP may not be representative of the Aromatics and Acetyls Businesses' actual results of the Aromatics Business and the Acetyls Business as stand-alone companies and of their future results.

The Aromatics and Acetyls Businesses combined carve-out financial statements and historical financial information included in this offering memorandum have been derived from BP's consolidated financial statements and accounting records and present the Aromatics and Acetyls Businesses as if they had been a separate stand-alone enterprise despite the fact that, during the periods presented in this offering memorandum, these businesses were part of BP. Therefore, this information may not be necessarily reflect (1) what the financial position, results of operations and cash flows would have been if these businesses actually had been a separate, stand-alone entity during the periods presented or (2) what the financial position, results of operations and cash flows of these businesses may be in the future. For more information on our financial condition, results of operations and cash flows, see "Selected Combined Historical Financial Information of our Aromatics and Acetyls Businesses", "Selected Consolidated Historical Financial Information of INEOS Styrolution", "Selected Consolidated Historical Financial Information of INOVYN", "Unaudited Pro Forma Condensed Combined Financial Information", "Operating and Financial Review and Prospects" and the financial statements for the Aromatics and Acetyls Businesses, INEOS Styrolution and INOVYN and the accompanying notes thereto included elsewhere in this offering memorandum.

Risks Relating to Our Business and Industry

Our business may be negatively affected by increases in raw material prices and other expenses that we are unable to pass on to our customers, volatility in raw material and energy prices, our inability to retain or replace our key suppliers and supply chain disruptions.

Our margins are largely a function of the relationship between the prices that we are able to charge for our products and the costs of the feedstocks and raw materials and energy we require to make these products. In our Styrolution Business, we require, among other materials, benzene and ethylene to produce styrene, and we require styrene to produce styrene derivatives. In our INOVYN Business, the key feedstocks and raw materials upon which we depend are energy, ethylene, naphtha and salt. In our Aromatics Business, we require, among other materials, mixed xylene isomers and paraxylene, and in our Acetyls Business, we require, among other materials, methane, carbon monoxide and methanol. As a result, our margins depend significantly on the price of these feedstocks and raw materials, which have historically been volatile and many of which, including benzene, ethylene, naphtha, xylenes and methanol, have, in turn, correlated closely to prices of crude oil further up in the production chain. After a brief rise in prices in the first half of 2015, the price of oil continued to decline in the second half of the year. Prices rose during 2016 and continued to rise during 2017 and most of 2018, before falling again towards the end of 2018. Prices again rose in 2019, but fell significantly in early 2020 on the back of global uncertainties due to the impact of COVID-19 and OPEC's failure to agree production cuts and still remain at prices below those of 2019.

Feedstock prices may also be affected by changes in energy prices. For example, anti-fracking sentiment relating to increased shale gas production in North America and public perception of the impact of oil and gas production on the environment could have an impact on the future availability of shale gas and partially or fully reverse improvements in energy costs and interfere with expected decreases in ethylene prices in the region. Depending on market conditions, we may or may not be able to pass feedstock price increases on to our customers.

Climate change and regulations related to climate change may also result in supply chain disruptions, higher material costs, and energy costs, as a result of environmental impacts from extraction and processing of raw materials, extreme weather events, extreme temperatures, or increased demand for limited resources, which may also impact profitability and customer retention.

Additionally, our margins are affected by our ability to negotiate prices that are favorable compared to market averages. They are also driven by our plant, utilities and logistics costs, including electricity costs. Across each of our businesses, we buy electricity under a number of long-term contracts with multiple suppliers, some of which will expire in the next few years. Many of these long-term contracts do not have fixed prices and will fluctuate over the term of the agreement. Changes in regulations and governmental policy may also drive certain fluctuations in the prices of our inputs. While we attempt to match raw material price increases with corresponding product price increases, our ability to pass on increases in the cost of raw materials to our customers is, to a large extent, dependent upon our contractual arrangements and market conditions. There may be periods of time in which we are not able to recover increases in the cost of raw materials due to our contractual pricing arrangements or to weakness in demand for, or oversupply of, our products. Specifically, timing differences in pricing between raw material prices, which may change daily, and product prices, which in many cases are negotiated only monthly or less often, sometimes with an additional lag in effective dates for increases, have had and may continue to have a negative effect on profitability. Even in periods during which raw material prices decline, we may suffer decreasing profits if raw material price reductions occur at a slower rate than decreases in the selling prices of our products.

Significant volatility in raw material costs tends to place pressure on product margins and working capital needs as sales price increases could lag behind raw material cost increases. Conversely, when raw material costs decrease, customers may seek relief in the form of lower sales prices. Even where we are able to pass on raw material price increases to our customers, timing differences between when we purchase raw materials and when we sell our products have had and may continue to have a negative effect on our results of operations. We do not currently use derivative instruments to reduce price volatility risks on feedstock commodities, however in our Aromatics Business, financial instruments will be used if customers specifically request atypical pricing that introduces financial risks, and any such arrangements in the future may not successfully reduce volatility risks. In addition, some of our customers, in particular, in our INOVYN and Aromatics Businesses, take advantage of fluctuating prices by building inventories when they expect product prices to increase and reducing inventories when they expect product prices to decrease. Further, volatility in costs and pricing can result in commercial disputes with customers and suppliers with respect to interpretations of complex contractual arrangements. Significant adverse resolution of any such disputes could also reduce our profitability.

Furthermore, during periods of high raw material prices, feedstock unavailability due to third party *force majeure* events or otherwise, oversupply of a particular product and/or lack of demand for any product, we may reduce production, idle a line, or discontinue production of certain materials. This could cause us to incur expenses relating to the idling and the restart of these facilities in addition to any losses incurred as a result of low demand or feedstock unavailability. In any given period, reduced demand or feedstock unavailability, and the ensuing facility idling or reduced production, could prevent us from meeting minimum, or break-even, production rates, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Certain of our plants rely on one or a limited number of feedstock suppliers. In certain cases, such feedstock is delivered to our plants via pipeline with no possibility of switching to alternative delivery models (e.g. vessel or truck) or to another supplier by pipeline and therefore we rely on a sole supplier. For example, in our Styrolution Business, our Sarnia SM plant currently uses one supplier of ethylene, which is delivered via pipeline. We similarly rely on single suppliers for a number of materials used in the Specialties business unit of our Styrolution Business. For example, our Dormagen plant currently uses one supplier of ACN, which is delivered via pipeline and our SBC plant in Yeosu, South Korea, relies on a pipeline connection for styrene and butadiene with one supplier for each raw material. In our Aromatics Business, our Texas City site is integrated with the Marathon Oil refinery and currently sources a substantial portion of its feedstocks and utilities from Marathon.

In our Acetyls Business, BP provides our Hull site and Eastman's Texas City plant, which produces acetic acid sold under our profit sharing agreement with all of their methanol feedstock requirements. All of our joint ventures in Asia are co-located on JV partner sites and are entirely dependent upon the JV partner for the supply of utilities, feedstocks and other services which allow the joint venture to operate. We have been unable to identify potential alternative sources for the supply of these utilities, feedstocks and services in the event that the joint venture partner is unable to supply them, without having to undertake extensive investments, which may not be possible. The methanol joint venture in Trinidad and Tobago receives its gas supply from NGC, the national gas company of Trinidad and Tobago, back to back with a supply from BP. The ability of the joint venture to maintain its operations relies on both continued supply, but also the ability to renew the terms of the contract on terms that are viable for the JV upon expiration. In our Aromatics Business, feedstock for our Texas City PX plant is predominately supplied by pipeline from

the Marathon Refinery (although non-pipeline supply options from other parties do exist) and the majority of PX feedstock for our Cooper River PTA plant is supplied by vessel from Texas City, although options exist to increase dependency on third party supply should it be required. In some cases, we have to date been unable to identify potential alternative sources for single-supplier materials. Without extensive own investments in import logistics facilities and own tanks we cannot solve this single-source situation.

If any of our suppliers is subject to a major production disruption or is unable or unwilling to meet its obligations under present supply agreements or decides to terminate any credit line that it has granted to us or is otherwise unable to meet our quality, quantity and cost requirements, we may face supply interruptions or be forced to pay higher prices to obtain the necessary raw materials, and we may not be able to increase the prices of our finished products. Moreover, our efforts to secure alternative sources for our feedstocks, raw materials and other products could fail, and we could incur significant costs and our results of operations could be adversely affected as a result. Therefore, increases in raw material prices or interruptions of credit or supply or our inability to negotiate supplier contract extensions on favorable terms could increase pressure on our margins and reduce our cash flows, which could adversely affect our business, financial condition and results of operations. In addition, we may be unable to fill our customers' orders on a timely and cost-effective basis or in the required quantities, which could result in order cancellations, decreased revenues or loss of market share and damage to our reputation.

We have not entered into formal written contractual or volume arrangements with certain suppliers. Accordingly, we have no contractual remedy if we suffer economic loss as a result of a cessation of supply or change in the terms of supply by such parties. These business relationships could therefore terminate at any time. In addition, most of our supplier contracts will be expiring in the next two to three years. For example in the Acetyls Business, BP supplies methanol to our Hull and Eastman's Texas City plants, which produces acetic acid sold under our profit sharing agreement, under transitional agreements that will expire within one year after the BP Acquisition. While the business intends to replace these agreements, if they cannot be replaced or renewed on similar terms, then these plants may suffer adverse economic consequences or material interruptions until new supplies can be found. Additionally, in our Aromatics Business, a multi-year, multi-product feedstock purchase and byproduct sales agreement with the Marathon Refinery will expire in January 2023. While the contract allows both parties to beneficially share in the spread between chemical and gasoline value of raw materials for the manufacture of PX, therefore providing incentives to both parties to prolong the relationship, a renewal of the contract, particularly on its current terms, is not guaranteed. If one of the suppliers with whom we source a large percentage of our materials decides not to continue to engage in business with us or increase the fees that they charge, we may suffer material disruptions to continuity of supply and our ability to meet demand.

Outbreaks of disease—The Group's operations and financial results have been negatively impacted by the outbreak of COVID-19, and the continued global COVID-19 pandemic, or the outbreak of other contagious diseases, may have a material adverse effect on our business, results of operations financial condition and cash flows.

Around the world, governments have been taking measures throughout 2020 in response to the COVID-19 outbreak, including imposing quarantines and travel restrictions and closures of various institutions. The effects of the COVID-19 pandemic, including such governmental actions, have resulted in a significant, sustained and swift decline in economic activity around the world. The duration of the outbreak and how much more extensive it will become is unclear. As of the date of this offering memorandum, despite the availability of vaccines, government measures continue to be imposed and continued around the world as a new strand of the COVID-19 virus has been discovered.

Additionally, beginning in early March 2020, the global oil markets have been negatively impacted by an oil supply conflict occurring when the Organization of Petroleum Exporting Countries and other major oil producing nations ("**OPEC+**") were initially unable to reach an agreement on production levels for crude oil, at which point Saudi Arabia and Russia initiated efforts to aggressively increase production. The convergence of these events with the COVID-19 pandemic created the unprecedented dual impact of a dramatic decline in the demand for oil as a result of the significant slowdown in the global economy coupled with the risk of a substantial increase in supply. The result has been a steep decline in oil prices, which has negatively impacted our margins due to inventory holding losses.

The Group's operations and financial results to date have been negatively impacted by this situation, and the Group expects this situation to continue to have an adverse effect on its business, financial condition, results of operations and cash flows. The COVID-19 pandemic has impacted demand across all regions, as numerous countries entered lockdown.

The adverse impacts the Group has or may experience due to COVID-19 include, but are not limited to:

- infections and quarantining of the Group's employees in areas in which the Group operates;

- the Group's ability to satisfy the terms of its contracts with customers in a timely or appropriate manner;
- cancellations, delays or downsizing of projects by the Group's customers;
- our customers, service providers or suppliers experiencing financial distress, filing for bankruptcy protection or insolvency, going out of business, or suffering disruptions in their businesses;
- weaker demand in all regions for some of our core products;
- logistical complexities in, and disruptions to, personnel travel and equipment and supply delivery to certain locations;
- the need to introduce measures to reduce the Group's costs and capital expenditure including reduction of its global workforce, implementation of a hiring and salary freeze and executive pay cuts;
- increased risk of impairments as a result of the effects of the COVID-19 pandemic on the Group's profitability;
- liquidity challenges, including the inability to refinance debt, obtain additional financing or sell assets on commercially reasonable terms, if at all, exhaustion of borrowing capacity and the need to implement liquidity preservation measures, as well as impacts related to delayed customer payments and payment defaults associated with customer liquidity issues and bankruptcies;
- structural shifts in the global economy and its demand for petrochemical products as a result of changes in the way people work, travel and interact, or in connection with a global recession or depression;
- the risk that the Group's insurance coverage is not likely to cover losses associated with pandemics like COVID-19 under its policies;
- cybersecurity issues, as digital technologies may become more vulnerable and experience a higher rate of cyberattacks in the current environment of remote connectivity due to stay-at-home orders; and
- a delay in the delivery of the integration activities or synergies for the Aromatics and Acetyls Businesses with the Group.

As of the date of this offering memorandum, the COVID-19 pandemic has had significant impacts on the financial markets. The associated principal risks to us as a result of this volatility in the financial markets include weaker currencies and the liquidity risk associated with potential increases in borrowing costs and the availability of debt financing. The further economic impact of COVID-19 will depend on the continuing spread of the virus and the responses of the authorities and the global community. Although the Group has taken various measures as of the date of this offering memorandum to address the impacts of COVID-19, we can give no assurance that these or other measures implemented in the future will be sufficient. The COVID-19 pandemic situation is dynamic, and updates on travel restrictions, shutdowns of non-essential businesses and shelter-in-place/stay-at-home orders are continually evolving. The extent of the COVID-19 outbreak's continued effects on the Group's operational and financial performance will depend on future developments, including the duration, spread and intensity of the outbreak and the government measures implemented in response, or whether widespread shutdowns return, all of which are uncertain and difficult to predict considering the rapidly evolving landscape.

Our facilities are subject to operational and other industry risks, including the risk of environmental contamination, which could have a material adverse effect on our operating results.

Our operations are subject to hazards inherent in chemicals and plastics manufacturing and the related generation, use, storage, transportation and disposal of feedstocks, products and wastes, including but not limited to:

- pipeline leaks and ruptures;
- fires and explosions;
- accidents;

- severe weather and natural disasters (including hurricanes and other high-wind events, floods, droughts or other adverse weather, which events could become more common as a result of climate change);
- mechanical and equipment failures (including due to inadequate maintenance);
- unplanned production or power outages (including blackouts) and unscheduled downtimes;
- transportation interruptions and accidents;
- unpermitted discharges or releases of toxic or hazardous substances or gases;
- other health, safety, security and environmental hazards; and
- sabotage or terrorist attacks (including due to access to facilities by unauthorized personnel due to insufficient security checks).

These hazards can cause personal injury and loss of life, catastrophic damage to, or destruction of, property and equipment and environmental contamination or other damages, and may result in a suspension of operations and the imposition of civil and criminal penalties, including penalties and damage awards. For example, in 2012, the INOVYN facility at Runcorn, United Kingdom experienced a caustic soda leak for which the INOVYN Business was fined. In addition, we operate hazardous waste landfills at our INOVYN sites at Runcorn; Tavaux, France; and Jemeppe, Belgium. Those landfills expose us to significant risks arising from the storage and disposal of hazardous materials and wastes. For instance, accidental discharges may occur in the future, future action may be taken in connection with past discharges, governmental agencies may assess damages or penalties or impose other sanctions against us in connection with any past or future releases or contamination, third parties may assert claims against us for damages allegedly arising out of any past or future releases or contamination and the closure and post-closure monitoring of such landfills may require us to incur significant costs.

We may incur significant costs to address any incidents or accidents, including to resolve claims or enforcement proceedings that are brought against us in connection with such an incident or accident, which can impact our operating results, even if most or all of the costs of such events are covered by insurance. For example, our Styrolution Business had to declare an event of *force majeure* relating to our Luran® SAN product on October 17, 2016, after a large chemical explosion occurred at BASF's Germany site in Ludwigshafen. The explosion occurred along the pipelines that connect BASF's harbor to the Rhine River, which carried ethylene and propylene. The explosion caused BASF to shut down 20 facilities and led to multiple fires at multiple points down the pipeline, damaging further product and supply lines. As a result of the explosion, we were unable to use our alpha-methylstyrene ("**AMS**") tank in the harbor for several weeks because the relevant authorities put all operations at the harbor on hold for safety reasons and to repair pipeline damage. We were therefore forced to rely on alternative supply solutions. Furthermore, SM-related raw material supply from BASF was limited over several months, forcing us to find alternative supply solutions to mitigate the impact of the shortage. This *force majeure* declaration remained in effect for more than one year, during which time we had to secure alternative feedstock supplies on a monthly basis, engage with our customers to manage order visibility and engage in extensive repair work to the styrene supply infrastructure in Ludwigshafen. In addition, in October 2011, a cracking furnace at our INOVYN facility at Jemeppe, Belgium broke down as a result of a manufacturing defect. During the period of inactivity of the furnace, which lasted approximately 10 months, the INOVYN Business suffered production volume losses of 120 kilotonnes of VCM.

In October 2020, our Aromatics Business's PTA plant in Geel suffered a delayed restart following a planned plant turnaround (TAR) coupled with a full site power outage caused by faulty switchgear of the offsite utility provider. Due to this *force majeure*, supplies to customers were partially interrupted as inventories, already low as a result of the planned interruption of production, were insufficient to sustain the level of demand at the time. Sales to customers were initially cut by 50%, before being raised to 80% of requirements upon the restart of the facility and ultimately returning to normal. More generally, the Aromatics Business operates plants in the United States Gulf Coast and in Zhuhai which can experience severe weather events that can limit operations either directly or because of the impact of such events on key suppliers of raw materials and utilities. Our ability to operate our site facilities in certain areas could also be impacted by increased extreme weather events relating to climate change. We may also face lost revenue or higher expenses related to climate change events (e.g. higher insurance costs, uninsured losses, diminished customer retention or new opportunities in areas subject to extreme weather or resource availability constraints).

Our Acetyls Business has declared *force majeure* on a number of occasions in recent years due to issues at our own plants or those operated as joint ventures. In 2014, a breakdown in synthesis gas resulted in a reduction in the

production of the acetic anhydride unit at our Hull facility, leading in turn to the acetic anhydride business declaring *force majeure*. The U.S. region had to declare *force majeure* in April 2018 when Linde, the carbon monoxide supplier to the Eastman Texas City site, suffered damage to the carbon monoxide compressor following a TAR. The damage required a new custom manufactured component to be flown in from Germany. The unit restarted at the beginning of July and the *force majeure* was lifted later in July. At our Hull, UK facility, in June 2014, a failure of a valve during start-up resulted in a delayed for approximately one week, which required the acetic acid business to declare *force majeure*.

Unforeseen transportation interruptions can also impact our operating results. For example, on September 5, 2017, our Styrolution Business declared an event of *force majeure* with respect to PS and Terluran ABS deliveries to Italy and Switzerland after the rail tracks at Rastatt, Germany, were severely damaged due to tunnel construction work and rail traffic on such route was stopped. Almost all of our cargo shipments from our European production sites to customers located in Italy and Switzerland are shipped via rail on the route through Rastatt, Germany, and as a result our shipments of PS and Terluran ABS products to customers located in such countries were severely curtailed for approximately two months. In addition, we have faced inbound transportation interruptions due to low water on the river Rhine, lock outages in the U.S., most notably on the Ohio and Mississippi rivers, and fog/storms in shipping channels. The costs to address such operational risks or hazards, including the loss or shutdown over an extended period of operations at any of our major operating facilities could have a material adverse effect on our business, financial condition and results of operations.

The availability of substitute products and regulatory initiatives that may encourage the use of such substitute products, may adversely affect demand for certain of our products and overall revenue and operations.

Substitutes may affect the sale of our commodity products and production advances for competing products or price changes in raw materials and products could result in declining demand for our products as our customers switch to substitute products.

In our Styrolution Business, our relevant commodity products include SM, PS and ABS Standard. For example, while we believe that the risk of substitution of SM as an input is low, SM demand is affected by the availability of substitutes for styrene-based plastics and synthetic rubber products. Additionally, the PS market has come under pressure due to competition from alternative polymers, particularly PP and PET (including recycled PET), as well as other materials such as PLA and paper, which can be used in packaging applications as substitutes for PS. Switching costs are relatively low as modern conversion lines can generally be switched between polymers, though investment may be required to process PET, and in some cases, to process PP. According to NexantECA, PS prices are generally expected to remain higher than the prices of its substitutes due to high benzene prices, and demand for PS is expected to remain sensitive to the price differential between PS and PP. ABS faces substitution risks as well. Certain lower-end applications can replace ABS with less expensive materials (such as PP or PS), and certain higher-end applications can replace ABS with more technical and more expensive plastics such as PC. As a result, it is difficult to protect our market position for these products by product differentiation. Additionally, we risk undermining our competitive position and favoring substitution every time we are forced to increase the price of our commodity chemicals. Significant substitutions in our markets may have a material adverse effect on our business, financial condition and results of operations.

In the INOVYN Business, our main commodity products are general purpose PVC, ECH and caustic soda. PVC, one of our main INOVYN products, has attracted significant attention from environmental advocacy groups and government regulators, and some EU member states and the European Parliament have sought to increasingly regulate its use, marketing, distribution, recycling and disposal. Because many regulations relating to PVC affect our operations and the type of PVC products we produce, restrictions on PVC manufacture, use or disposal could have a material adverse effect on our business, financial condition, results of operations and cash flows. Such regulations could also adversely affect perceptions of and demand for our products even if they do not impact the manufacture of our products directly. In addition, factors such as environmental and health concerns relating to the consumer use of PVC or chlorine-containing products have in the past caused, and could in the future cause, a shift in market demand toward alternative polymer-based products and certain natural products such as timber, metals and natural fibers. We may find that our competitors who specialize in such alternative products are in a more advantageous commercial position if further consumer substitutions should take place. Should substantial customer substitution occur, it could have a material adverse effect on our business, financial condition, results of operations and cash flows. In our Aromatics Business, in Europe in particular, the increase in the availability of recycled PET and new technologies to increase recycled content in packaging, driven in part by legislative mandates and in part by brand owner commitments to customers that surpass regulatory requirements, has the potential to moderate growth or even reduce demand for virgin product. This is likely to slow growth rates in PTA versus historical numbers and in the extreme, reduce the absolute demand for PTA in the region. In addition, PET is susceptible to substitution. Although, historically, PET is the cheapest of the major polymers and is also the most recyclable, we have seen substitution from other polymers such as PE, PP and PS into PET in the past five years.

In addition, globally we are seeing a trend whereby various jurisdictions have adopted or proposed legislation or regulatory initiatives banning, taxing, or otherwise regulating plastics, including single-use plastics which has and will continue to affect the demand for our Styrenics commodity products, in particular PS, by requiring or encouraging our customers to use substitutes that are less affected by such laws and regulations. For example, Directive (EU) 2019/904 on the reduction of the impact of certain plastic products on the environment of the European Parliament (the "**EU Parliament**") and the Council of the European Union (the "**EU Council**") (the "**Single-Use Plastics Directive**") of June 5, 2019 will impact the use of certain plastic products, including styrene-based plastics and synthetic rubber products produced by our customers using our products, in particular PS. The Single-Use Plastics Directive may cause our customers to become subject to restrictions on placing on the market of certain single-use plastic products, extended producer responsibility schemes requiring producers to cover the costs of collecting, transporting, treating and cleaning up single-use plastics, obligations to finance consumer awareness campaigns and product marking requirements, among other requirements. EU Member States will have until July 3, 2021 to implement most provisions of the Single-Use Plastics Directive and until January 5, 2023, and July 3 and December 31, 2024 to implement certain other provisions, and the scope of such implementing laws and regulations may generally be broader than the scope of the Single-Use Plastics Directive. As a result, the Single-Use Plastics Directive and national implementing laws and regulations may significantly increase the production costs and regulatory burden of our customers, decreasing demand for our commodity products used in plastics production. In addition, in India, the government of prime minister Narendra Modi recently proposed a nationwide ban on certain single-use plastics. While the government decided against implementing such plans in October 2019, it may introduce similar measures in the future to implement its policy of curbing the use of single-use plastics. Furthermore, in Mexico, certain local governments have approved legislation that limits the use of single-use plastics in cities such as Mexico City, where such limitations have been in force and effect since January 2020. In the U.S., numerous states have also approved laws or restrictions on single-use plastics or foam products, and there has been a significant increase in such laws and regulations in recent years. We expect that more jurisdictions will continue to adopt such bans, taxes, and other laws and regulations over time, and that existing laws and regulations will become more stringent over time. If demand for our products were to decrease due to such regulatory measures and their impacts on our customers, our business, financial condition and results of operations could be materially adversely affected.

Significant competition in our principal industries may adversely affect our competitive position, revenue and overall operations.

The principal industries in which we operate are highly competitive.

For example, in our Styrolution Business, the demand for styrene and its derivatives is largely driven by the demand for plastics and synthetic rubber production, both of which are relatively mature markets. While we currently have significant market share with respect to our primary products, there are a number of global and regional producers that compete with us, including large competitors in North America, Europe and Asia. Due to the commodity nature of many of our products, competition in the styrenics industry is based primarily on price and, to a lesser extent, on product consistency, supply reliability and customer service. Customers who purchase commodity products have the ability to switch suppliers with relative ease, and customers who purchase specialty products may have the ability to choose among several approved suppliers; as a result, customers may be able to switch suppliers without much notice and without

incurring significant costs. Although we believe we are a low-price producer with a variable cost base, other producers may have significantly greater financial and other resources than we have, which means they may be better able to withstand changes in market conditions.

For PS in our Styrolution Business, we also face increasing competition from Middle Eastern and Asian producers. Producers in the Middle East benefit from low-priced ethylene feedstock due to an abundant crude oil and natural gas supply. Middle Eastern producers, whose SM businesses are generally not forward-integrated into the production of derivative compounds, are expected to continue to export SM to Europe and Asia. Additionally, new PS capacity has and is expected to continue to come on-stream in the Middle East. In particular, Saudi producer CPChem has started a PS plant in a JV with Saudi Petrochem SABIC. As a result of this new capacity, we have seen and expect to continue to see increased exports to Southern Europe, particularly Turkey, and Asia. This has increased competition and put pressure on our PS margins in Europe. Middle Eastern imports are in part due to low ethylene prices and low energy costs. According to NexantECA, China, India and Vietnam are also expected to be the only locations globally that may experience PS capacity growth in the future. China is the largest PS market in the world and demand is still growing. Accordingly, we have observed more capacity from domestic players, which could also suppress prices and adversely affect our business, financial condition, results of operations and cash flows.

For ABS in our Styrolution Business, Asian producers are some of the world's largest and are able to exploit significant economies of scale. We expect capacity to continue to increase in Asia, particularly in China where new world scale facilities have been announced (*e.g.*, Jilin, LG and our own recently-announced 600 kilotonnes facility in Ningbo). Asian, and in particular South Korean and Taiwanese, ABS producers have achieved a significant foothold in the Americas and the EMEA region through structural import flows. For example, the European Commission signed a free trade agreement with South Korea in 2010 designed to eliminate or phase out most tariffs, including in particular those on ABS imports into Europe. In addition, duties for South Korean ABS to the U.S. are being reduced in a stepwise process. Subsequent to the conclusion of such free trade agreement, an increased amount of ABS imports came to Europe and North America from South Korea and Taiwan. These import pressures from large Asian producers affect ABS Standard prices in all regions, with downward knock-on effects on the prices that we were able to charge to our own customers. As ABS markets have grown in all regions, Western European and U.S. producers have also been able to enjoy high utilization rates in recent years. In 2020, Asia accounted for an estimated 82.6% of global ABS capacity. NexantECA forecasts include modest ABS capacity growth in Western Europe where we are converting one of our polystyrene lines at the Wingles, France, site to manufacture ABS and Versalis has announced plans to increase ABS capacity in Mantova, Italy by the fourth quarter of 2021. The pressure on our margins and our potential loss of market share resulting from this and other instances of trade liberalization—and from intense and increasing competition generally—could adversely affect our business, financial condition, results of operations and cash flows. See "*Business—Competition*" and "*Industry*."

In our INOVYN Business, the markets for PVC, caustic soda and chlorine derivatives such as ECH and chloromethanes are mature in Europe and there are several manufacturers that compete with us. Some of our competitors are subsidiaries or divisions of large chemical companies, including Dow Inc.; Olin Corp.; Kem One Holdings SAS; Nouryon; Westlake Chemical Corp.; BorsodChem Zrt; Orbia Advance Corp.; Shin-Etsu Chemical Co., Ltd; VYNOVA; Hexion; Spolchemie; Anwil SA and Ercros SA. Competition for PVC, caustic soda and ECH sales is based mainly on price. Although we are a low-cost producer with a track record of generating cash flow through cyclical downturns, other manufacturers may have significantly greater financial and other resources than we do and may be able to better withstand changes in market conditions. Moreover, we may not have sufficient financial resources compared to our competitors to continue making investments in our manufacturing facilities, or for product development.

Producers of VCM and PVC in North America and the Middle East benefit from low-priced ethylene feedstock due to abundant crude oil and gas supply (in North America especially, on the back of recent shale gas developments). Producers in North America have also increased their presence in the European market following recent acquisitions in Europe. Since 2013, PVC imports into the European Union have increased significantly from North America (U.S. and Mexico), Egypt and South Korea. Chinese producers, which currently produce VCM and PVC principally to meet internal consumption demands, are some of the world's largest producers and are able to exploit very significant economies of scale although they lack advantaged raw materials and are not as competitive as North American or Middle Eastern producers. Although the Middle East currently lacks PVC capacity and is a net importer, if significant new PVC capacities were to be developed based on competitive raw materials, such as U.S. shale gas, and these PVC producers sought to compete directly against us in our European and target export markets, the resulting pressure on our margins would adversely affect our business, financial condition, results of operations and cash flows. Imports of caustic soda from the U.S., Egypt and the Middle East have also increased in recent years.

In Aromatics Business, no region enjoys a material structural cost advantage as raw materials and energy prices are closely linked to the underlying value of crude oil and transportation fuels. However, a significant number of new

world scale PX and PTA facilities, primarily in China, which enjoy economies of scale, are being commissioned. This will reduce the price of PX relative to its underlying gasoline value putting pressure on facilities in the western hemisphere and North America in particular that extract value from the Aromatics supply chain by upgrading gasoline components such as mixed xylenes into PX for use as feedstock in the production of PTA. Although the Aromatics Business's facility in Zhuhai China is a merchant buyer of PX and could potentially benefit from the trend, our European and North American operations, which operate mixed xylene upgrading facilities, risk experiencing downward pressure on margins.

Similarly, in our Acetyls Business we face increasing competition in each region, driven by increasing regional trade flows and both U.S. and Asia producers seeking to sell out their plants as local market demand changes. Competitors in the U.S., the Middle East and China may from time to time enjoy advantaged feedstock positions in coal and natural gas, and others are integrated into methanol and synthesis gas. While the Acetyls Business has a strong technology position, the feedstock advantages can off-set this. Further, competitors may also benefit from economies of scale and downstream integration. Global utilization rates will change as new acetic acid capacity is built primarily in the U.S. on the back of low cost gas and in China where acetic acid economics rely on low coal prices which are unique for the country. India, a large import market for acetic acid, has no significant domestic production but were this to change, then imports into India would fall, putting pressure on the available supply in Asian and European market.

While we aim to operate as a low-cost producer in our industries and are focused on reducing our fixed and variable cost base across our production chain, there may be improvements in the cost competitiveness of other manufacturers relative to us or in the performance properties of substitutable products, which could adversely affect the demand for, and prices of, our products, as well as our profitability. Similarly, as discussed below, we operate in a regulated industry, and certain of our competitors may be better positioned with respect to applicable requirements, or better able to respond to changes in regulation more quickly or effectively than we are. For instance, the EU Emissions Trading System ("**EU ETS**") regulations governing greenhouse gas ("**GHG**") emissions have been implemented at the national level in several EU member states, and the EU member states in which we operate may require us to purchase more emissions allowances than our competitors located in other EU member states, thereby driving up our costs or putting us at a competitive disadvantage. The UK Emissions Trading Scheme, which replaces the EU ETS in the UK, operates on a similar basis and is relevant for our UK operations.

Moreover, certain of our products compete with other materials in the marketplace, some of which may follow different economic cycles and become more competitive. Our businesses could be adversely affected by regulations applicable to our products, negative public perceptions of our products or the substitution of other products for our products.

In addition to future trade agreements entered into by the U.S. or the European Union, tariffs on imports from the jurisdictions in which we manufacture our products could also lead to increased competition from imports and lower domestic prices. For example, during the Trump administration, the U.S. imposed 25% tariffs on a variety of imports from China and subsequently implemented tariffs on additional goods from China. Such tariffs could, in particular, negatively affect demand for our customers' products that are produced in China and sales from China on the re-export market of our own ABS and PS products in our Styrolution Business and our joint ventures' acetic acid products in our Acetyls Business. In the Acetyls Business, acetic acid is generally consumed within the Chinese and other Asian markets, however the products downstream of the Acetyls Business may be exported outside of these markets and therefore, any tariffs imposed on downstream businesses could potentially negatively impact our business. Further, in response to the U.S. tariffs, China imposed a tariff on imports of PVC into China which impacted U.S. producers. These tariffs and related trade tensions have resulted in uncertainty in the global economy, reducing confidence and growth. Future actions of the U.S. administration and that of other governments, including China, with respect to tariffs or international trade agreements and policies remain unclear. The escalation of a trade war, tariffs, retaliatory tariffs or other trade restrictions on products and materials imported by us into China may significantly hinder our ability to provide our products to customers in China or other affected locations. Such developments may result in a decrease in demand for our products as well as delays in payments from our customers. If any such tariffs or trade restrictions were to disproportionately affect our products as compared to those of our competitors, our business, financial condition, results of operations and cash flows could be materially adversely effected. See "*—As a result of our international operations, we are exposed to currency fluctuation risks as well as to regulatory and local business risks in several different countries that could adversely affect our profitability*".

Our industries are cyclical, and global economic factors, including risks associated with a recession and our consumers' access to credit, as well as changing market capacity, demand and prices may negatively affect our products' prices, reduce our operating margins and impair our cash flows.

Our revenue is primarily attributable to the sale of SM, PS, ABS Standard and Specialties in our Styrolution Business, PVC, caustic soda and chlorine derivatives in our INOVYN Business and PTA in the Aromatics Business and acetic acid and acetic anhydride in our Acetyls Business. Certain of our products, including SM, certain grades of PS and ABS Standard, PVC, ECH, caustic soda, PTA, acetic acid and acetic anhydride, are commodity chemicals. The prices and margins of these commodity chemicals have historically been cyclical and sensitive to relative changes in, among other factors, global and regional capacity, supply and demand levels, the availability and price of raw materials and feedstocks and general economic conditions. Across these industries, cycles are generally characterized by periods of high demand or decreased supply, leading to high operating rates and margins, followed by periods of oversupply resulting primarily from either significant capacity additions or lower demand, leading in turn to reduced operating rates and lower margins.

Historically, prices of many of our raw materials have fluctuated significantly as a result of factors such as general global economic prospects, fluctuations in oil prices, and production constraints on the part of our suppliers. While we attempt to match raw material price increases with corresponding product price increases, our ability to pass on increases in the cost of raw materials to our customers is, to a large extent, dependent upon market conditions. There may be periods in which we are not able to recover increases in the cost of raw materials immediately due to our contractual arrangements or to weaknesses in demand for, or oversupply of, our products. Under unfavorable market conditions, it may take a number of months to recover the raw material cost increases.

In our Styrolution Business, supply and demand in the styrenics industry is driven by product prices, the availability and price of substitute products, as well as general economic conditions, including GDP growth and growth of core industries that consume styrenics. Demand is also impacted by changes in consumer spending and confidence because many of our products are used as inputs in the manufacturing of consumer end products in the electronics, healthcare, household, automotive, construction and packaging sectors. Adverse economic conditions can affect consumer and business spending generally, which would result in decreased demand for goods that incorporate our products and have an adverse effect on our results of operations. As a result, our financial results are substantially dependent upon the overall economic conditions in the U.S., the European Union, China and the rest of Asia. An extended recession in any of these locations or globally—or public perceptions that result in declining economic conditions—could substantially decrease the demand for our products and adversely affect our business. The recent global economic weakening since the second half of 2019, which was exacerbated by the COVID-19 pandemic, has resulted in reduced manufacturing and consumption in key end use sectors for certain businesses, which has lowered consumption levels and average plant operating rate levels in our industry. As a result, we have seen a decline in volumes and margins since the second half of 2019. Furthermore, the packaging industry, which accounted for approximately 27% of our Styrolution Business's revenue in 2019, has experienced significant decline in recent years, particularly in Europe and North America, as recycling and sustainability concerns have risen and led to single use plastic restrictions in multiple jurisdictions. See "*—The availability of substitute products and regulatory initiatives that may encourage the use of substitute products may adversely affect demand for certain of our products and overall revenue and operations.*" Our results could be materially adversely affected if we are unable to adapt to changes in consumer preferences and increase our presence in other end user sectors. See "*—We may be unable to implement our business, cost control and growth strategies*."

In our INOVYN Business, European PVC demand dropped from peak levels in 2007 to much lower levels in the fourth quarter of 2008 as a result of the global economic downturn and since then the size of the market has not fully recovered. However, since 2014, European PVC operating rates and PVC spreads over ethylene have improved as a consequence of the structural changes that had taken place in the industry during 2008 to 2014, which included various plant closures. The prolonged industry downturn between 2008 and 2014 was primarily due to weakness in the construction market that occurred in connection with a general global economic downturn. Such downturns typically cause PVC prices to fall. As a result, less chlorine is produced for PVC production, and therefore less caustic soda is available as a by-product. As a result of the decreased supply of caustic soda, the price of caustic soda tends to rise. Typically, six to nine months after an economic slowdown begins, and once the effects of the economic slowdown move beyond the construction sector and reach general industrial production levels, caustic soda demand falls along with prices. Typically, during periods of economic recovery, the reverse process occurs with the anticipated economic recovery spurring construction activity, which is then subsequently followed by increased production levels. In addition, during periods of low demand for our products in the markets that we target, we may be required to export our products to other markets more than we would otherwise, such as Asia and in particular India and Turkey. Our margins on such exports may be significantly lower than our margins on sales in our target markets. The major factor reducing the margins is the high transportation costs associated with exporting the product. Additionally, the prices that customers

outside of Europe pay tend to be lower than those charged in Europe, because the consumers of exports are usually buying the product as the marginal tranche of their overall requirements and will generally buy at the lowest prevailing price available.

Due to the COVID-19 pandemic, during the second quarter of 2020, demand for general purpose PVC and specialty PVC declined in many European markets. Our INOVYN Business partially offset this decline in Europe by selling in export markets. While demand in Europe troughed in April, it began to re-bound in May and June and recovered to pre-COVID-19 market levels in the third quarter of 2020. In addition, following falls in oil prices, ethylene contract prices reduced significantly and energy prices also fell dramatically in the second quarter of 2020, but have partially recovered in the third quarter of 2020. As a result, there were higher PVC spreads, as reductions in ethylene prices were retained. In addition, reduced demand for chlorine and limited caustic soda availability resulted in higher prices. During this period, our INOVYN Business also implemented a series of programs to preserve cash including review of timing of turnarounds (some of which were deferred until later in 2020 or into 2021 such as the VCM turnround at Stenungsund and Tavaux which were postponed until September-October 2020 and March-April 2021 respectively), reduction in the levels of non-essential capital expenditure, reductions in spend against provisions and cut-back of non-essential fixed cost expenditure.

The markets for some of our other INOVYN products, including chloromethanes, allylics, ECH and chlorinated paraffins, have also experienced alternating periods of tight supply, causing prices and margins to increase, followed by periods of weak demand, resulting in oversupply and declining prices and margins. The demand for chlorinated paraffins is closely linked to the demand for PVC.

Global demand for PTA has grown by approximately 5% per year for the last five years prior to the year 2020 which was affected by the COVID-19 pandemic. This trend inevitably triggered a strong but uneven supply response that led and will continue to lead to periods of structural over-supply, which may be quite significant. We believe that our Aromatics plants are typically low-cost operators, but during times of over-supply our plants are likely to experience margin pressure while less competitive assets may be forced to close. The Aromatics Business is currently facing increasing competition from mainly Asian producers, primarily in China. China is likely to become a greater exporter of PTA, competing with traditional exporters like South Korea and Taiwan in both regional and global markets. Demand for PTA is also impacted by changes in consumer spending and confidence because many of our products are used as inputs in the manufacturing of consumer end products such as textiles, apparel, household, automotive, construction and packaging products.

In our Acetyls Business, the markets for acetic acid and anhydride are cyclical and exposed to external factors. The markets have experienced periods of tight supply followed by capacity expansions resulting in pressure on margins. Products are global and move between regions, creating arbitrage opportunities and putting pressure on margins due to exposure between regions with differing feedstock environments or competitive positions. New capacity is forecast to be built in the U.S. and China on the back of advantaged feedstock positions and perceived growing market opportunities. However, as acetic acid and its derivatives are highly traded between regions, any investment which is not matched with a corresponding increase in consumption will lead to a surplus in supply in one region and subsequent export into other regions, impacting the business's profitability.

Other economic downturns and crises may occur in the future, with similar adverse effects on the economies of the countries in which we do business and on our end user sectors, resulting in knock-on impacts on industry volumes and margins. For example, if the COVID-19 pandemic were to worsen or the withdrawal of the UK from the European Union, commonly known as 'Brexit', were to affect GDP growth or general economic conditions in the countries in which we operate, our business, financial condition and results of operations could be adversely affected. An inability to anticipate industry cycles with proper forecast systems (including reliable IT resources), to allocate market research and R&D resources strategically in response thereto or to manage our inventory adequately could lead us to fail to meet high customer demand in up-cycles, incur significant overstock costs in down-cycles, lose our competitive advantage and erode our market share. Industry cyclicality and volatility may affect prices across our businesses and may negatively impact our ability to forecast cash requirements, which could result in liquidity shortages and poorer operating margins and cash flows. This, in turn, may adversely affect our overall business, financial condition and results of operations.

Our business and operations are subject to business interruption risks due to the actions of third parties, which could have a material adverse effect on our business, reputation, financial condition and results of operations.

Due to the nature of our business, we are at risk of business interruption due to the actions of third parties. Our operations depend upon timely deliveries of adequate supplies of raw materials and are therefore vulnerable to disruptions in the supply or transportation of feedstocks, including benzene, ethylene, acrylonitrile, butadiene, energy, naphtha, salt, mixed xylene isomers and parxylene, methane and methanol. Any delays may affect our ability to maintain

our operations at anticipated production levels. For example, many of our vendors and subcontractors have operations that are also subject to HSSE risks associated with the use of hazardous materials. Any future HSSE-related incidents affecting our vendors and subcontractors may result in significant regulatory actions, fines and other penalties, including restrictions, prohibitions or sanctions on their operations which could impair their ability to perform their contracts with us or could otherwise subject us to claims or liability, all of which could have a material adverse effect on our business, reputation, financial condition and results of operations. In addition, if any facilities experience damage or temporary closures due to any number of incidents, events or hazards caused by third parties, including protests, or if we suffer product quality issues due to contaminated feedstock received from our suppliers, our reputation, business, financial condition and results of operations may be adversely affected.

Our operations also depend upon our access to essential utilities, services and rights, such as electricity, waste water services, cooling water supply, drinking water supply, raw, treated and polished water supplies, steam supply, feedstock supply tanks, land use rights, abstraction rights, discharge rights, pipeline easements, other modes of product and raw materials transportation and natural gas, nitrogen, oxygen, carbon monoxide, synthesis gas, instrument air supply, and processing of by-products and waste as gases or liquids or solids. Any interruptions to the provision of such utilities to our plants may likewise affect our ability to maintain our operations at anticipated production levels or force us to halt production at the affected plant. A prolonged outage of a critical utility may also result in a controlled shutdown of the affected plant or parts of such plant and associated loss of production. In particular, severe damage to a dedicated power station generating steam for plant consumption could have a significant impact on our operations, as damage to steam boilers can take significant time and cost to fix and temporary back-up solutions are not easily available. For example, loss of operations in particular by the steam supplier at our Styrolution Sarnia plant would result in stoppage of our plant production until steam was re-supplied, given that this plant is dependent on a sole supplier for steam and alternative supply arrangements are limited. Some of our operations are dependent on other industrial operators, such that a prolonged interruption in their operations could have an impact on our operations. For example, the INOVYN operations at Tavaux, France have co-dependency for steam with the Solvay operations at Tavaux.

In the Acetyls Business, across our sites and joint ventures, utilities and raw materials are often supplied by third parties. For example, for our Hull site, this includes steam, electricity and oxygen, while in three of our joint ventures (Texas City, BYACO and BPPA) the required synthesis gas or carbon monoxide is purchased from a third party. In all cases, given the nature of the sites, the ability to change suppliers is limited and an interruption could have adverse consequences on the business, as was illustrated at the Texas City site in April 2018, when problems on the restart of the reformer operated by a third party, resulted in the business declaring *force majeure* for approximately three months.

At our Styrolution Business, delays or interruptions in the third-party supply of raw materials or utilities could affect, in particular, our production of SM, which is the main input into our other products. Material SM supply shortages of a significant duration could force us to stop production of the rest of our product range, which could lead to losses of sales, reputational harm and production facility idleness. This could have a material adverse effect on our business. For example, we had to declare an event of *force majeure* relating to our Luran® SAN product on October 17, 2016, after a large chemical explosion occurred at BASF's Germany site in Ludwigshafen, which lasted more than one year. In our Acetyls Business, interruption in feedstocks or raw materials of a significant duration could force us to stop production, which could lead to losses of sales, reputational harm and production facility idleness. See "*—Our facilities are subject to operational risks, which could have a material adverse effect on our operating results*."

In addition, low water levels on major transport waterways, such as the Rhine River, or service interruptions due to flooding or freezing of waterways located near our or our suppliers' facilities could adversely affect certain of our operations. In our Aromatics Business, the supply of mixed xylenes from Gelsenkirchen and mixed xylene and paraxylene from Shell Rhineland refineries are affected by both low and high water on the Rhine which can limit the ullage and ability for barges to sail. For the Acetyls Business, a number of raw materials or products are shipped by water. For example, methanol is supplied in bulk by ships to our facility in Hull, UK and a portion of the acetic acid produced is exported by ship. Any significant shortages in the supply of raw materials, including due to transportation services interruptions or amendments to laws and regulations affecting such supply or services could disrupt our operations and increase our costs, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Where we lack the equipment or infrastructure to support our own logistical requirements, we are also dependent on the availability of adequate third-party carriers to deliver our products to our customers. Potential shortages or unavailability of trusted transportation providers, missed deliveries or disruption of trucking, railroad or sea shipping services due to weather-related problems, mechanical difficulties, strikes, lockouts and other events could temporarily impair our ability to deliver our products to our customers at competitive rates or at all, which could cause reputational damage and inflate transportation costs. For example, on September 5, 2017, our Styrolution Business declared an event of *force majeure* with respect to PS and Terluran ABS deliveries to Italy and Switzerland due to the closure of a major

rail link, which lasted approximately two months. See "*—Our facilities are subject to operational risks, which could have a material adverse effect on our operating results*." Our INOVYN Business experienced production restrictions in the first quarter of 2019 due to a declaration of *force majeure* at INOVYN's Martorell, Spain facility, which was the result of the closure of a waste water site operated by a regional public body. Our INOVYN Business was also impacted by temporary strikes in recent years by SNCF (railroad workers) in France and by Antwerp harbor employees as well as a general strike in France which blocked haulers, forcing a slowdown of production at Tavaux and strikes at Spanish and Swedish ports which blocked shipping out of the Martorell and Stenungsund facilities for several days to export destinations. We are also subject to the risk of theft of, tampering with or use of our shipments for smuggling purposes by third parties, for example during transit in railcars, which could lead to loss or delay of such shipments or reputational harm to our business or subject us to liability. In certain cases, this could lead to breaches of supply agreements and loss of customer business, which may have a material adverse effect on our results of operations and cash flows.

Similarly in the Aromatics Business, delays or interruptions in the third-party supply of raw materials or utilities could affect production of PX and PTA. For example, a number of coincident *force majeure* declarations from several suppliers of acetic acid in the U.S. in the third quarter of 2018 reduced production of PTA at Cooper River South Carolina, by around 20 kilotonnes.

Our growth strategy at our businesses depends in part on the ability of our businesses to take advantage of growing demand for our products in emerging markets. We may be unable to execute this strategy if emerging markets do not grow as expected or if regional producers in such markets are able to satisfy the increased demand.

The highest growth of styrene demand is occurring in emerging markets, principally in Northeast Asia. In 2019, Northeast Asia accounted for an estimated 53% of global styrene demand, and we believe the demand for styrene and styrene derivative products in this region will continue to grow. Asia, and primarily China, is currently net short of styrene and NexantECA predicts that in the short term, in the short term projected capacity additions will likely outpace demand. The Asian styrene market is expected to grow below regional GDP over the forecast, primarily driven by the addition of styrene derivatives capacity in China, India and South-East Asia. Capacity additions in the medium to long term are most likely to stem from China, with large increases in capacity expected by 2023, including our recently announced planned ABS facility in Ningbo, China. A significant component of our growth strategy generally, and our Asian operations specifically, relies on our ability to expand our presence in the growing Asian market. As a result, our manufacturing operations and financial results are subject to downturns in the economies of China and other emerging markets, including India, Russia and South Korea, where our products will be sold. Such a decline in the expected growth rate in emerging markets could materially reduce our expected future revenue and could have a material adverse effect on our business, financial condition and results of operations.

Within the INOVYN Business, we are targeting emerging economies where the demand for PVC is high and PVC capacities are not always available locally, such as India and Turkey. As regards our global long-term development, we are targeting emerging markets such as India and Southeast Asia where PVC capacities are in demand and therefore could offer opportunities in the future. If these markets do not grow as expected it could affect our long term development plan.

Our Aromatics Business has well established operations in China, Taiwan and Indonesia and low cost options to expand production and exploit market growth within the region, a key strategic pillar of the business. If these markets do not grow as expected, it could affect our expected future revenue and growth plan.

The Acetyls Business has a significant production presence in Asia through its JVs, and continued access to these markets underpins the performance of the business. While these markets are expected to grow, they also represent regions of capacity additions where new plants will take advantage of advantaged feedstock positions. Thus the business could be adversely effected by advantaged new entrants into these markets and any decline in the economic performance of the Asian market which would depress growth in the demand for acetic acid, and in turn place further stress on the business's plants as compared to incumbents and new entrants.

Even if the economies of emerging markets continue to grow as we expect, we may be unable to penetrate these markets. If regional producers are able to meet the growing demand and/or compete directly against us on the basis of our core competitive strengths described elsewhere in this offering memorandum, the resulting pressure on our margins would adversely affect our business, financial condition and results of operations.

Adverse conditions in the credit and capital markets, or other business-related factors, may limit or prevent our and our customers' ability to borrow or raise capital.

While we believe we have facilities in place that will allow us to borrow or otherwise raise funds as needed, adverse conditions in the credit and financial markets could prevent us from obtaining financing in the future. Worsening credit and financial markets may also affect one or more of our major suppliers, which may terminate a credit line granted to us. Furthermore, even if financial markets are stable, we may be unable to obtain access to credit on attractive terms or at all if we suffer a rating downgrade, if we are too highly leveraged or if lenders believe that our business model is too dependent on volatile commodities or any other source of uncertainty.

Our ability to invest in our businesses and refinance debt obligations could require access to the credit and capital markets and sufficient bank credit lines to support cash requirements. If we are unable to access the credit and capital markets, including an inability to acquire receivables financing in countries that have suffered credit ratings downgrades, this could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Moreover, many of our customers also rely on access to credit to adequately fund their operations. If such customers are unable to access the credit and capital markets due to general economic, country-specific or idiosyncratic factors such as those described above, they may be forced to reduce their production levels or capital expenditures and purchasing volumes or otherwise curtail their operations. Any such effects on our customers' operations may in turn adversely affect our business by reducing our sales, increasing our exposure to accounts receivable bad debts and reducing our profitability.

We may be adversely affected by the loss of key customers for certain of our products or the loss resulting from nonpayment and/or nonperformance by our customers.

Because we maintain relationships with select industry leading customers, in certain cases, sales to such customers represent a substantial portion of our regional revenue. For example, in our Styrolution Business, we have long-standing relationships with leading PS consumers in North America. Additionally, our top 10 Styrenics customers globally accounted for 17.3% and 17.9% of our Styrolution Business's revenue in the year ended December 31, 2019 and the nine months ended September 30, 2020, respectively. In our INOVYN Business, our chlorine derivatives products are also sold to a small number of customers, and we depend on certain key customers for our sales of those products. For instance, in the year ended December 31, 2019 we had major long-term contracts to supply chloroform to Solvay Specialty Polymers Italy SpA in Italy which accounted for approximately 87% of our INOVYN Business's chloroform sales volumes (89% for the nine months ended September 30, 2020). Additionally, in the case of ECH and Allyl chloride, approximately 57% of our INOVYN Business's sales volumes in the year ended December 31, 2019 was generated from our INOVYN Business's top five customers (52% for the nine months ended September 30, 2020). In the year ended December 31, 2019, the top 14 customers in our European Aromatics Business represented approximately 80% (86% for the nine months ended September 30, 2020) of revenues and the top three customers in our U.S. Aromatics Business represented approximately 80% (85% for the nine months ended September 30, 2020) of revenues. During the same period, in our European Acetyls Business, the top 16 customers represented approximately 80% (and the top 17 customers represented approximately 80% for the nine months ended September 30, 2020) of acetic acid sales and the top 10 customers represented approximately 80% (and the top 8 customers represented approximately 80% for the nine months ended September 30, 2020) of acetic anhydride sales while in our U.S. Acetyls Business, the top 10 customers represented approximately 60% (61% for the nine months ended September 30, 2020) of acetic acid sales. A concentrated customer base poses a risk to our business as the loss of our key customers in one or more major regions could lower sales and create overcapacity in certain categories of products or at certain facilities, which would negatively impact our results of operations in those locations.

In addition, our credit procedures and policies may not be adequate to effectively manage the customer credit risk to which we are exposed. Our customers may experience financial difficulties, including bankruptcies, restructurings and liquidations. These and other financial problems that may be experienced by our customers, as well as potential financial weakness in our industry, may increase our risk in extending trade credit to customers. A significant adverse change in a customer relationship or in a customer's financial position could cause us to limit or discontinue business with that customer, require us to assume more credit risk relating to that customer's receivables or limit our ability to collect accounts receivable from that customer, all of which could have a material adverse effect on our business, financial condition, results of operations and cash flows. Our insurance may not compensate us for all or any of such negative effects.

Certain of the Company's and our joint ventures' contracts with customers and suppliers will expire (or may terminate) in the short term. There can be no assurance that we will be able to renegotiate these contracts on similar terms

upon their expiration. The unanticipated costs of less favorable terms or loss of custom may materially affect the profitability of the Company.

We have not entered into formal written contractual arrangements with certain customers. Accordingly, we have no contractual remedy if we suffer economic loss as a result of such customers ceasing or reducing their purchases from us. These business relationships could therefore terminate at any time. Exercise of these rights to termination by our customers could have a material adverse effect on our business, financial condition and results of operations.

There are substantial risks associated with doing business in emerging markets, including risks related to political, economic and legal uncertainty and lack of business insurance.

We produce, distribute and/or market our products in numerous emerging markets, including, in our Styrolution Business, Brazil, China, India, Russia, South Korea, Thailand, Turkey and Vietnam, in our INOVYN Business, India, Turkey and South East Asia and, in our Aromatics and Acetyls Businesses (including through our joint ventures), China, Indonesia, Malaysia, South Korea, Taiwan, India and Turkey. These regions may have less developed legal systems and financial markets, and are generally recognized to present greater political, economic and operational risks than the U.S. and Western Europe. Some of the risks associated with conducting business in emerging markets include: slower payment of invoices; nationalization; social, political and economic instability; and currency repatriation restrictions. In addition, commercial laws in some emerging markets can be vague, inconsistently administered and retroactively applied. If we are deemed not to be in compliance with applicable laws in the emerging markets where we conduct business, our prospects and business in those countries could be harmed. Additionally, in certain countries, such as India, we have to insure our subsidiaries locally in accordance with local law, with the result that our policies are subject to limits and deductibles scaled to the size of our local operations. To the extent that we suffer a loss of a type which would normally be covered by insurance in the U.S. or Western Europe, such as product liability and general liability insurance, we would incur significant expenses in both defending any action and in paying any claims that result from a settlement or judgment. Furthermore, our limited experience in large-scale investment project development in the complex environments of certain emerging markets may impact our ability to accurately predict the reasonable costs, timelines and other requirements of establishing a presence in those regions, and our lack of pre-existing ties may result in inadequate access to local highly-skilled specialists. These and other factors could have a material adverse impact on our business, financial condition and results of operations.

We are highly regulated and may incur significant costs to maintain compliance with, and may have substantial obligations and liabilities arising from, HSSE laws, regulations and permits applicable to our operations.

We are subject to a wide range of HSSE laws and regulations in all of the jurisdictions in which we operate. These requirements govern our facilities and operations and address, among other things, wastewater discharges, releases of hazardous materials into the environment, human exposure to hazardous materials, the classification and registration of certain chemical products and raw materials, the manufacture, storage, handling, treatment, transportation and disposal of hazardous substances and wastes, air emissions (including GHG emissions), noise emissions, operation and closure of landfills, the clean-up of contamination and contaminated sites, process safety, risk management and accident prevention and the maintenance of safe conditions in the workplace. Recently enacted or pending regulations or governmental orders limiting emissions of benzene, Cobalt, Diacetate (PTA catalyst), mercury, sulphur dioxide, nitrogen oxide, EDC, VCM and hydrofluorocarbons and other air pollutants could require us to incur significant costs for additional pollution control or air monitoring equipment or result in operational changes. Please see "*Business—Safety, Health and Environment.*" In some jurisdictions, HSSE laws and regulations impose restrictions on the manufacturing, use, import, export or sale of certain substances, raw materials and/or products. Many of our facilities require permits, approvals and pollution controls to operate and many of our operations require permits and controls to monitor or prevent pollution, and these permits are subject to modification, renewal and revocation by issuing authorities. We have incurred, and will continue to incur, substantial ongoing capital and operating expenditures to maintain compliance with current and future HSSE laws, permits and regulations applicable to our operations, or the more stringent enforcement of such requirements.

We expect that our operations will be subject in the future to new and increasingly stringent HSSE laws, regulations and permits and that substantial costs will be incurred by us to ensure continued compliance. Under the framework of the Industrial Emissions Directive ("**IED**"), the European Union has issued Best Available Techniques ("**BAT**") Reference Documents ("**BREFs**"), the purpose of which is to define technology and to provide limits for substances emitted to the environment. In particular, significant capital expenditures have been incurred by our INOVYN Business in recent years in relation to the BREF Document for the Production of Chlor-Alkali. This BREF mandated all European mercury-based Chlor-Alkali production facilities to cease operations by December 11, 2017. Since the creation of our INOVYN Business, it has closed four mercury cellrooms in Runcorn, UK; Zandvliet, Belgium; Martorell, Spain and Stenungsund, Sweden. The Zandvliet output was replaced by a new membrane cellroom in Lillo, Belgium with production starting in October 2016, whilst a conversion project at Stenungsund was successfully completed in January

2019. A potential cellroom conversion project at Martorell has been put on hold whilst we investigate the option of building our own dedicated ethylene import facility in the region. In the meantime, the VCM and PVC complex is being fed by a combination of external and internally sourced EDC.

The impact of other BREF documents resolved by the European Commission such as Common Waste Water and Waste Gas Treatment in the Chemicals sector **("CWW")** and Production of Large Volume Organic chemicals **("LVOC")** have been assessed, and gap assessments will be carried out for certain of our facilities once the Waste Gas in Chemicals sector **("WGC")** BREF has been published by the Integrated Pollution Prevention and Control **("IPCC")** bureau. For example, at our Geel facility, the relevant regulatory authority has indicated that higher standards of wastewater treatment will be required in the future. A gap analysis against current practice has been carried out by the site and a program of approximately five to six years has been developed in order to meet the new standards suggested by the relevant regulatory authority for the renewal of permits. See "Business—Safety, Health and Environmental Matters—Industrial Emissions Directive" for further information.

In addition, it is possible that further of our feedstocks, products or by-products in the future may be classified as hazardous or harmful and thus could require significant compliance or remediation costs not currently anticipated. To the extent new restrictions or classifications result in significant additional costs or impact our ability to produce or market, or the consumer demand for, our products, our business could be materially and adversely affected.

If we do not predict accurately the amount or timing of costs of any future compliance, remediation requirements or private claims, our environmental provisions may be inadequate and the related impact on our business, financial condition or results of operations in any period in which such costs need to be incurred could be material. Given the nature of our business, violations of HSSE requirements, whether currently alleged or arising in the future, may result in substantial fines or penalties, the imposition of other civil or criminal sanctions, clean-up costs, claims for personal injury or property damages, the installation of costly pollution control equipment, or restrictions on, or the suspension of, our operating permits or activities.

At certain sites where we operate, regulators have alleged, or we have otherwise identified potential or actual non-compliance with HSSE laws and/or the permits which authorize operations at these sites. Some of these allegations or instances of non-compliance are ongoing, and substantial amounts may need to be spent to attain and/or maintain compliance. In addition, we have in the past paid, and in the future may pay, penalties to resolve such matters. Our businesses and facilities have experienced, and in certain cases, are in the process of investigating or remediating, hazardous materials in the soil, groundwater or surface water bodies at locations where we operate and/or adjacent properties and/or natural resources at public and private lands not owned by us that result from current or historical operations.

Many of our sites have an extended history of industrial chemical processing, storage and related activities, and may currently be subject to engineering or institutional controls or restrictions or may become subject to such controls or restrictions in the future. We are currently, and from time to time have been or may be, required to investigate, manage and remediate releases of hazardous materials or contamination at or migrating from certain of these sites as well as at properties we formerly owned, leased or operated and/or at closed sites that we still own and occupy. This includes certain of our Chlor-Alkali facilities, where we are managing the phase-out of mercury. We also are, and in the future may be, responsible for investigating and cleaning up mercury or other contamination at off-site locations where we or our predecessors disposed of or treated or arranged for the disposal or treatment of hazardous wastes. Under some environmental laws, liability can be imposed retroactively, without regard to fault or knowledge, and on a joint and several basis. In connection with contaminated properties, as well as our operations generally, we also could be subject to claims by government authorities, individuals and other third parties seeking damages for alleged personal injury or property or natural resource damages resulting from environmental contamination or hazardous exposure caused by our operations, facilities or products. The discovery of previously unknown contamination, the imposition of new obligations to investigate or remediate contamination at, or migrating from, our facilities or other locations or restrictions on the use of our facilities, could result in substantial unanticipated costs. Our insurance coverage may not be adequate to cover all the risks we may face or may not be sufficient to fully cover such claims, even if insured.

We could be required to establish or substantially increase our operational budget and/or financial reserves for such obligations or liabilities and, if we fail to accurately predict the amount or timing of such costs, the related impact on our business, financial condition or results of operations in any period in which such costs need to be incurred could be material. In addition, HSSE laws and regulations can impose various financial responsibility requirements on us, and pursuant to these requirements we may be required to post bonds, create trust funds or provide other assurances that we will be able to address contamination at our sites and comply with our decommissioning obligations once our facilities reach the end of their useful lives.

Our operations involve the intensive use of hazardous materials and we have been from time to time subject to claims made for damage to property or injury, including adverse health effects, to employees and other persons, resulting from our operations. Claims made in the future could have a material adverse effect on our reputation, business, financial condition or results of operations.

Our INOVYN Business's operations involve significant water usage, with annual industrial water costs of approximately €14 million in 2019. Changes to the environmental regulations and other factors, such as water shortages as a result of climate change, could increase the cost of water, which would in turn impact our operating and production costs.

Our financial results may be adversely affected if environmental liability arises for which we are not adequately indemnified, or from a disposal of assets or businesses for which we provided a seller's indemnification in respect thereof. Our financial results may still be adversely affected to the extent that:

- the sellers do not fulfill their respective indemnification obligations;
- we breach our obligations not to undertake certain activities that may aggravate existing conditions or to mitigate associated losses;
- we incur indemnification obligations for other environmental liabilities owed as part of certain disposals of assets or businesses; or
- we incur significant costs for pre-acquisition conditions that are not covered by the indemnities.

Our businesses could be adversely affected by chemical safety regulations applicable to our products and raw materials or negative public perceptions of our products.

Our products and our raw materials are subject to extensive HSSE and industrial hygiene regulations that require the registration and safety analysis of, and in some cases impose restrictions on, certain of the substances contained in them. For example, in connection with the EU Regulation (EC) No 1907/2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (as amended, the "**REACH Regulation**"), or the Regulation (EC) No 1272/2008 on classification, labelling and packaging of substances and mixtures (as amended, the "**CLP Regulation**"), any key raw material, chemical or substance, including our products, could be classified as having a toxicological, health-related or otherwise adverse or relevant effect, including impacts on the environment, on users of our products or on workers handling those products. In the event of such a classification, those key raw materials, chemicals, substances and/or products could be banned or restricted for certain uses. For example, Methylmethacrylate, which is used as a monomer in one of our production processes, has recently been recommended for a category 1 sensitizer classification which could have adverse consequences for the handling of this material or even the processing of the subsequent products produced. Similarly, Maleic anhydride has recently been classified as a sensitizer and this could also have adverse consequences for its handling in our processes or for use in final products.

We manufacture, process, or use a number of substances classified as substances of very high concern ("SVHC") under REACH, in each of our businesses and the continued use of these substances may require authorization from the European Chemicals Agency ("**ECHA**"). In addition, styrene has been classified by ECHA as a substance "suspected of damaging the unborn child" and, under the National Toxicity Program ("**NTP**") of the U.S. Department of Health and Human Services, as "reasonably anticipated" to be a human carcinogen. Further regulation or a reclassification of styrene could result in additional restrictions in the future on our manufacturing operations, including stricter air and water emissions limits, more burdensome requirements for additional ventilation or personal protective equipment at our facilities, or on our sale or distribution of styrene, including relevant warnings on material safety data sheets or on the packaging for our products and restrictions on use in certain types of products, as well as legal action relating to product and other liabilities.

As another example of chemical regulatory laws that we face, in Ontario, Canada, the Toxics Reduction Act, 2009 requires reduction in the use and creation of toxic substances, including certain raw materials from which our products are synthesized. This legislation requires tracking, publication of toxic substance reduction plans and reporting. It is possible that in the future the legislation could restrict or prohibit the use of these, or other, specified toxic substances. Similar regulations are in place, have recently been more stringent, or are being considered in other jurisdictions, including the U.S., which could result in additional requirements, including notification, testing, labelling and record keeping obligations, on our operations. For example, in June 2016, amendments to the U.S. Toxic Substances Control Act ("**TSCA**") became law, and the U.S. Environmental Protection Agency ("**USEPA**") published a list of ten

chemical substances that are the subject of EPA's initial chemical risk evaluations, as required by TSCA. This list includes certain chemicals which we manufacture in the INOVYN Business, which are currently being evaluated by USEPA pursuant to TSCA. Moreover, we are engaged in ongoing discussions with the EPA regarding risk reduction measures in relation to the use of medium chain chlorinated paraffins and long chain chlorinated paraffins and have signed up to a testing program with other manufacturers to assess the risks and hazards associated with these substances. There is a possibility that the results of these tests may result in restrictions on uses for such products in the U.S. market, which could have an adverse effect on our business, financial condition or results of operations. it is possible that they could trigger risk screening by the U.S. Environmental Protection Agency ("**USEPA**") of substances we produce or use, and this risk screening could lead to new or more stringent regulatory obligations and/or restrictions, including, potentially, prohibitions on manufacture and sale of certain substances we produce. Please see "*Business—Safety, Health and Environmental Matters—Toxic Substances Control Act ("TSCA")*".

The regulation of, or reclassification of, any of our raw materials or products could result in a ban or restriction on its purchase or sale, adversely affect the availability of raw materials or the marketability of our products or require us to incur increased costs to comply with notification, labeling, handling, processing, distribution, sale and transport requirements, each of which could result in a material adverse effect on our business, financial condition and/or results of operations.

In addition, in order to obtain regulatory approval of certain new products and production processes, we must, among other things, demonstrate to the relevant authorities that the product is safe for its intended uses and that we are capable of manufacturing the product in accordance with applicable regulations. The process of seeking approvals can be time-consuming and subject to unanticipated and significant delays. Approvals may not be granted to us on a timely basis, or at all. Any delay in obtaining, or any failure to obtain or maintain, these approvals would adversely affect our ability to introduce new products, to continue distributing existing products and to generate revenue from those products, which could have a material adverse effect on our business and prospects. New laws and regulations may be introduced in the future that could result in additional compliance costs, confiscation, recall or monetary fines, any of which could prevent or inhibit the development, distribution and sale of our products.

Existing and proposed regulations to address climate change through reductions of greenhouse gas emissions and restrictions on other air emissions, may cause us to incur significant additional operating and capital expenses or adversely affect demand for our products.

Our operations result in emissions of greenhouse gases ("**GHGs**"), such as carbon dioxide and methane. Growing concern about the sources and impacts of global climate change has led to a number of regional, national and supranational legislative and administrative measures, both proposed and enacted, to monitor, regulate and limit carbon dioxide and other GHG emissions. As a result, our operations, as well as those of our customers, are subject to stringent regulations relating to carbon dioxide and other GHG emissions, compliance with which may require installation of additional pollution control equipment, purchase of emissions allowances or credits or other operational changes, which could increase our production costs or, to the extent incurred by our customers, negatively affect our profitability or demand for our products.

At the international level, many nations have agreed to limit emissions of GHGs pursuant to the United Nations Framework Convention on Climate Change, also known as the "Kyoto Protocol". Methane, a primary component of natural gas, and carbon dioxide, a byproduct of the burning of oil, natural gas, and refined petroleum products, are GHGs addressed by the Kyoto Protocol. Although the U.S. is not a party to the Kyoto Protocol at this time, all EU member states have ratified it. Furthermore, more than 100 nations, including the U.S. and China, have agreed to the Copenhagen Accord, which includes a non-binding commitment to reduce GHG emissions. As a result of commitments made at the UN climate conference in Durban, South Africa in December 2011, certain members of the international community negotiated a treaty at the December 2015 Conference of Parties in Paris. This Paris Agreement, which entered into force in November 2016, requires developed countries to set targets for emissions reductions once the Agreement is adopted by those individual countries within their respective national or federal law. Although the U.S. began, in November 2019, the process to withdraw from the Paris Agreement, following an election in November 2020, the President-Elect indicated his intention to rejoin that agreement in early 2021. Additional measures requiring reductions in GHG emissions may be implemented by other countries in which we operate, including, for example, the EU's proposal to gradually intensify the reduction of its GHG emissions, to at least 40% of 1990 levels by 2030, on the condition that other major economies undertake to do their part in the global attempt to reduce emissions.

In the EU, our GHG emissions are currently regulated under the European Union Emissions Trading Scheme (the "**EU ETS**"), an EU-wide system imposing emissions limits and permitting trading of allowances for industrial GHG emissions. The EU ETS has become, and is expected to continue to become, progressively more stringent over time, including by reducing the total number of allowances to emit GHGs as well as those that EU member states will allocate

without charge to industrial facilities and by introducing and/or increasing fees for allowances. Such measures could result in increased costs for us to: (i) operate and maintain our facilities; (ii) install new emission controls; (iii) purchase or otherwise obtain allowances to emit GHGs; and (iv) administer and manage our GHG emissions program. The UK Emissions Trading Scheme, which replaces the EU ETS in the UK, operates on a similar basis and the aforementioned points made in respect of EU operations are also relevant to our UK operations. In addition, any future divergence between the EU ETS and the UK Emissions Trading Scheme may impose additional burdens on our operations. Furthermore, in Ontario, Canada, a Point of Impingement standard that significantly reduces the allowable emissions of benzene became effective in July 2016. We undertook measures in our capital investment plan to upgrade our Sarnia operations to reduce benzene emissions in accordance with the requirements set out under this standard and achieved the necessary capital improvements in the Styrolution Business's Sarnia site to ensure compliance in July 2016. Version 2.0 of the Point of Impingement standard regulating benzene emissions came into effect in Ontario in February 2018. Although the Sarnia site complies with the current standard, and we are subject to a governmental order requiring us to reduce benzene emissions and perform fenceline monitoring, so additional capital improvements are in progress to ensure continued compliance with tighter requirements for benzene emissions and we might also be required to perform a health risk study assessing the impacts of emissions on human health.

In the U.S., we are required to monitor and report to the USEPA annual GHG emissions from certain of our U.S. facilities. In addition, the USEPA has promulgated regulations under the Clean Air Act ("**CAA**") which subject the GHG emissions of certain newly constructed or modified facilities to pre-construction and operating permitting requirements. Pursuant to these requirements, newly constructed or modified facilities in the U.S. with the potential to emit certain quantities of GHGs are required to implement "best available control technology," which can include carbon efficiency standards, GHG emission concentration limits, specific technology requirements or other measures. Significant uncertainty exists as to how newer or stricter GHG regulations will in the future impact large stationary sources, such as our facilities in the U.S., and what costs or operational changes these regulations may require.

In addition, in 2012 and 2016, the USEPA has issued final regulations under the CAA that establish air emission controls for oil and natural gas production and natural gas processing operations, including New Source Performance Standards to address emissions of sulfur dioxide and volatile organic compounds, or VOCs. The USEPA also issued a request for data and information relating to a separate set of emission standards to address hazardous air pollutants frequently associated with oil and natural gas production and processing activities in 2016, but withdrew such request in March 2017 under the Trump administration. In August 2020, the Trump administration recently rescinded methane emissions requirements for oil and gas production and processing that were contained in the final rules. Significant uncertainty exists as to future regulation of these activities under the CAA. We continue to monitor the situation closely.

In addition, the U.S. Congress has from time to time considered adopting legislation to reduce emissions of GHGs and numerous U.S. states have already taken legal measures to reduce emissions of GHGs primarily through the planned development of GHG emission inventories and/or regional GHG gas cap and trade programs. Although the U.S. Congress has not adopted such legislation at this time, it, or additional U.S. states, may do so in the future, along with other countries (in addition to the EU), and we cannot yet predict the form such regulation will take (such as a cap and trade program, technology mandate, emissions tax or other regulatory mechanism) or, consequently, estimate any costs that we may be required to incur in respect of such requirements, for example, to install emissions control equipment, purchase emissions allowances, administer and manage our GHG emissions program, or address other regulatory obligations. Such requirements could also adversely affect our energy supply, or the costs (and types) of raw materials we use for fuel. For example, in August 2015, the USEPA released a final version of the Clean Power Plan ("**CPP**"), which sought to reduce GHG emissions from power plants. On June 19, 2019, the USEPA issued the Affordable Clean Energy ("**ACE**") rule to replace the CPP. The ACE rule established emissions guidelines for states to use in developing plans to address greenhouse gas emissions from existing coal-fired power plants, focusing on heat rate improvements to define the "best system of emission reductions" and unit-specific standards of performance. Plans are required to be submitted by individual states by 2022. Requirements arising from these, or different, regulations controlling or limiting GHG emissions could have a material adverse impact on our business, financial condition or results of operations, including by reducing demand for our products.

Our insurance coverage may not be adequate to cover all the risks we may face, and if we were no longer covered by our existing insurance, it may be difficult to obtain replacement insurance on acceptable terms or at all.

Our plants, machinery, equipment, inventories and other assets at our wholly owned sites are insured on an all-risk basis under group-wide policies entered into by the INEOS Group and under which we are a named insured party for certain property damage, business interruption, public liability risks (*e.g.*, product liability and environmental risks), marine risks, construction risks and certain financial risks (*e.g.*, directors' and officers' liability insurance), while our joint ventures are covered by separate insurance arrangements. We pay insurance premiums on the policies that cover our operations and certain fees to insurance agents in connection with these policies. These property and liability insurance policies can only provide cover for entities that are controlled by INEOS or in which INEOS has at least a 50% interest. In addition to our global insurance policies, we have separate policies covering our Styrenics operations in India, which provide similar coverage on a regional basis. Our major Styrenics construction projects, defined as those with a total investment cost above €100 million, are also insured separately with bespoke project insurance policies. Our INOVYN Business also has separate local policies for employee liability and vehicle insurance. In addition, our joint ventures maintain their own insurance coverage. We believe these insurance policies are generally in accordance with customary industry practices, including deductibles and limits of coverage, but we cannot be fully insured against all potential hazards incident to our business, including losses resulting from the operational hazards described above under the heading "*—Our facilities are subject to operational risks, which could have a material adverse effect on our operating results"*, or all potential losses, including those related to product recalls or damage to our reputation. Such insurance policies are also subject to deductibles and limitations, including on the maximum amount of liability covered. We may incur losses beyond the limits, or outside the coverage, of our insurance policies, including liabilities for violations of environmental requirements and contamination, which are generally subject to significant limitations and exclusions. If we were to incur a significant liability for which we were not fully insured, it could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Our global insurance policies are renewable on a yearly basis, commencing on June 1, 2021. As a result of market conditions, premiums and deductibles for certain insurance policies can increase substantially and, in some instances, certain insurances may become unavailable at a reasonable cost or available only for certain risks. Further, if INEOS were to cease to hold at least a 50% interest in our business, we may no longer be entitled to coverage under these policies. We can provide no assurances that we will be able to renew, or obtain replacement insurance for, our insurance policies on acceptable terms or at all in the future.

As a result of our international operations, we are exposed to currency fluctuation risks as well as to regulatory and local business risks in several different countries that could adversely affect our profitability.

We currently operate facilities in 19 different countries. Our businesses are subject to risks normally associated with international operations, including currency fluctuation risks and local business risks. Our results of operations may be affected by both the transaction effects and the translation effects of foreign currency exchange rate fluctuations. We are exposed to currency fluctuation when we convert currencies that we receive for our products into currencies required to pay our debt, or into currencies in which we purchase raw materials, meet our fixed costs or pay for services, which could result in a gain or loss depending on fluctuations in exchange rates. In particular, a large proportion of our manufacturing costs and our selling, general and administrative expenses are incurred in currencies other than the euro, principally the U.S. dollar, the pound sterling, the Norwegian krone and the Swedish krona as well as other currencies including the Chinese renminbi, the Korean won, Japanese yen, Thai baht and Indian rupee, reflecting the location of our production sites and the currency in which certain raw materials are traded. At the same time, many of our sales are invoiced in U.S. dollars or local currencies. In each case, income or expense is reported in local currency and translated into euro at the applicable currency exchange rate for inclusion in our financial statements. Therefore, our financial results in any given period may be materially affected by fluctuations in the value of the euro relative to the U.S. dollar, the pound sterling, the Norwegian krone and the Swedish krona, as well as other currencies including the Chinese renminbi, the Korean won, Thai baht and Indian rupee. Significant changes in the value of the euro, the U.S. dollar and other currencies relative to each other could have a material adverse effect on our business, financial condition, results of operations and cash flows. We do not currently hedge our exposure to fluctuations in foreign exchange rates, though we may choose to do so in the future.

We are also exposed to other risks of international operations, including trade barriers, international trade agreements and tariffs, exchange controls, national and regional labor strikes, social and political risks, general economic risks such as local economic downturns, required compliance with a variety of foreign laws, including tax laws, anti-corruption and bribery laws (*e.g.*, the U.S. Foreign Corrupt Practices Act of 1977, the UK Bribery Act 2010 and the Organisation for Economic Co-Operation and Development's Anti-Bribery Convention) and laws sanctioning trade with specified countries or individuals, and the difficulty of enforcing agreements and collecting receivables through foreign legal systems. Any changes in such laws and policies restricting international trade could have a material adverse effect

on our business. For example, as a result of recent revisions in the U.S. administrative policy, there are, and there may be additional changes to existing trade agreements, greater restrictions on free trade and significant increases in tariffs on goods imported into the U.S., in particular those manufactured in Mexico and Canada. Future actions of the U.S. administration and that of foreign governments, including China, with respect to tariffs or international trade agreements and policies remain unclear. The escalation of a trade war, tariffs, retaliatory tariffs or other trade restrictions on our products or those of our customers or suppliers, in particular on materials imported by us into China, may significantly hinder our ability to provide our products to customers in China or other affected locations.

Such developments may result in a decrease in demand for our products as well as delays in payments from our customers. Furthermore, other governmental action related to tariffs or international trade agreements, changes in social, political, regulatory and economic conditions, or in laws and policies governing foreign trade, manufacturing, development and investment in the territories and countries where our customers are located, could lead to a rebalancing of global export flows and an increase in global competition, which in turn could adversely affect our business, financial condition, results of operations and cash flows.

In addition, due to the nature of our industry, we are subject to national and international regulations governing the import and export of chemicals or goods containing chemicals. Specific regulation or prohibition of chemicals in our supply chain could result in a need to obtain special authorization for product movements, which could lead to increased costs and delays. In our INOVYN Business, EDC, carbon tetrachloride, chloroform and dichloropropene are covered by Prior Informed Consent regulations from the EU which implement the Rotterdam Convention. We also apply for export licenses from the EU and file an annual report to the European Chemicals Agency. The Acetyls Business is a manufacture of both acetic acid and acetic anhydride. The export of acetic anhydride, which the Acetyls Business manufactures in Hull, UK, is subject to export licenses from the UK government and satisfactory end user declarations. Should these export licenses become more stringent or require increased costs, whether through changes in legislation or through the effects of Brexit, the Acetyls Business could be exposed to increased costs or may be unable to make these sales. Additionally, in China, the sale of acetic acid is subject to a dangerous goods license. The maintenance of this license is required to support the business's on-going sales within China. Any failure to monitor regulatory developments in all jurisdictions in which we operate, or an infringement of these or other regulations governing international operations could result in investigations, loss of sales or customers, production delays and reputational damage, all of which could have a material adverse effect on our results of operations and financial prospects.

We may be unable to implement our business, cost control and growth strategies.

Our future financial performance and success largely depend on our ability to implement our business strategies successfully. We cannot assure you that we will successfully implement the business strategies described in this offering memorandum or those to be developed by our management, or that implementing these strategies will sustain or improve and not harm our results of operations in targeted sectors. In particular, we may not be able to lower our fixed costs, increase our manufacturing efficiency or asset utilization, enhance our current portfolio of products or achieve other fixed or variable cost savings in order to remain a low-cost producer of our products.

Our business strategies are based on assumptions about future demand for our current products and the new products and applications we are developing, as well as on our continuing ability to produce our products profitably. Our ability to implement our business strategies depends on, among other things, our ability to finance our operations and product development activities, maintain high quality and efficient manufacturing operations, respond to competitive and regulatory changes, access quality raw materials and utilities in a cost-effective and timely manner, respect local, regional or international anti-competition rules relating to horizontal or vertical integration in connection with our arrangements with customers and suppliers, retain and attract highly-skilled technical, managerial, marketing and finance personnel, and, in certain cases, re-arrange, relocate and close certain manufacturing facilities with minimal disruption to our operations, divest businesses or discontinue product lines on favorable terms and with minimal disruptions.

Our results of operations are materially influenced by the degree to which we utilize our assets in order to achieve maximum production volumes. We cannot guarantee that we will be able to implement our cost leadership strategy, which will include maximizing the utilization of assets. For example, the number and length of turnarounds (scheduled outages of a unit in order to perform necessary inspections, tests to comply with industry regulations and any maintenance activities that may be necessary) and unplanned outages have had, and may in the future have, an impact on our operating results, even if such outages are covered by insurance. For example, in 2018 the length of our scheduled turnaround at our Bayport, Texas, U.S., Styrenics facility had to be extended by several weeks due to unforeseen damage to heat exchanger coils. During such period, we were forced to rely on alternative SM supply arrangements and procure SM from the market. Similarly, in 2020 the length of our scheduled turnaround at our Styrene facility in Texas City in the U.S. Gulf Coast lasted six to eight weeks longer than planned due to unforeseen problems and the delay was further exacerbated by COVID-19. In our INOVYN Business, sales volumes of general purpose PVC, specialty PVC and caustic soda were lower as a result of a key turnaround program in the second quarter of 2019 at the chlor-alkali, VCM and PVC facilities in Rafnes, Norway, that reduced production volume. The turnaround lasted longer than expected due to unforeseen technical reasons at the VCM plant. The turnaround impacted EBITDA by an estimated €20 million, of which approximately €6 million was related to the unplanned delays. In our Acetyls Business, issues pertaining to the restart of the third-party supplier of carbon monoxide resulted in the U.S. business declaring *force majeure* in 2018. In 2018, our Aromatics Business also experienced a delay at one its PTA plants during a scheduled turnaround due to adverse weather and the lengthy commissioning of a replacement crude TA drier. Additionally in 2011, the Acetyls Business suffered delays in the commissioning of the new reformer on its Hull site, which in turn resulted in the business declaring *force majeure*. See also "*—Our facilities are subject to operational risks, which could have a material adverse effect on our operating results*" and "*—Our business and operations are subject to business interruption risks due to the actions of third parties, which could have a material adverse effect on our business, reputation, financial condition and results of operations*." In addition, we may be unable to implement on a timely basis our business strategies, including our cost reduction strategy, in accordance with our plans or at all. In the process of implementing our business strategies, we may experience severe business disruption and loss of key personnel. In addition, the costs involved in implementing our strategies may be significantly greater than we anticipate.

Furthermore, we may not achieve the results anticipated in connection with our growth strategies if, for example, we are unable to maintain or gain market share in key customer industries, secure additional footholds in emerging markets or develop new and unique Specialties products responsive to evolving client requirements. The costs involved in implementing our strategies may be significantly greater than we currently anticipate. Furthermore, our growth strategies rely on our ability to complete projects on time and to ramp up production at such facilities efficiently. For example, in our Styrolution Business, we have undertaken several projects including: our new ASA facility at our Bayport, Texas site, the conversion of a PS line at our Wingles, France facility to mass ABS, the expansion of our SM capacity at our Antwerp, Belgium facility and our recently announced ABS facility in Ningbo, China. In our INOVYN Business, to further drive our Specialty Vinyls growth plan, we plan to increase capacity at our productions facilities in Belgium, Germany, France, Sweden and Norway and to increase production of general purpose PVC, together with an increase in VCM capacity at our site in Jemeppe, Belgium. Any delays in the completion of such projects, including delays caused by failures to timely obtain required permits or other approvals, shortages of construction workers or technical difficulties in the ramp-up of production, could adversely affect our ability to implement our business strategies as planned and increase our costs.

In our Aromatics Business, there are several business improvements projects whose successful execution relies on adequate supply of capital and resources. As the Aromatics Business is cyclical and reasonably capital intensive nature, during a downturn the Aromatics Business may have to re-allocate resources that could impact the timing of delivery of such improvement projects. In addition, cost reduction initiatives required to keep the business competitive and free up resources to fund the improvement projects may be delayed or more expensive than envisaged.

For our Acetyls Business, a number of projects within the business and its associated joint ventures are intended to improve the cost position of our plants and enhance our competitive position, thus supporting the business growth agenda. For example, we plan to change the feedstock within our South Korean joint venture which is designed to improve the cost position of that plant. However, the implementation of strategies and cost reduction programs is inherently subject to risks, particularly if they include a reduction in manpower numbers. Some of our employees in the UK have the benefit of generous redundancy terms (including enhanced early retirement benefits on redundancy) which may result in substantial costs to us. In addition, management and professional staff are entitled to twelve months' notice of termination. We are unable to guarantee that the implementation of the cost reduction targets will be achieved without any issues with labor unions in Belgium, France, the U.S., the UK or other countries where we operate. In addition, transferring employees from the Aromatics and Acetyls Businesses are guaranteed equivalent terms of employment for 12 months.

Any failure to develop, revise or implement our business strategies in a timely and effective manner may adversely affect our ability to service our debt and could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Our profitability and cash flows could deteriorate materially if we fail to keep up with technological innovation and the increasing trend toward digitalization of our industry.

Our profitability depends on, among other things, our ability to make process improvements in the manufacturing of our products and our ability to introduce new products, product grades and applications that offer value for our customers. As we compete in a number of industries and with other products and technologies, we are required to be innovative to satisfy our customers' demands.

Our product innovation is focused on improving the technology and efficiency with which we produce our commodity products and the quality and properties of our specialty products. Some of our competitors may be more capable of advances in product and technology development and anticipating and responding to market trends and developments. Also, some of our competitors, especially global chemical companies operating in our core businesses, may have greater financial and other resources than we do and may increase their competitiveness relative to us by investing more in process improvements or in research and development activities with respect to our key products, which may negatively impact our business. In addition, since innovation is also fostered by the support of external partners such as universities and other independent institutions, competitors operating in markets with stronger or a larger number of clusters of such institutions and industry players may have an advantage over us.

In the Aromatics Business, product innovation is focused on improving the technology and efficiency with which we produce our commodity products and develop of chemical recycling technology of PET (Infinia). Some of our competitors may be more capable of achieving advances in product and technology development and anticipating and responding to market trends and developments. Moreover, other participants in the downstream PET industry may be better placed to exploit development of new technologies, collaboration with large brand owners and retailers and integration with waste recovery companies, which could increase the content of recycled PET threatening the long-term volume demand of virgin PTA.

In addition, the industry in which we operate is characterized by increasing trends toward digitalization and connectivity, such as the so-called "Internet of Things" and "Industry 4.0." Such new technology trends look to increase productivity and cost efficiency by implementing new digitalized solutions that enable companies to carry out predictive maintenance, monitor plant efficiency, interface with customers seamlessly and increase the accuracy of forecasts, among other applications. We may lose a competitive advantage if new or existing competitors are able to develop or acquire capacities relating to innovative technologies, including IT technologies that we do not possess, or if they are able to implement such technologies earlier or more effectively than we are.

Product development and engineering require significant investment. We cannot assure you that our product development and engineering efforts, including our efforts to develop new digital technologies, will continue to deliver competitive products that will translate into sales to customers. In particular, there can be no assurance that there will be demand from our customers for the products that we develop as a result of such investment, and we may fail to predict

customer preferences accurately or our competitors' products may adversely impact demand for our products. For example, in our Styrolution Business we have made significant investments in product lines that are currently in various stages of market introduction and commercialization, such as our StyLight® product family or our Styrenics **ECO** product range. In our INOVYN Business, our product innovation is focused on the VCM and PVC production chains, including the development of new grades of Specialty PVC. There can be no assurance that future demand for such products will be at levels we currently expect or that such products will meet the sustainability needs and preferences of our customers. If we are not able to predict customer preferences accurately or compete with the new product developments of our competitors, we may not realize the sales we anticipate in respect of such investment. If we fail to keep pace with the evolving technological innovations in our markets or invest in products that generate strong future demand from customers, this may have a material adverse effect on our business, financial condition, results of operations and cash flows.

If we fail to maintain an effective system of internal controls over financial reporting, we may not be able to accurately report our financial results or prevent fraud.

We have designed and continue to design our internal control systems with the objective of providing reasonable assurance that (1) our transactions are properly authorized; (2) our assets are safeguarded against unauthorized or improper use; and (3) our transactions are properly recorded and reported, all to permit the preparation of our financial information in conformity with applicable accounting principles. We design our internal controls through the use of internal resources, external consultants and with the assistance of our affiliates to ensure the three lines of defense in our organization.

Any system of controls, however well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of the system are met. In addition, the design of any control system is based in part upon certain assumptions about the likelihood and expected impact of future events. Because of these and other inherent limitations of control systems, there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote. In addition, the fact that our operations span several jurisdictions compounds the complexity of our control systems. Any failure, even unintentional, to remedy internal control weaknesses in the future, to maintain adequate internal controls, to properly limit access to cash, to train staff adequately regarding company policies and procedures, to apply accounting and tax rules correctly or to produce accurate financial information on a timely basis could result in material misstatements of our financial results, asset loss or misappropriation, internal or third-party investigations, administrative fines and damaged customer relationships, all of which could increase our operating costs and materially impair our ability to operate our business.

Destruction, ineffectiveness or obsolescence of our information systems could lead to a disruption in our business.

Our operations rely to a significant extent, on business-critical applications and information technology ("**IT**") services, and therefore we are subject to the risk that our operations could be disrupted due to the unavailability of such systems. The partial or full physical destruction or unavailability of our information systems could generate a break in our data flow or lead to a system shut-down. Furthermore, our business continuity plan for the recovery of data and our back-up center containing the information required for employees affected by any such incidents to carry on with their activities may fail to preserve our data reliably or accurately. If we are unable to ensure that our business-critical applications and IT systems operate with sufficient reliability and availability, our operations could be disrupted, which could have a material adverse effect on our business and reputation.

Additionally, ineffective information systems management, including a failure to ensure that employees are given data access commensurate with their positions, to properly manage the identity of those persons who are given data access, to properly manage program changes, to track asset maintenance and licenses, to prevent or manage security or hacking incidents, to train employees regarding best IT practices and security policies, to harmonize third-party applications with internal platforms or to implement local and international requirements could have a material adverse effect on our business and reputation.

We are also subject to the risk that our information systems may become obsolete or require updates. For example, we currently employ information systems supported by SAP. SAP has informed us that it will no longer support certain of these information systems from 2025 and others will no longer be supported from 2027, and we may not be able to successfully copy the SAP system or transfer our current information system to a new platform or provider, or we may experience difficulties and disruptions to certain of our business operations in doing so. Any inability to update our information systems to keep pace with the information systems requirements of our applications landscape could have a material adverse effect on our business and reputation.

Within the Acetyls Business, a future project will see the deployment of a new CRM system as the Acetyls Business moves away from both the heritage BP system and the BP TSA. Any inability to successfully transfer to a new system may impact the Acetyls Business's operations.

We are subject to cyber security risks. A cyber incident could occur and result in information theft, data corruption, operational disruption and/or financial loss.

Our industry has become increasingly dependent on digital technologies to conduct certain processing activities, in particular in the context of trends such as Industry 4.0 and the Internet of Things. For example, we depend on digital technologies to perform many of our services and to process and record financial and operating data. At the same time, cyber incidents, including deliberate attacks, have increased. Our technologies, systems and networks, and those of our vendors, suppliers, customers and other business partners, may become the target of cyberattacks or information security breaches that could result in the unauthorized release, gathering, monitoring, misuse, loss or destruction of proprietary and other information, or other disruption of business operations.

Although certain of our Businesses' IT Governance, Risk management and Compliance programs provide availability, confidentiality and an overall security approach to all systems and business processes, including Cyber Security controls, like intrusion detection/ intrusion prevention, firewalls, mobile device management, malware and virus protection, notebook encryption, secure VPN access, network segmentation, industrial control system security monitoring, email and internet security, security information and event management, threat and vulnerability management, any failure of these programs could result in a cyber security incident. As cyber incident continue to evolve we will likely be required to expend additional resources to continue to modify or enhance our protective measures or to investigate and remediate any vulnerability to cyber incidents.

In addition, confidential information that we maintain may be subject to misappropriation, theft and deliberate or unintentional misuse by current or former employees, third party contractors or other parties. Any such misappropriation and/or misuse of our information could result in our, among other things, being in breach of certain global data privacy, data protection, localization, security and consumer-protection laws and regulations. These laws and regulations are emerging and evolving in countries worldwide and the interpretation and application of these laws and regulations in Europe, the U.S. and elsewhere are often uncertain, contradictory and changing. For example, the General Data Protection Regulation (Regulation (EU) 2016/679) ("**GDPR**") came into effect in Europe in May 2018. The GDPR is a uniform framework setting out the principles for legitimate data processing. The introduction of the GDPR strengthens the rights of individuals (data subjects), imposes stricter controls over the processing of personal data by both controllers and processors of personal data and imposes stricter sanctions with substantial administrative fines and potential claims for damages from data subjects for breach of their rights. In particular, under the GDPR, breaches of data protection rules may result in maximum fines equal to the greater of €20 million and 4% of the annual global turnover of the sanctioned company. It is possible that the GDPR and other laws may be interpreted or applied in a manner that is adverse to us, unforeseen, or otherwise inconsistent with our practices or that we may not adequately adapt our internal policies and/or procedures to evolving regulations, any of which could result in litigation, regulatory investigations and potential legal liability, require us to change our practices in a manner adverse to our business or limit access to our products and services in certain countries. As a result, our reputation and brand may be harmed, we could incur substantial costs, and we could lose both customers and revenue. While the IT compliance program contains certain procedures to cover GDPR by providing records of processing activities, performing assessments on technical and organizational security measures and stipulating contractual agreements with external service providers and business partners and our demand, change and project management procedures have been implemented which guarantee the involvement of the legal department and IT security team to assess new business applications and systems, identifying GDPR relevance and security vulnerabilities upfront, any failures of these program could result in potential legal liability for our business.

Our success depends on the continued service of key personnel and our ability to attract highly-skilled individuals.

Our success depends in significant part upon our ability to attract and retain qualified and committed employees, including in particular the continued service of directors and senior management, including the executive officers at each of our business units, who have experience in our industry and in operating a company of our size and complexity, and our ultimate shareholders James Ratcliffe, Andrew Currie and John Reece. There may be a limited number of persons with the requisite experience and skills to serve in such positions, and we may not be able to locate, employ or retain them on acceptable terms.

In addition, our future growth and success also depend on our ability to attract, train, retain and motivate skilled managerial, sales, administration, operating and technical personnel, including R&D and engineering specialists. We do not maintain any "key man" life insurance for, any member of our senior management. In times of increased demand,

producers may attempt to increase capacity, which can result in a competitive market for the limited supply of highly-skilled professionals. If we experience a shortage of adequately skilled candidates and are unable to hire or retain suitable employees, we may be unable to maintain our current operating levels or need to increase wages to remain competitive with other industry employers, which could increase our costs substantially. Additionally, the loss of one or more of our key management or operating personnel could result in a loss of institutional know-how. Such loss, or the failure to attract and retain additional key personnel, or such former personnel moving to one of our competitors, could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We may not be able to successfully consummate acquisitions or developments or integrate acquired businesses.

Our industries are highly fragmented and there may be opportunities for us to participate in further consolidation in our industry in the future. In addition, we may organically grow our business through the development of new facilities. However, the restrictions in the Indentures, the Existing Term Loan B Facilities Agreement, the Term Loan and Revolving Credit Facility Agreement and the Existing Indenture may limit or preclude our ability to make certain future acquisitions or capital expenditures and participate in industry consolidation. To finance future permitted acquisitions or capital expenditures, we may need to borrow money, which will increase our debt service requirements and could impact our ability to make payments on the Notes, and we may not be able to obtain acquisition finance on favorable terms or at all. In order to manage any acquisitions we successfully complete, we will need to expand and continue to improve our operational, financial and management information systems, and our increased leverage may limit our ability to do so. Our excess cash may be limited, and we may not be able to invest in the acquired company to achieve the desired synergies, including in connection with the BP Acquisition.

We may not succeed in identifying attractive acquisition candidates or securing financing on favorable terms. In addition, making acquisitions or integrating any acquired business, including integrating the Aromatics and Acetyls Businesses, or development projects may divert too much management attention from the operations or our core businesses, which could adversely affect our business, financial condition and results of operations. In cases where we do proceed with an acquisition, including the BP Acquisition, we could be subject to a number of risks, including:

- problems with effective integration of operations, in particular the effective integration of IT systems;
- problems with governance arrangements, in particular for joint ventures;
- the inability to maintain key pre-acquisition business relationships;
- increased operating or capital costs;
- difficulty obtaining regulatory approvals;
- costs related to achieving or maintaining compliance with additional laws, rules or regulations;
- the loss of key employees, including those of the acquired company;
- exposure to unanticipated liabilities; and
- difficulties in realizing projected efficiencies, synergies and cost savings.

For example, if we are unable to successfully integrate facilities, in particular their IT systems, into the operations of our Group for any of the above or any other reasons, the implementation of our growth strategy could be impaired and our business, financial condition and results of operations could be materially adversely affected. We cannot assure that the INOVYN Contribution, the BP Acquisition or any other acquisition or development project we consummate will ultimately provide the benefits we originally anticipate. Furthermore, we may not succeed in identifying attractive acquisition candidates or financing and completing potential acquisitions on favorable terms and development projects may experience delays and cost overruns.

Any acquisition process may also give rise to issues surrounding market consolidation, horizontal or vertical integration or appearances of price fixing, which may trigger anti-trust and competition reviews. Violations of such competition laws could lead to legal proceedings, compensatory fines and reputational damage, which may have a material adverse effect on our business, financial condition and results of operation.

For a discussion of risks related with the Acquisitions, including integration and realization of synergies therefrom see "*Risks Relating to the BP Acquisition*".

The failure of our patents, trademarks and confidentiality agreements to protect our intellectual property could adversely affect our business.

Proprietary protection of our proprietary processes, apparatuses, products and other technologies is important to our business, including our manufacturing activities. Our actions to protect our proprietary rights may be insufficient to prevent others from developing similar products and processes to ours. In particular, we may be unable to secure adequate protection or management of intellectual property during capital investment projects, in particular in new countries and certain of the emerging-markets jurisdictions in which we operate, or when key personnel leave our company to join a competitor, which may weaken our intellectual property rights and undermine our competitive advantages. In addition, the laws of many foreign countries do not protect our intellectual property rights to the same extent as the laws of Germany, the U.S. and the UK. Furthermore, any pending patent application filed by us may not result in an issued patent, including as a result of objections raised by third parties, or if patents are issued to us, such patents may not provide meaningful protection against competitors or against competitive technologies. Oppositions or other actions initiated by third parties may also limit the scope of our patents and other intellectual property rights, thereby weakening our protection against competitors or against competitive technologies. You should be aware that the expiration of a patent or the failure of our patents to protect our formulations, processes, apparatuses, technology, trade secrets or proprietary know-how could result in intense competition with consequent erosion of profit margins. In addition, our competitors and any other third party may obtain patents that restrict or preclude our ability to lawfully produce, manufacture and market our products in a competitive manner, which could materially adversely affect our business, financial condition, results of operations and cash flows.

We also rely upon unpatented proprietary know-how, other trade secrets and continuing technological innovation to develop and maintain our competitive position. While it is our policy to enter into confidentiality agreements with our employees and third parties to protect our intellectual property, there can be no assurances that:

- our confidentiality agreements will not be breached;
- they will provide meaningful protection for our trade secrets or proprietary know-how; or
- adequate remedies will be available in the event of an unauthorized use or disclosure of these trade secrets and know-how.

In addition, there can be no assurances that others will not obtain knowledge of these trade secrets through independent development or other access by legal means.

In the past we have received communications asserting that our products or their applications infringe on a third party's proprietary rights. Currently, we are not aware of any material pending litigation against us regarding any intellectual property claim, but we cannot assure you that there will not be future claims. Such claims, with or without merit, could subject us to costly litigation and divert our technical and management personnel from their regular responsibilities. Furthermore, if such claims are adversely determined against us, we could be forced to suspend the production and manufacture of products that use the contested invention and our business, financial condition, results of operations and cash flows could be adversely affected.

We may be liable for damages based on product liability claims.

Our products have widespread end uses in a variety of consumer industries, including food packaging and medical applications, and we are at risk of claims arising out of the use of, or exposure to, our products or the chemicals in them. In particular, certain of our customers produce products with food contact applications or medical devices subject to good manufacturing process ("**GMP**") or other legislative requirements. GMP requirements and EU food contact legislation have become increasingly more extensive and complex, which could increase the costs and risk associated with compliance with such requirements. As with all quality control systems, any failure or deterioration of our quality control systems could result in defects in our projects or products, which in turn may subject us to contractual, product liability and other claims. Any such claims, regardless of whether they are ultimately successful, could cause us to incur significant costs, harm our business reputation and result in significant disruption to our operations. Furthermore, if any such claims were ultimately successful, we could be required to pay substantial monetary damages or penalties, which could have a material adverse effect on our reputation, business, financial condition and results of operations. Regulatory requirements relating to food contact materials have also become increasingly more extensive and complex in

recent years. Furthermore, because many of our products, including PVC, caustic soda, caustic potash and chlorine and its derivatives, including ECH, provide critical performance attributes to our customers' applications and products, the sale of their products involves a risk of product liability claims against us, including claims arising out of the use of, or exposure to, our products. Product liability may arise from out-of-specification products, inappropriate use, previously unidentified effects, manufacturing errors resulting in defective products, product contamination, altered product quality or inappropriate safety and health recommendations. While most of our products have some hazardous properties, some of them, such as VCM, require specialized handling procedures due to their acute and chronic toxicity.

In addition, our customers or distributors may not follow our policies and advice regarding the safe use and application of our products, including for food packaging and contact or medical device end uses, which may unknowingly expose us to third-party claims. A successful product liability claim or series of claims arising out of any of these various uses against us could expose us to liability for injury or damage as well as lead to a recall of our products; losses in excess of our insurance coverage for payments for which we are not indemnified or have not otherwise provided could have a material adverse effect on our business, financial condition, results of operations and cash flows. In particular, we could be required to increase our indebtedness or divert resources from other investments in our business in order to discharge any such claims. Additionally, new discoveries about the safety of our products may be made in the future and such discoveries may lead to a substantial decline of the sale of any affected products, both of which could materially affect the profitability of our operations.

We are subject to certain risks related to litigation or other proceedings filed by or against us, and adverse outcomes may harm our business.

We cannot predict with certainty the cost of prosecution, the cost of defense or the ultimate outcome of litigation and other proceedings filed by or against us, including remedies or damage awards, and adverse results in any litigation and other proceedings may materially harm our business. We have been, and in the future may be, involved in litigation and other proceedings relating to intellectual property, commercial arrangements, HSSE, joint venture agreements, labor and employment, anti-trust, anti-corruption regulations or tax laws and regulations or other harms, including claims resulting from the actions of individuals or entities outside of our control and in certain instances including claims that have resulted or could result in criminal proceedings. For example, we are have been the subject of several personal injury cases which management is vigorously defending against, however there are no assurances that we will prevail on these matters. In the case of intellectual property litigation and proceedings, adverse outcomes could include the cancellation, invalidation or other loss of material intellectual property rights used in our business, injunctions prohibiting our use of business processes or technology that are subject to third party patents or other third party intellectual property rights or the imposition of license fees to be paid to the holders of any such third party intellectual property rights. Litigation based on environmental contamination or exposure to hazardous substances in the workplace or from our products, could result in material liability and reputational harm for us. Litigation relating to trade sanctions or anti-corruption laws violations could undermine our status as a preferred economic operator. Litigation relating to competition regulation violations could lead to high-cost litigation and loss of credibility vis-à-vis customers and other third parties. A failure to adequately prepare responses to litigation, arbitration, administrative or other claims brought against us in any venue (including administrative tribunals and local or federal courts), an inability to communicate effectively either externally or internally in moments of crisis or adverse outcomes in any proceedings instituted by or against us could have a material adverse effect on our business.

On September 28, 2019, a cargo of styrene monomer produced by INEOS Styrolution America LLC in Pasadena, Texas and sold FOB Pasadena, Texas to Samsung C&T America Inc. allegedly polymerized while aboard the Stolt Groenland resulting in an explosion while moored in Ulsan, South Korea. On November 19, 2019, INEOS Styrolution America LLC received a notice from counsel to Samsung C&T America Inc. putting INEOS Styrolution America LLC on notice of a potential recourse claim by Samsung C&T America Inc. and their interested insurers against INEOS Styrolution America LLC. On July 28, 2020, INEOS Styrolution America LLC received an e-mail from WK Webster & Co. Ltd., who represents DOW and Olin, each of whom had cargoes on the Stolt Groenland. In its e-mail WK Webster & Co. Ltd. formally placed INEOS Styrolution America LLC on notice of its responsibility and liability for all losses. The Marine Accident Investigation Branch ("**MAIB**") which had investigated the incident also informed INEOS Styrolution America LLC that in mid-November 2019 a separate cargo of styrene monomer produced by INEOS Styrolution America LLC in Pasadena, Texas allegedly showed signs of temperature increases while aboard the Stolt Focus. On November 2, 2020, INEOS Styrolution America LLC received an additional e-mail from WK Webster & Co Ltd. acknowledging receipt of INEOS Styrolution America LLC's response and asking for assistance in gathering information for possible litigation against Stolt. On November 9, 2020, MAIB held a conference call to review the results of its investigation. It is not currently possible to determine whether INEOS Styrolution America LLC has any responsibility for either incident.

The Aromatics and Acetyls Businesses have also recently been the subject of a tax audit in Trinidad and Tobago relating to the years 2005-2013, which focused on various fixed price contracts used to mitigate risk resulting from the volatile prices of products produced at its Atlas site. A final hearing before the Trinidad and Tobago Tax Appeal Board was held on February 4, 2020. The decision of the Tax Appeal Board is appealable by both our Aromatics and Acetyls Businesses and the Trinidad and Tobago Board of Inland Revenue. As of December 31, 2020, our Aromatics and Acetyls Businesses' share of exposure as a result of this tax audit is approximately $267 million. See "*Business—Legal Proceedings*."

We may be affected by changes in tax laws or their application or interpretation or scrutiny of transactions by tax authorities, and could be subject to tax risks attributable to previous tax assessment periods.

We are subject to routine tax audits in the jurisdictions in which we operate. Changes to our taxes in the course of such audits, or as a result of a change in tax laws or their application or interpretation, may lead to an increased overall tax rate for our Group as a whole. If we were to be the subject of a tax audit, additional tax expenses could accrue at the level of the Parent or its subsidiaries in relation to previous tax assessment periods which have not yet been subject to a tax audit. The realization of any of these risks could have a material adverse effect on our business, financial condition and results of operations. In future tax audits, the tax laws and/or relevant facts could be interpreted by the tax authorities in a manner that deviates from our view. As a result, the tax authorities could revise original tax assessments and substantially increase the tax burden (including interest and penalty payments) of the affected entities of our Group. For example, the Styrolution Business has recently been the subject of a tax audit in Italy relating to the years 2011 through 2017, which focused on whether certain of our German and Swiss subsidiaries entertained permanent establishments in Italy, which would have made them liable to pay certain taxes in Italy. Such audit also resulted in the initiation of a criminal investigation, with prosecutors alleging an unlawful failure to file tax returns in the relevant years. The Italian tax audit was concluded by settlement with the Italian tax authorities in December 2019, which included payment by the Styrolution Business of approximately €7.5 million in taxes, interest and penalties. Although we currently expect the criminal proceedings to be concluded during 2021 on the basis that the Italian tax authorities agreed in the settlement that such entities did not entertain personal establishments in Italy and that tax obligations had been fulfilled by the involved parties, there can be no assurance that future tax audits or other proceedings would result in a finding of no permanent establishment or that we would not be liable for significant tax assessments and penalties. The Aromatics and Acetyls Businesses have also recently been the subject of a tax audit in Trinidad and Tobago relating to the years 2005-2013, which focused on various fixed price contracts used to mitigate risk resulting from the volatile prices of products produced at our Atlas site. A final hearing before the Trinidad and Tobago Tax Appeal Board was held on February 4, 2020. The decision of the Tax Appeal Board is appealable by both our Aromatics and Acetyls Businesses and the Trinidad and Tobago Board of Inland Revenue. As at March 31, 2020, our Aromatics and Acetyls Businesses' share of exposure as a result of this tax audit is approximately $252 million, this tax exposure is covered by an indemnity from BP. Within our INOVYN Business, our Norwegian subsidiaries were subject to a tax audit covering the period 2012 and 2013. Whilst the tax audit covered many areas initially, the tax office focused on the cash pooling arrangement we have between our Norwegian and UK entities, and the applicable interest rate to be charged on this arrangement. In December 2017, a final reassessment decision was made by the tax office that resulted in additional taxes of NOK 70 million being levied and the INOVYN Business made a payment in 2018. We have decided to appeal this assessment and are awaiting the outcome of the appeal. However, in the event that we lose the appeal then we could become liable for further taxes relating to the periods 2014 to 2016. An estimate of further taxes that could be levied is NOK 192 million. Any future audits or investigations resulting in additional tax liabilities or penalties could adversely impact the tax position of the Group and have a material adverse effect on our financial position.

Furthermore, the Organisation for Economic Co-operation and Development ("**OECD**"), together with the G20 countries, has committed to reduce perceived abusive global tax avoidance, referred to as base erosion and profit shifting ("**BEPS**"). The OECD published its final reports in relation to its Action Plan on Base Erosion and Profit Shifting (BEPS) on October 5, 2015, which were endorsed at the G20 summit in November 2015, and the multilateral instrument to implement tax treaty related measures to prevent BEPS was published on November 24, 2016. As part of this commitment, an Action Plan has been developed to address BEPS with the aim of securing tax revenue by realigning taxation with economic activities and value creation by creating a single set of consensus based international tax rules. As part of the BEPS project, new rules dealing with the operation of double tax treaties, the definition of permanent establishments, interest deductibility and the taxation of hybrid instruments and hybrid entities have already been introduced and will continue to be introduced in relevant tax legislation of participating OECD countries. Depending on if and how these proposals are implemented, they may result in material changes to tax laws which can impact the tax treatment of income and gains arising at the level of the Parent or its subsidiaries, which may adversely impact how the returns to investors are taxed. Such implementation may also give rise to additional reporting and disclosure obligations for the Parent or its subsidiaries and investors.

In the context of national implementation of certain BEPS measures, the EU has adopted the Council Directive (EU) 2016/1164 of July 12 2016 ("**ATAD 1**") that addresses some of the items of the BEPS project, including among others hybrid mismatch rules, interest deduction limitation, controlled foreign companies rules, as well as provisions which are not linked to BEPS project, such as exit taxation and a General Anti-Avoidance Rule. The ATAD 1 grants EU member states certain options in the implementation of the directive into their domestic laws.

The UK implemented ATAD 1 into its national law effective January 1, 2019. The UK's tax legislation was already broadly in compliance with the requirements under ATAD 1 and the UK implemented amendments to its tax legislation to make it fully compliant through the enactment of the Finance Act 2016 and the Finance Act 2019.

Germany has not yet implemented ATAD 1 and 2 into its national law. With respect to certain measures envisaged by ATAD 1, such as the introduction of interest deduction limitation rules or a general anti-abuse rule, generally no legislative action is required since Germany has already respective laws in place. As regards further measures required by ATAD 1 and 2, the German Federal Ministry of Finance released a draft bill. The draft bill provides for significant changes to the German taxation of cross-border transactions, and in certain areas also include further requirements beyond those required under the ATAD. The draft bill has not been endorsed by the German parliament, but the proposed measures might take effect retroactively as from 1 January 2020 onwards. The draft bill provides for changes, *inter alia*, new transfer pricing statutes which are aimed at disallowing an interest deduction of a German taxpayer engaging in a cross-border related-party financing, if the taxpayer cannot demonstrate that: (i) principal and interest payments can be serviced throughout the entire term of the financing period; (ii) there was a business need for the financing; and (iii) the borrowed funds were utilized for that purpose (e.g., were not transferred to a cash-pool). The extent to which such rule would apply if a loan were granted by an equity-financed intercompany lender is currently unclear. In addition to the abovementioned changes concerning cross-border intercompany financing, the draft bill provides for significant changes to the German interpretation of the arm's-length standard and German transfer pricing documentation rules. It aims to update the German TP rules with a view to reflect recent international developments (mainly the BEPS initiative). Among other items, the envisaged changes relate to the definition of "affiliated entities," clarifications on applicable methods to determine transfer prices and details regarding the actual calculation of transfer prices. It also anchors the DEMPE (development, enhancement, maintenance, protection and exploitation of intangibles) concept in German law.

On February 21, 2017, the Economic and Financial Affairs Council of the EU reached political agreement on amendments to ATAD 1 to neutralize hybrid mismatch structures involving non-EU countries (Council Directive (EU) 2017/952 of 29 May 2017, "**ATAD 2**"). While ATAD 1 contains rules combatting certain hybrid mismatches between EU Member States, ATAD 2 introduces more detailed rules to neutralize hybrid mismatches and extends the scope to (i) a variety of other mismatches between EU Member States and (ii) mismatches between EU Member States and third countries. The more extensive anti-hybrid rules in the ATAD 2 replace the initial rules to counter hybrid mismatch arrangements set out in the ATAD 1.

ATAD 2 provisions were required to be implemented by EU Member States into domestic law by December 31, 2019, such that the rules apply no later than January 1, 2020. As an exception, implementation of a specific provision targeting so-called reverse hybrids can be postponed by EU Member States until December 31, 2021, and applicable by January 1, 2022.

Such initiatives on BEPS may create increased uncertainty as to the treatment of our Group sales, in particular in the area of transfer pricing and the appropriate share of Group profit to be attributed to sales-related activities in the local markets in which we operate. In particular, the definition of a Dependant Agency Permanent Establishment under the OECD BEPS initiative has been implemented in a heterogeneous manner by various EU jurisdictions, with the exception of Germany, and their respective tax authorities, which causes substantial uncertainty as to the tax treatment of business operations and could lead to future tax assessments, such as the assessment to which we were subject in Italy, as described above. If we are unable to predict accurately how relevant tax authorities will treat our transfer pricing models or we were deemed to have a permanent establishment in certain countries where we make sales, this could adversely impact the tax position of the Group and have a material adverse effect on our financial position.

We also undertook to restructure the transfer pricing policies of our INOVYN Business in 2017 in order to comply with BEPS and have reorganized our transfer pricing model from a full manufacturer model, in which each of our subsidiaries assumes the full risks and rewards of its operations, to a toll manufacturer model, in which (subject to limited exceptions) each operating subsidiary manufactures on a 'cost plus' fee basis for a single principal entity, INOVYN Europe Limited (including its Belgian branch, which acts as entrepreneur on behalf of the INOVYN Business), which assumes all of the risk of our business activities. As a result of these changes, future taxable profits in each of our operating jurisdictions will change (in some cases moving from a higher tax jurisdiction to a lower one and vice versa) and such changes may be subject to review and challenge by the relevant tax authorities. If any such tax authority were to

challenge our arrangements, including with respect to exit charges, we could face a higher tax burden and be subject to tax penalties or fines, which could have a material adverse impact on our business, financial condition, results of operations and cash flows.

The European Commission has also published a corporate reform package proposal on October 25, 2016 including three new proposals that aim at (i) re-launching the Common Consolidated Corporate Tax Base ("**CCCTB**") which is a single set of rules to compute companies' taxable profits in the EU, (ii) avoiding loopholes associated with profit-shifting for tax between EU countries and non-EU countries, and (iii) providing new dispute resolution rules to relieve problems with double taxation for businesses. The directive proposal on the CCCTB requires unanimity in the EU Council for its adoption following consultation of the European Parliament (special legislative procedure), which gave its favorable vote on March 15, 2018. It should be implemented in two steps, with the common base being implemented as a first step and consolidation being put in place swiftly afterwards.

Such changes or proposed changes in tax laws could adversely impact the tax position of the Group and investors in the Group's securities and give rise to additional reporting and disclosure obligations, which could increase our costs and have a material adverse effect on our financial position.

We may be required to make further contributions to pension plans.

We provide defined benefit pension plans to certain eligible employees, and these plans are subject to legislative and regulatory requirements. Our pension expense and required contributions to our pension plans are directly affected by the funded status of our plans, the discount rate used to measure pension obligations, the level of plan assets available to fund those obligations at the measurement date, the expected rate of return on plan assets and the actuarial assumptions we use to measure our defined benefit pension plan obligations. Significant changes in investment performance or the expected rate of return on plan assets or in the portfolio mix of invested assets may result in corresponding changes in the funded status of our plans, the valuation of plan assets (particularly equity securities) or in a change of the expected rate of return on plan assets. Any decrease in interest rates will result in an increase of pension liabilities. Any change in key actuarial assumptions, such as the discount rate, would impact the valuation of pension obligations, affecting the reported funded status of our pension plans as well as the net periodic pension cost in the following fiscal years. Any declines in the fair values of the pension plans' assets could require additional payments by us in order to maintain required funding levels. Our funding policy for pension plans is to accumulate plan assets that, over the long run, will approximate the present value of projected benefit obligations. Total defined benefit obligations at each of the Styrolution, INOVYN and Aromatics and Acetyls Businesses amounted to €244.5 million, €247.0 million and $62.0 million as of December 31, 2019, respectively, €209.2 million, €132.1 million and $62.0 million of which was funded, respectively, with plan assets having a fair value of €170.4 million, €1,322.8 million and $59.0 million, respectively. We cannot predict whether changing market or economic conditions, regulatory changes or other factors will further increase our pension expense or funding obligations, diverting funds we would otherwise apply to other uses.

We depend on good relations with our workforce, and any significant disruption could adversely affect us.

As of September 30, 2020, around the world, the Styrolution Business employed approximately 3,590 employees, the INOVYN Business employed approximately 4,080 employees, the Aromatics Business employed approximately 1,250 employees and the Acetyls Business employed approximately 400 employees (in each case, measured as full-time equivalents and excluding joint venture employees). Many of these employees are unionized, and most of our employees in Europe are represented by works councils which generally must agree to changes in conditions of employment, including salaries and benefits. See "*Business—Employee Matters—Trade unions*." A labor disturbance or work stoppage at any of our facilities as a result of any changes to our employment terms and conditions, inadequate communication between staff and management, employee dissatisfaction or for any other reason could have a material adverse effect on that facility's operations and, potentially, on our business, financial condition, results of operations and cash flows. During recent years, strikes have been the result of participation in national strikes, with the exception of one seven-day incident at our INOVYN facility in Tavaux, France in 2014. Additionally, any failure to observe relevant labor laws or apply human resources policies relating to discrimination, harassment, working hours regulations and other working conditions could result in reputational damage, administrative or civil claims or fines, any of which could have a material adverse effect on our business, financial condition and/or results of operations.

Our operations may be adversely affected by the withdrawal of the UK from the European Union.

On June 23, 2016, the UK held an in or out referendum on the UK's membership within the EU, the result of which favored the exit of the UK from the European Union ("**Brexit**"). On January 31, 2020, Brexit became effective and the UK entered into a transition period from January 31, 2020 to December 31, 2020 during which the European

Union treated the UK as if it were still a member of the European Union (the "**Transition Period**"). Following the expiry of the Transition Period, the UK ceased to be treated as a member of European Union at 23:00 on December 31, 2020.

These developments have had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets, and could significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. In addition, Brexit has given rise to calls for certain regions within the UK to preserve their place in the European Union by separating from the UK, as well as for the governments of other European Union member states to consider withdrawal. Brexit and the uncertainty caused thereby may lead to a down-turn in the UK or other European economies and could lead to reduced access to European markets in general. The headquarters of our Group are in Europe and we maintain a significant presence in various European markets through subsidiaries operating in these countries and sales made to customers in Europe. In addition, to date, the UK has not secured trading arrangements with a number of the countries with which the European Union has in place trading agreements, which could result in higher tariffs for trading between the UK and these countries. We also have a presence in the UK market.

Given the lack of precedent, it is unclear how the withdrawal of the UK from the European Union will affect the UK's access to the European Union single market and other important financial and trade relationships and how it will affect us. The withdrawal could, among other outcomes, disrupt the free movement of goods, services, capital and people between the UK and the European Union, undermine bilateral cooperation in key policy areas and significantly disrupt trade in the UK and the European Union markets in which we operate. Although it is not possible to predict fully the effects of the withdrawal of the UK from the European Union, the uncertainty could be destabilizing, have a negative economic impact and increase volatility in the markets, particularly in the eurozone. Such instability, volatility and negative economic impact could, in turn, adversely affect our business, financial condition and results of operations.

While our Styrolution Business does not have a manufacturing base in the UK and as such does not expect to experience a material impact due to Brexit, our INOVYN Business and our Acetyls Business have manufacturing facilities in the UK and export a portion of the production from these sites into the European Union. We may be exposed to increased costs and uncertainty relating to these exports, due to increased documentation, customs requirements, duties or delays whether in exports or acquiring the necessary licenses. Acetic anhydride specifically requires export licenses from the UK government. The uncertainty and any related costs could in turn, adversely affect our business, financial condition and results of operations.

Risks Relating to the Notes and Our Capital Structure

Significant indebtedness—Our level of indebtedness could adversely affect our ability to react to changes in our business, and we may be limited in our ability to fulfill our obligations with respect to the Notes and use debt to fund future capital needs.

We are, and after the issuance of the Notes will continue to be, significantly indebted and as of September 30, 2020, after giving *pro forma* effect to the Transactions, we would have had total financial indebtedness of €6,864.5 million as compared to total equity of € 2,018.4 million. In addition, we would have had €678.6 million available for future borrowings under the unused portions of the Securitization Programs and our Revolving Credit Facility. Our substantial indebtedness could have important consequences to holders of the Senior Secured Notes and the Senior Notes by adversely affecting our financial position including, but not limited to:

- requiring us to dedicate all of our cash flow from operations (after the payment of operating expenses) to payments with respect to our indebtedness, thereby reducing the availability of our cash flow for working capital, capital expenditures, acquisitions, joint ventures, product research and development, and other general corporate expenditures;
- increasing our vulnerability to, and reducing our flexibility to respond to, adverse general economic or industry conditions;
- limiting our flexibility in planning for, or reacting to, competition or changes in our business or industry;
- limiting our ability to borrow additional funds and increasing the cost of any such borrowing;
- restricting us from making strategic acquisitions or exploring business opportunities; and
- placing us at a competitive disadvantage relative to competitors that have less debt or greater financial resources.

Any of these or other consequences or events could have a material adverse effect on our ability to satisfy our debt obligations, including with respect to the Senior Secured Notes and the Senior Notes. Our ability to make payments on and refinance our indebtedness will depend on our ability to generate cash from our operations. Our ability to generate cash from operations is subject, in large part, to general economic, competitive, legislative and regulatory factors and other factors that are beyond our control. We may not be able to generate enough cash flow from operations nor obtain enough capital to service our debt or fund our planned capital expenditures.

In addition, we may be able to incur substantial additional debt in the future, including indebtedness in connection with any future acquisition and indebtedness in connection with any inventory financing or similar arrangement. The terms of the Indentures will permit our subsidiaries to do so, in each case, subject to certain limitations. If new debt is added to our current debt levels, the risks that we now face could intensify. Moreover, some of the debt we may incur in the future could be structurally senior to the Senior Secured Notes or the Senior Notes and may be secured by collateral that does not secure the Senior Secured Notes or the Senior Notes.

For further information regarding our substantial leverage and for more information about our outstanding indebtedness, see also "*Operating and Financial Review and Prospects*" and "*Description of Other Indebtedness*."

Restrictive covenants in our debt instruments—We are subject to restrictive debt covenants that may limit our ability to finance our future operations and capital needs and to pursue business opportunities and activities. If we default under these covenants, we will not be able to meet our payment obligations.

The Existing Indenture, the Term Loan and Revolving Credit Facility Agreement and the Existing Term Loan B Facilities Agreement contain, and the Indentures will contain, a number of significant covenants that restrict some of our and our subsidiaries' corporate activities, including our and their ability to:

- incur or guarantee additional debt and issue certain preferred stock;
- make restricted payments, including paying dividends or making other distributions and prepaying or redeeming subordinated debt or equity;
- create or incur certain liens;
- sell, lease or transfer certain assets;
- enter into arrangements that restrict dividends or other payments to us;
- create encumbrances or restrictions on the payment of dividends or other distributions, loans or advances and on the transfer of assets;
- engage in certain transactions with affiliates;
- create unrestricted subsidiaries; and
- consolidate, merge or transfer all or substantially all of our assets and the assets of our subsidiaries on a consolidated basis.

All of these limitations are or will be subject to significant exceptions and qualifications. See "*Description of the Senior Secured Notes—Certain Covenants*" and "*Description of the Senior Notes—Certain Covenants*". The covenants to which we are subject could limit our ability to finance our future operations and capital needs and our ability to pursue business opportunities and activities that may be in our interest.

Also, the Term Loan and Revolving Credit Facility Agreement and the Existing Term Loan B Facilities Agreement require us and some of our subsidiaries to comply with certain affirmative covenants. See "*Description of Other Indebtedness—Term Loan and Revolving Credit Facility Agreement*" and "*Description of Other Indebtedness—Existing Term Loan B Facilities Agreement*".

Our ability to comply with these covenants and restrictions may be affected by events beyond our control. These include prevailing economic, financial and industry conditions. If we breach any of these covenants or restrictions, we could be in default under the Term Loan and Revolving Credit Facility Agreement and the Existing Term Loan B Facilities Agreement. This would permit the lenders to take certain actions, including declaring all amounts that we have

borrowed under the Term Loan and Revolving Credit Facility Agreement or the Existing Term Loan B Facilities Agreement to be due and payable, together with accrued and unpaid interest. A failure to pay such amounts would also result in an event of default under the Existing Indenture and the Indentures. If we are unable to repay our debt to the lenders, they could proceed against the Collateral that secures the debt under the Senior Secured Notes or the Senior Notes. If the debt under our Term Loan and Revolving Credit Facility Agreement, the Existing Term Loan B Facilities Agreement, the Existing Notes, the Senior Secured Notes, the Senior Notes or any other material financing arrangement that we enter into were to be accelerated, our assets may be insufficient to repay in full the Senior Secured Notes or the Senior Notes and our other debt.

Securitization Programs—We use the Securitization Programs to meet some of our liquidity requirements and are subject to various terms and conditions under the Securitization Programs, which, if we are unable to comply with them, could result in the acceleration of our debt.

Unless the maturity dates of the Securitization Programs are extended, the Styrolution Securitization Program will mature in July 2021 and the INOVYN Securitization Program will mature in June 2021. Along with cash generation from operating activities and the Revolving Credit Facility, we satisfy our short-term liquidity needs with amounts available under the Securitization Programs. Our ability to refinance the Securitization Programs could be affected by a number of factors, including volatility in the financial markets, contractions in the availability of credit, including in interbank lending, and changes in investment markets, including changes in interest rates, exchange rates and returns from equity, property and other investments. Our liquidity will be adversely affected if we are unable to refinance the Securitization Programs on acceptable terms or at all, and we can provide no assurance we will be able to do so.

The availability under the Securitization Programs varies depending on the underlying receivables. For a more detailed discussion, please see "*Description of Other Indebtedness—The Styrolution Securitization Program*" and "*Description of Other Indebtedness—The INOVYN Securitization Program*." In addition, the Securitization Programs contain various terms and conditions, and if we fail to comply with these terms and conditions, a default may occur under the Securitization Programs. If a default occurs under the Securitization Programs, we may need to fund our working capital requirements from other sources.

Ability to repay and service debt—To repay or refinance and service our debt, we will require a significant amount of cash.

Our ability to make principal or interest payments when due on our indebtedness, including the Notes, will depend upon our future performance and our ability to generate cash. Our ability to generate cash depends on many factors beyond our control. The ability of our subsidiaries to transfer monies upstream to us, as well as to pay operating expenses and to fund planned capital expenditures, any future acquisitions and research and development efforts, will depend on our businesses' ability to generate cash in the future, as well as limitations that may be imposed under applicable law. This, to an extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors, including those factors discussed in this "Risk Factors" section or elsewhere in this offering memorandum, many of which are beyond our and our subsidiaries' control. Please see "*Selected Financial Information*" and "*Operating and Financial Review and Prospects*". If we sustain losses in the future, our ability to repay and service our debt may be materially impaired.

If we are unable to generate sufficient cash flow to meet our payment obligations, we may be forced to reduce or delay planned expansions or capital expenditures, sell significant assets, discontinue specified operations, obtain additional funding in the form of debt or equity capital or attempt to restructure or refinance all or a portion of our debt on or before maturity. We cannot assure you that we would be able to accomplish any of these alternatives on a timely basis or on commercially reasonable terms, if at all. In addition, the terms of our debt, including Existing Notes, the Term Loan A Facilities, the Revolving Credit Facility, the New Term Loan B Facilities and the Existing Term Loan B Facilities will limit our ability to pursue any of these alternatives. If we are unsuccessful in any of these efforts, we may not have sufficient cash to meet our obligations.

Financing a change of control offer—We may not be able to raise the funds necessary to finance a change of control offer required by the Indentures and the Existing Indenture, and, if this occurs, we would be in default under the Indentures and the Existing Indenture.

Under the terms of the Indentures and the Existing Indenture, we will be required to offer to repurchase Senior Secured Notes, the Senior Notes and the Existing Notes, as applicable, in each case if certain events constituting a change of control occur. Our obligations under the Term Loan and Revolving Credit Facility Agreement and the Existing Term Loan B Facilities Agreement could also be accelerated upon the occurrence of a change of control under the Indentures

and the Existing Indenture or other change of control events. It is possible that we may not have sufficient funds at the time of a change of control to repurchase any or all of the Senior Secured Notes, Senior Notes or Existing Notes, as applicable, or repay our outstanding obligations under the Term Loan and Revolving Credit Facility Agreement or the Existing Term Loan B Facilities Agreement. We expect that we would require third party financing to make an offer to purchase the Senior Secured Notes, the Senior Notes and the Existing Notes or to repay our outstanding obligations under the Term Loan and Revolving Credit Facility Agreement and the Existing Term Loan B Facilities Agreement upon a change of control. We cannot assure you that we would be able to obtain such financing. Our failure to repurchase any or all of the Senior Secured Notes, the Senior Notes or the Existing Notes would be an event of default under the applicable Indenture or the Existing Indenture, respectively, and would cause a cross default under the Term Loan and Revolving Credit Facility Agreement and the Existing Term Loan B Facilities Agreement. Similarly, a failure to repay the amounts outstanding under the Term Loan and Revolving Credit Facility Agreement or the Existing Term Loan B Facilities Agreement upon a Change of Control would cause a cross default under the Indentures and the Existing Indenture. You should read the sections titled "*Description of the Senior Secured Notes—Purchase of Notes upon a Change of Control*" and "*Description of the Senior Notes—Purchase of Notes upon a Change of Control*" for further information regarding the change of control provisions.

The change of control provisions contained in the Indentures may not protect you in the event of highly leveraged transactions and other important corporate events, including reorganizations, restructurings, recapitalizations, mergers or similar transactions that may adversely affect you, because these transactions may not involve a change in voting power or beneficial interest of the magnitude required to trigger the change of control provisions or, even if they do, may not constitute a "Change of Control" as defined in the applicable Indenture.

Except as described under "*Description of the Senior Secured Notes—Change of Control*" and "*Description of the Senior Notes—Change of Control*", the Indentures will not contain provisions that would require us to offer to repurchase or redeem the applicable Notes in the event of a reorganization, restructuring, merger, recapitalization or similar transaction.

The definition of "Change of Control" under the Indentures includes a disposition to any person of "all or substantially all" of the assets of the Company and its restricted subsidiaries taken as a whole, in the case of the Senior Secured Notes Indenture, or the Company and its restricted subsidiaries taken as a whole, in the case of the Senior Notes Indenture. Although there is a limited body of case law interpreting the phrase "all or substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances, there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the assets of the Company and its restricted subsidiaries taken as a whole, in the case of the Senior Secured Notes Indenture, or the Company and its restricted subsidiaries taken as a whole, in the case of the Senior Notes Indenture. As a result, it may be unclear as to whether a change of control has occurred and whether the applicable Issuer is required to make an offer to repurchase the applicable Notes.

Post-Closing Guarantees and Collateral—The Subsequent Guarantors will not initially guarantee the Notes and the Subsequent Senior Secured Notes Collateral will not initially secure the Senior Secured Notes.

When issued, the Notes will be guaranteed only by the Initial Guarantors. We will agree in the Indentures to take such necessary actions to cause the Subsequent Guarantors to guarantee the Notes within 90 days from (and excluding) the Issue Date (or such later date to the extent the relevant Subsequent Guarantor has yet to provide a guarantee under the Term Loan and Revolving Credit Facility Agreement due to the exercise of discretion of the administrative agent under the Term Loan and Revolving Credit Facility Agreement).

On the Issue Date, the Senior Secured Notes will be secured only by, subject to the agreed security principles as described in "*Description of the Senior Secured Notes—Brief Description of the Notes, the Guarantees and the Security—Security*" and "*Description of the Senior Notes—Brief Description of the Notes, the Guarantees and the Security—Security*" (the "**Agreed Security Principles**"), first-priority security interests in the Initial Senior Secured Notes Collateral. We will agree in the Senior Secured Indenture to take such necessary actions to secure the Senior Secured Notes within 90 days from (and excluding) the Issue Date (or such later date to the extent the relevant Subsequent Guarantor has yet to provide a guarantee under the Term Loan and Revolving Credit Facility Agreement due to the exercise of discretion of the administrative agent under the Term Loan and Revolving Credit Facility Agreement), subject to the Agreed Security Principles, by first-priority security interests in the Subsequent Senior Secured Notes Collateral.

There can be no assurance, however, that we will be successful in procuring such guarantees and liens within the time periods specified, the failure of which would result in an "event of default" under the applicable Indenture. See also "*Description of the Collateral and the Guarantees*", "*Limitations on Validity and Enforceability of the Guarantees*

and the Security Interests" and "*—Guarantees and Collateral limitations—The guarantees and pledges of Collateral will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit their validity and enforceability*".

Finance Subsidiary Issuers—The Issuers are finance companies, neither of which has independent operations, and each is dependent on payments under the applicable Notes Proceeds Loans to provide it with funds to meet its obligations under the applicable Notes.

Each of the Issuers is a wholly-owned finance company that conducts no business operations. Each of the Issuers has limited assets, no subsidiaries and a limited ability to generate revenues. The only significant assets of the Senior Secured Notes Issuer are its rights under each of the Senior Secured Notes Proceeds Loans made by it to INEOS 226 Limited. The Senior Secured Notes Issuer's material liabilities include the Senior Secured Notes and its guarantees of the Existing Notes, the Term Loan A Facilities, the Revolving Credit Facility, the Existing Term Loan B Facilities, the New Term Loan B Facilities, the Senior Notes and any additional debt it may incur in the future. The only significant assets of the Senior Notes Issuer are its rights under the Senior Notes Proceeds Loan made by it to the Company. The Senior Notes Issuer's material liabilities include the Senior Notes and its guarantees of the Existing Notes, the Term Loan A Facilities, the Revolving Credit Facility, the Existing Term Loan B Facilities, the New Term Loan B Facilities, the Senior Secured Notes and any additional debt it may incur in the future.

As such, each of the Issuers is dependent upon payments from INEOS 226 Limited, in the case of the Senior Secured Notes Issuer, and the Company, in the case of the Senior Notes Issuer, in order to make any payments under the Senior Secured Notes or the Senior Notes, as applicable. If INEOS 226 Limited, in the case of the Senior Secured Notes Issuer, or the Company, in the case of the Senior Notes Issuer, fails to make scheduled payments on the applicable Notes Proceeds Loans, it is not expected that the Senior Secured Notes Issuer or the Senior Notes Issuer will have any other sources of funds that would allow them to make payments on their indebtedness.

The payment of dividends and the making, or repayment, of loans and advances to INEOS 226 Limited and the Company by their respective direct subsidiaries and such payments by their respective indirect subsidiaries to their respective parent entities are subject to various restrictions. Existing and future debt of certain of these subsidiaries may prohibit the payment of dividends or the making, or repayment, of loans or advances to INEOS 226 Limited or the Company or their respective parent entities. The terms of the Intercreditor Agreement also restrict certain intra-group payments (other than payments under the Notes Proceeds Loans). In addition, the ability of any of INEOS 226 Limited's or the Company's direct or indirect subsidiaries to make certain distributions may be limited by the laws of the relevant jurisdiction in which the subsidiaries are organized or located, including financial assistance rules, corporate benefit laws and other legal restrictions which, if violated, might require the recipient to refund unlawful payments.

Although the Indentures will limit the ability of the Company's (in the case of the Senior Secured Notes Indenture) and the Parent's (in the case of the Senior Notes Indenture) subsidiaries to enter into future consensual restrictions on their ability to pay dividends and make other payments to INEOS 226 Limited and the Company, there are significant qualifications and exceptions to these limitations. We cannot assure the holders of the Notes that arrangements with INEOS 226 Limited's and the Company's respective subsidiaries and the funding permitted by the agreements governing existing and future indebtedness of such subsidiaries will provide INEOS 226 Limited and the Company with sufficient dividends, distributions or loans to fund payments on the applicable Notes Proceeds Loans when due. See "*Description of Other Indebtedness*".

Second ranking security interests—The Senior Notes will be secured only by second ranking security interests over certain of our assets, which are subject to certain limitations, and are not secured by any assets of the Guarantors other than the shares of the Company, and the lenders under the Term Loan and Revolving Credit Facility Agreement and the Existing Term Loan B Facilities Agreement, the holders of the Existing Notes, the holders of the Senior Secured Notes and certain hedging counterparties and cash management providers are entitled to remedies available to a secured lender, which gives them priority over the holders of the Senior Notes to collect amounts due to them.

The Senior Notes will be secured only by a second ranking charge over 100% of the shares of the Company and a second ranking assignment over the Senior Notes Proceeds Loan, and the guarantees of the Senior Notes will not be secured by any other assets of the Guarantors. Our obligations under the Term Loan and Revolving Credit Facility Agreement and the Existing Term Loan B Facilities Agreement, the Existing Notes, the Senior Secured Notes and certain hedging arrangements are secured by, among other things, first-priority security over substantially all of our assets (including intellectual property rights) and substantially all of the assets of certain of the Guarantors. Furthermore, the Indentures permit us to incur additional debt that can be secured by liens on the Collateral securing the Senior Notes that rank senior to, or equally with, the liens on Collateral that secure the Senior Notes. If we become insolvent or are

liquidated, or if payment under the Term Loan and Revolving Credit Facility Agreement and the Existing Term Loan B Facilities Agreement or the Existing Notes or the Senior Secured Notes or in respect of any other secured indebtedness is accelerated, the lenders under the Term Loan and Revolving Credit Facility Agreement and the Existing Term Loan B Facilities Agreement and holders of the Existing Notes and the Senior Secured Notes or other secured indebtedness will, subject to the terms of the Intercreditor Agreement, be entitled to exercise the remedies available to a secured lender under applicable law (in addition to any remedies that may be available under documents pertaining to the Term Loan and Revolving Credit Facility Agreement and the Existing Term Loan B Facilities Agreement, the Existing Notes, the Senior Secured Notes or other senior debt).

Upon the occurrence of any event of default under the Term Loan and Revolving Credit Facility Agreement, the Existing Term Loan B Facilities Agreement, the Existing Indenture or the Senior Secured Notes Indenture, the administrative agent under the Existing Term Loan B Facilities Agreement (the "**Senior Facility Agent**") (on the instructions of the lenders under the Existing Term Loan B Facilities Agreement holding more than 50% of the outstanding principal amount of the Existing Term Loan B Facilities), the administrative agent under the Term Loan and Revolving Credit Facility Agreement (on the instructions of the lenders under the Term Loan and Revolving Credit Facility Agreement holding more than 50% of the outstanding principal amount of the outstanding term loans and revolving commitments under the Term Loan and Revolving Credit Facility Agreement), the trustee under the Existing Notes Indenture or the Senior Secured Notes Trustee, as applicable, may be able to prohibit the payment of the Senior Notes and guarantees either by limiting our ability to access our cash flow or under the subordination provisions contained in the Intercreditor Agreement. Further, the Security Agent for the secured parties under the Term Loan and Revolving Credit Facility Agreement, the Existing Term Loan B Facilities Agreement, the Existing Notes Indenture and the Senior Secured Notes Indenture will (subject to certain limited exceptions) act with respect to such Collateral only at the direction of creditors holding a simple majority of the aggregate amount of outstanding first-priority secured debt (including the Senior Secured Notes, the Existing Notes, the Term Loan A Facilities, the Revolving Credit Facility, the New Term Loan B Facilities and the Existing Term Loan B Facilities, certain hedging liabilities, certain cash management liabilities and certain other senior secured notes or credit facilities that rank pari passu with the Senior Secured Notes, the Existing Notes, the Term Loan A Facilities, the Revolving Credit Facility, the New Term Loan B Facilities and the Existing Term Loan B Facilities). These creditors will be able to instruct such Security Agent to enforce the security. No noteholder will have any separate right to enforce or to require the enforcement of the Collateral. As a result, the holders of the Senior Notes will not be able to force a sale of such Collateral or otherwise independently pursue the remedies of a secured creditor under the security documents governing the Collateral for so long as any amounts under any first priority senior secured debt remain outstanding. See "*Description of Other Indebtedness—Intercreditor Agreement*".

In addition, second ranking security over the assets securing the Senior Notes may be released in certain circumstances without any action by the Senior Notes Trustee or the holders of the Senior Notes. See "*Description of Other Indebtedness—Intercreditor Agreement*". In addition, the value of the Collateral securing the Senior Notes may be difficult to realize and/or not be sufficient to satisfy the obligations under the Senior Notes and guarantees. See the risk factors entitled "*Realization of Collateral—It may be difficult to realize the value of the Collateral securing the applicable Notes*" and "*Sufficiency of the Collateral—The Collateral may not be sufficient to secure the obligations under the applicable Notes*".

Realization of Collateral—It may be difficult to realize the value of the Collateral securing the applicable Notes.

The Collateral securing the applicable Notes will be subject to any and all exceptions, defects, encumbrances, liens and other imperfections permitted under the Indentures. The existence of any such exceptions, defects, encumbrances, liens and other imperfections could adversely affect the value of the Collateral securing the applicable Notes as well as the ability of the Security Agent to realize or foreclose on such Collateral. Furthermore, the first-priority ranking of security interests can be affected by a variety of factors, including, among others, the timely satisfaction of perfection requirements, statutory liens or recharacterization under the laws of certain jurisdictions.

The security interests of the Security Agent are subject to practical problems generally associated with the realization of security interests in the Collateral securing the applicable Notes. For example, the applicable Trustee or the Security Agent may need to obtain the consent of a third party to enforce a security interest. We cannot assure you that the applicable Trustee or the Security Agent will be able to obtain any such consents. We also cannot assure you that the consents of any third parties will be given when required to facilitate a foreclosure on such assets. Accordingly, the applicable Trustee or the Security Agent may not have the ability to foreclose upon those assets and the value of the Collateral securing the applicable Notes may significantly decrease.

Furthermore, under applicable law, a security interest in certain tangible and intangible assets can only be properly perfected, and its priority retained, through certain actions undertaken by the secured party and/or the grantor of

the security. The liens in the Collateral securing the applicable Notes may not be perfected with respect to the claims of the applicable Notes if we or the Security Agent fails or is unable to take the actions we are or it is required, as the case may be, to take to perfect any of these liens.

In addition, our business requires a variety of national, state and local permits and licenses. The continued operation of properties that comprise part of the Collateral and which depend on the maintenance of such permits and licenses may be prohibited. Our business is subject to regulations and permitting requirements and may be adversely affected if we are unable to comply with existing regulations or requirements or changes in applicable regulations or requirements. In the event of foreclosure, the transfer of such permits and licenses may be prohibited or may require us to incur significant cost and expense. Further, we cannot assure you that the applicable governmental authorities will consent to the transfer of all such permits. If the regulatory approvals required for such transfers are not obtained or are delayed, the foreclosure may be delayed, a temporary shutdown of operations may result and the value of the Collateral may be significantly decreased.

Sufficiency of the Collateral—The Collateral may not be sufficient to secure the obligations under the applicable Notes.

The Senior Secured Notes and the guarantees thereof granted under the Senior Secured Notes Indenture will be secured by security interests in the same Collateral that secures the Term Loan A Facilities, the Revolving Credit Facility, the New Term Loan B Facilities, the Existing Term Loan B Facilities, the Existing Notes, certain hedging liabilities and certain cash management liabilities and, with respect to certain Collateral, the Senior Notes (on a second-ranking basis). The Collateral may also secure additional debt to the extent permitted by the terms of the Indentures and the Intercreditor Agreement, including certain hedging obligations and cash management arrangements. The rights of the holders of the Senior Notes to the Senior Notes Collateral would be diluted by any increase in the debt secured by the Senior Notes Collateral or a reduction of the Senior Notes Collateral, and the rights of the holders of the Senior Secured Notes to the Senior Secured Notes Collateral would be diluted by any increase in first-priority debt secured by the Senior Secured Notes Collateral or a reduction of the Senior Secured Notes Collateral.

The value of the Collateral and the amount to be received upon a sale of such Collateral will depend upon many factors, including, among others, the ability to sell the Collateral in an orderly sale, the condition of the economies in which operations are located and the availability of buyers. The book value of the Collateral should not be relied on as a measure of realizable value for such assets. All or a portion of the Collateral may be illiquid and may have no readily ascertainable market value. Likewise, we cannot assure you that there will be a market for the sale of the Collateral, or, if such a market exists, that there will not be a substantial delay in its liquidation. In addition, the share pledges of an entity may be of no value if that entity is subject to an insolvency or bankruptcy proceeding. The Collateral is located in a number of countries, and the multi-jurisdictional nature of any foreclosure on the Collateral may limit the realizable value of the Collateral. The Collateral will be released in connection with an enforcement sale pursuant to the Intercreditor Agreement.

Limitations on the value of the Collateral—The applicable Notes will be secured only to the extent of the value of the assets that have been granted as security for such Notes.

If there is an event of default under the applicable Indenture, the holders of the applicable Notes will be secured only to the extent of the value of the assets that have been granted as security for the applicable Notes. Not all of the Group's assets secure the applicable Notes, and the only Collateral securing the Senior Notes are second-priority security interests in the Senior Notes Proceeds Loan and the shares of the Company. In addition, in the future, the obligations to provide additional guarantees and grant additional security over assets in respect of the applicable Notes, whether as a result of the acquisition or creation of future assets or subsidiaries or otherwise, is subject to agreed security principles under the applicable Indenture and, in certain circumstances, indirectly through the Existing Indenture, the Term Loan and Revolving Credit Facility Agreement and the Existing Term Loan B Facilities Agreement, subject to certain other agreed security principles. To the extent that lenders under the Term Loan and Revolving Credit Facility Agreement or the Existing Term Loan B Facilities Agreement or holders of the Existing Notes are granted security, the negative pledge in the Senior Secured Notes Indenture may require such security to also be granted for the benefit of the holders of the Senior Secured Notes. The agreed security principles set forth in the Existing Indenture, the Term Loan and Revolving Credit Facility Agreement and the Existing Term Loan B Facilities Agreement contain a number of limitations on the rights of the lenders or noteholders to be granted security in certain circumstances. The operation of the agreed security principles may result in, among other things, the amount recoverable under any Collateral provided being limited or security not being granted or perfected over a particular type or class of assets. Accordingly, the agreed security principles may affect the value of the security provided by the Senior Secured Notes Issuer and the Guarantors of the Senior Secured Notes.

To the extent that the claims of the holders of the applicable Notes exceed the value of the assets securing such Notes and other obligations (including the Term Loan A Facilities, the Revolving Credit Facility, the New Term Loan B Facilities and the Existing Term Loan B Facilities), those claims will rank equally with the claims of the holders of all other existing and future senior unsecured indebtedness ranking *pari passu* with such Notes. The claims of the holders of the Senior Notes in respect of the Senior Notes Collateral will rank junior to the claims of the holders of the Senior Secured Notes and the Existing Notes and of the lenders under the Term Loan and Revolving Credit Facility Agreement and the Existing Term Loan B Facilities Agreement in respect of such Senior Notes Collateral. If the value of the assets pledged as security for the applicable Notes and the other obligations secured with the same priority by such assets is less than the value of the claims of the holders of the applicable Notes and the creditors of such other obligations, those claims may not be satisfied in full before the claims of certain unsecured creditors are paid. In addition, various limitations may become applicable to the obligations of the Guarantors and security providers, which could further reduce the extent to which holders of the Notes will be secured. See "*Limitations on the Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Considerations*."

Challenges to Collateral—The grant of Collateral to secure the applicable Notes might be challenged or voidable in an insolvency proceeding.

The grant of Collateral in favor of the Security Agent may be voidable by the grantor or by an insolvency trustee, liquidator, receiver or administrator or by other creditors, or may be otherwise set aside by a court, or be unenforceable if certain events or circumstances exist or occur, including, among others, if the grantor is deemed to be insolvent at the time of the grant, or if the grant permits the secured parties to receive a greater recovery than if the grant had not been given and an insolvency proceeding in respect of the grantor is commenced within a legally specified "clawback" or hardening period following the grant.

For example, if the grantor of any Subsequent Senior Secured Notes Collateral were to become subject to a bankruptcy or winding up proceeding after the Issue Date, then any mortgage or security interest in Subsequent Senior Secured Notes Collateral delivered after the Issue Date would face a greater risk than security interests in place on the Issue Date of being avoided by the grantor or by its trustee, receiver, liquidator, administrator or similar authority, or otherwise set aside by a court, as a preference under applicable insolvency law. To the extent that the grant of any security interest is voided, you would lose the benefit of the security interest. See "*Limitations on the Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Considerations*."

Structural subordination—The Notes and each guarantee will be structurally subordinated to the liabilities and any preferred stock of the non-Guarantor subsidiaries.

Some, but not all, of our subsidiaries will guarantee the applicable Notes. Unless a subsidiary is a Guarantor of such obligations, our subsidiaries do not have any obligation to pay amounts due on the applicable Notes or to make funds available for that purpose. Accordingly, you should only rely on the guarantees of the applicable Notes to provide credit support in respect of payments of principal or interest on the applicable Notes.

Our operating subsidiaries are separate and distinct legal entities and those of our subsidiaries that do not guarantee the Notes have no obligation, contingent or otherwise, to pay any amounts due pursuant to the applicable Notes or to make any funds available therefor, whether by dividends, loans, distributions or other payments, and do not guarantee the payment of interest on, or principal of, the applicable Notes. Generally, claims of creditors of a non-Guarantor subsidiary, including trade creditors, and claims of any preferred stockholders of the subsidiary, will have priority with respect to the assets and earnings of the subsidiary over the claims of creditors of its parent entity. In the event of any foreclosure, dissolution, winding-up, liquidation, reorganization, administration or other bankruptcy or insolvency proceeding of any of our non-Guarantor subsidiaries, the creditors of the Guarantors (including the holders of the applicable Notes) will have no right to proceed against such subsidiary's assets and holders of their indebtedness and their trade creditors and preferred stockholders will generally be entitled to payment in full of their claims from the assets of those subsidiaries before any Guarantor, as direct or indirect shareholder, will be entitled to receive any distributions from such subsidiary. As such, the applicable Notes and the Guarantees are each structurally subordinated to the creditors (including trade creditors) and any preferred stockholders of our non-Guarantor subsidiaries.

In addition, under certain circumstances, legal and contractual restrictions may limit our ability to obtain cash from our subsidiaries. For example, our subsidiaries in Brazil, China, India, South Korea and Thailand may face limitations concerning the amount of cash that can be sent out of the respective countries. In addition, our subsidiary in Singapore may only make a distribution of dividends to its shareholders out of profits, and the manner of such distribution is subject to the procedures set forth in its Constitution. Furthermore, under Swiss law, dividends may only be distributed out of distributable reserves, and, in principle, interim dividends are not permitted. Our subsidiaries in Germany may pay out cash to their direct or indirect shareholders in the form of distributions only subject to the

restrictions of the capital maintenance rule which prohibits a German limited liability company (*GmbH*), such as each of the Guarantors of the Notes that is organized under German law, from disbursing its assets to its shareholders to the extent that the amount of the company's net assets (determined in accordance with the provisions of the German Commercial Code, i.e. assets minus liabilities and liability reserves) is or would fall below the amount of its stated share capital or would increase any already existing capital impairment (See "*Limitations on the Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Considerations*."). In addition, under established case law of the German courts, a German limited liability company (such as each of the Guarantors of the Notes that are organized under German law) is only allowed to grant loans to its shareholders or to affiliates of those shareholders (upstream or cross-stream loans) if and to the extent the management can satisfy itself that the loan claims are fully valuable.

With respect to Mexico, in the past, the Mexican economy has experienced high level of inflation, depreciation of the peso, balance of payments deficits and shortages in foreign exchange reserves. While the Mexican government does not currently restrict the ability of Mexican or foreign persons or entities to convert pesos to foreign currencies, including U.S. dollars, it has done so in the past and could do so again in the future. There is no assurance that the Mexican government will not implement monetary policies or a restrictive exchange control policy in the future that could prevent or restrict our access to U.S. dollars to meet our U.S. dollar obligations and could also have a material adverse effect on our business, financial condition and results of operations. It is not possible to predict the impact of any such measures on the Mexican economy. In addition, Mexico has recently experienced periods of violence and crime that could adversely affect the Mexican economy and our operations in the future.

Furthermore, our Indian subsidiary, our Zhuhai subsidiary, our joint ventures and our INOVYN subsidiaries are not wholly owned and any dividends paid by those subsidiaries and joint ventures are distributed pro rata to us and the shareholders of such subsidiaries, which hold, in the case of our Indian subsidiary, approximately 25% of the outstanding shares of such subsidiary, in the case of our Zhuhai subsidiary, 8.1% of the outstanding shares of such subsidiary, in the case of our joint ventures, minority and in some cases majority stakes, and in the case of our INOVYN subsidiaries, 5.1% of the outstanding shares of such subsidiaries.

Contractual subordination—The right of holders of the Senior Notes to receive payments on the Senior Notes Guarantees will be junior to the Guarantors' obligations under the Existing Indenture, the Term Loan and Revolving Credit Facility Agreement, the Existing Term Loan B Facilities Agreement and the Senior Secured Notes Indenture, certain hedging obligations and certain cash management liabilities.

The Senior Notes are guaranteed by the Parent, the Company and certain of our subsidiaries. Pursuant to the Intercreditor Agreement, these guarantees (other than the guarantee by the Parent) rank behind, and are subordinated to, all of the Guarantors' existing and future obligations under the Intercreditor Agreement, the Senior Secured Notes Indenture, the Existing Indenture, the Term Loan and Revolving Credit Facility Agreement, the Existing Term Loan B Facilities Agreement, certain hedging liabilities and certain cash management liabilities, and any other Senior Indebtedness (as defined in the Senior Notes Indenture) of the Guarantors. These Senior Notes Guarantees will also rank behind any debt of the Guarantors that is permitted by the Senior Notes Indenture to be secured by liens on the assets of such Guarantors, including the obligations under the Existing Indenture, the Term Loan and Revolving Credit Facility Agreement, the Existing Term Loan B Facilities Agreement and the Senior Secured Notes Indenture. The Senior Notes Indenture provides that the guarantees will be subordinated as set forth in the Intercreditor Agreement. Pursuant to the Intercreditor Agreement, the Senior Notes Guarantees will not become enforceable until 179 days after an event of default under the Senior Notes has occurred and notice has been given to the Senior Facility Agent, the facility agent under the Term Loan and Revolving Credit Facility Agreement and the Senior Secured Notes Trustee, except in limited circumstances. In addition, the Senior Notes Guarantees may be released in certain circumstances without any action by the Senior Notes Trustee or the holders of the Senior Notes.

All payments on the Senior Notes Guarantees and the Senior Notes Proceeds Loan are also effectively prohibited by the terms of the Senior Notes Guarantees and the Intercreditor Agreement, respectively, if a specified payment event of default occurs under the Existing Indenture, the Term Loan and Revolving Credit Facility Agreement, the Existing Term Loan B Facilities Agreement or the Senior Secured Notes Indenture until the default has been remedied or waived and for 179 days from the date notice is served on the Senior Notes Issuer by the Senior Facility Agent, the facility agent under the Term Loan and Revolving Credit Facility Agreement, the trustee under Existing Indenture or the Senior Secured Notes Trustee or representatives of certain future debt, as applicable, in the event that certain other events of default occur. See "*Description of Other Indebtedness—Intercreditor Agreement*".

Decisions regarding Collateral—Holders of the Senior Secured Notes will not control certain decisions regarding the Senior Secured Notes Collateral.

The Senior Secured Notes will be secured by the same Collateral that secures the Term Loan A Facilities, the Revolving Credit Facility, the New Term Loan B Facilities, the Existing Term Loan B Facilities and the Existing Notes. In addition, under the terms of the Indentures, Existing Indenture, the Term Loan and Revolving Credit Facility Agreement and the Existing Term Loan B Facilities Agreement, we are permitted in the future to incur additional indebtedness and other obligations that may share in the liens on the Senior Secured Notes Collateral.

The Intercreditor Agreement provides that a common Security Agent, who serves as the Security Agent for the secured parties under the Existing Indenture, the Term Loan and Revolving Credit Facility Agreement, the Existing Term Loan B Facilities Agreement, the Senior Secured Notes Indenture and the Senior Notes Indenture will (subject to certain limited exceptions) act with respect to such Collateral only at the direction of creditors holding a simple majority of the aggregate amount of outstanding first-priority secured debt (including the Existing Notes, the Term Loan A Facilities, the Revolving Credit Facility, the New Term Loan B Facilities, the Existing Term Loan B Facilities, the Senior Secured Notes, certain hedging liabilities, certain cash management liabilities and any other senior secured notes or credit facilities that are permitted by the terms of the Indentures and that the trustees or lenders in respect thereof accede to the Intercreditor Agreement) and only such creditors will be able to instruct the Security Agent to enforce the security. No lender or noteholder will have any separate right to enforce or to require the enforcement of the Collateral. See "*Description of Other Indebtedness—Intercreditor Agreement*". As a result, the holders of the Senior Secured Notes will not be able to force a sale of the Senior Secured Notes Collateral or otherwise independently pursue the remedies of a secured creditor under the relevant security documents for so long as any amounts under any other first priority senior secured debt (including the debt outstanding under the Existing Indenture, the Term Loan and Revolving Credit Facility Agreement and the Existing Term Loan B Facilities Agreement, and any other senior secured notes or debt that are permitted by the terms of the Indentures, and that the trustees or lenders in respect thereof accede to, the Intercreditor Agreement) remain outstanding in an amount equal to or greater than 50% of the aggregate principal amount of the total first-priority senior secured debt. The creditors under the Term Loan and Revolving Credit Facility Agreement and the Existing Term Loan B Facilities Agreement and the holders of the Existing Notes may have interests that diverge from those of the holders the Senior Secured Notes and they may not elect to pursue their remedies under the security documents at a time when it would otherwise be advantageous for the holders of the Senior Secured Notes to do so.

In addition, if the Security Agent sells the shares of our subsidiaries that have been pledged as Collateral through an enforcement of their security interest in accordance with the Intercreditor Agreement, claims under the Guarantees of the Notes by such subsidiaries and the liens over any other assets of such subsidiaries securing the Senior Secured Notes and the guarantees may be released. See "*Description of Other Indebtedness—Intercreditor Agreement*".

It is possible that disputes may occur between the holders of the Senior Secured Notes, the holders of the Existing Notes, the lenders under the Term Loan and Revolving Credit Facility Agreement and the lenders under the Existing Term Loan B Facilities Agreement as to the appropriate manner of pursuing enforcement remedies with respect to the Collateral. In such an event, the holders of the Senior Secured Notes will be bound by any decisions of the creditors holding a simple majority of the aggregate amount of outstanding first-priority secured debt (including the Senior Secured Notes, the Existing Notes, the Term Loan A Facilities, the Revolving Credit Facility, the New Term Loan B Facilities, the Existing Term Loan B Facilities, certain hedging liabilities, certain cash management liabilities and any other senior secured notes or credit facilities that are permitted by the terms of the Indentures that the trustees or lenders in respect thereof accede to the Intercreditor Agreement), which may result in enforcement actions against the Collateral that are not approved by the holders of the Senior Secured Notes or that may be adverse to you. See "*Description of Other Indebtedness—Intercreditor Agreement*".

Further, the security interests in the Collateral that will constitute security for the obligations of the Senior Secured Notes Issuer and the Senior Secured Notes Guarantors will not be granted directly to the holders of the Senior Secured Notes, but rather to the Security Agent on behalf of the holders of the Senior Secured Notes. Due to the laws and other jurisprudence governing the creation and perfection of security interests and enforceability of such security interests (in particular security interests of an accessory nature), it is necessary in certain jurisdictions, such as in Germany, South Korea and Switzerland, in order to grant Collateral to the Security Agent, that the Security Agent holds its own "parallel debt" claim ("**Parallel Debt**"). The Parallel Debt is in the same amount and payable at the same time as the obligations of the relevant Issuer and the Guarantors under the relevant Indenture and the relevant Notes (the "**Principal Obligations**"). Any payment in respect of the Principal Obligations shall discharge the corresponding Parallel Debt and any payment in respect of the Parallel Debt shall discharge the corresponding Principal Obligations. Although the Security Agent will have, pursuant to the Parallel Debt, a claim against the relevant Issuer and the Guarantors under the applicable Indenture and Notes for the full principal amount of such Notes, holders of the Notes bear some risks associated with a possible insolvency or bankruptcy of the Security Agent. In addition, there is no assurance that such a

structure will be effective before courts in the governing law jurisdictions of the security documents as there is no judicial or other guidance as to its efficacy, and therefore the ability of the Security Agent to enforce the Collateral may be restricted. See "*Limitations on the Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Considerations*."

Since German law does not generally permit for an appropriation of pledged assets by the pledgee upon the occurrence of an enforcement event, an enforcement of a pledge governed by German law (such as, in particular, any pledges over shares in any German Guarantor) usually requires the sale of the relevant collateral through a formal disposal process involving a public auction. Certain waiting periods and notice requirements may apply to such disposal process. Thus, the disposal of pledged assets under German law will be subject to statutory restrictions and may be delayed.

There are circumstances other than repayment or discharge of the Notes under which the Collateral securing the applicable Notes and Guarantees will be released automatically and under which the Guarantees will be released automatically, without your consent or the consent of the applicable Trustee or Security Agent.

Under various circumstances, Collateral securing the applicable Notes will be automatically and unconditionally released, including:

- in connection with any sale, assignment, transfer or other disposition of the property or assets (other than the capital stock of the Company and, in the case of the Senior Notes Indenture, the Senior Notes Proceeds Loan) to a person that is not the Parent or the Company or a Parent Intermediate Holdco (as such term is defined under "*Description of the Senior Secured Notes—Certain Definitions*") or a Restricted Subsidiary, if the sale or other disposition does not violate the requirements of the covenant set forth under the caption "*Description of the Senior Secured Notes—Certain Covenants—Limitation on Sale of Assets*" or "*Description of the Senior Notes—Certain Covenants—Limitation on Sale of Assets*", as applicable, or is otherwise permitted in accordance with the applicable Indenture;

- if such Collateral is an asset of a Guarantor (other than the Parent, a Parent Intermediate Holdco or the Company) or any of its subsidiaries, in connection with any sale, assignment, transfer or other disposition of capital stock or limited liability company interests, as applicable, of that Guarantor or subsidiary (or the capital stock or limited liability company interests, as applicable, of any direct or indirect parent company of such Guarantor or subsidiary) to a person that is not the Parent, a Parent Intermediate Holdco, the Company or a Restricted Subsidiary that does not violate the requirements of the covenant set forth under the caption "*Description of the Senior Secured Notes—Certain Covenants—Limitation on Sale of Assets*" or "*Description of the Senior Notes—Certain Covenants—Limitation on Sale of Assets*", as applicable;

- in the case of a Guarantor that is released from its Guarantee pursuant to the terms of the applicable Indenture, the security document or the Intercreditor Agreement or any additional intercreditor agreement (which release shall be of the liens on the property and assets, and capital stock, of such Guarantor);

- if the Company (in the case of the Senior Secured Notes Indenture) or the Parent (in the case of the Senior Notes Indenture) designates any Restricted Subsidiary to be an "Unrestricted Subsidiary" in accordance with the applicable provisions of the applicable Indenture (which release shall be of the liens on the property and assets, and capital stock, of such subsidiary);

- upon legal defeasance, covenant defeasance or satisfaction and discharge of the applicable Indenture as provided under the captions "*Description of the Senior Secured Notes—Defeasance or Covenant Defeasance of Indenture*" and "*Description of the Senior Secured Notes—Satisfaction and Discharge*" or "*Description of the Senior Notes—Defeasance or Covenant Defeasance of Indenture*" and "*Description of the Senior Notes—Satisfaction and Discharge*", as applicable;

- as described under the captions "*Description of the Senior Secured Notes—Modifications and Amendments*" and "*Description of the Senior Secured Notes—Certain Covenants—Limitation on Liens*" or "*Description of the Senior Notes—Modifications and Amendments*" and "*Description of the Senior Notes—Certain Covenants—Limitation on Liens*", as applicable;

- in accordance with the Intercreditor Agreement;

- to release and/or retake any lien on any Collateral to the extent otherwise permitted by the terms of the applicable Indenture, the security documents governing the Collateral or the Intercreditor Agreement or any additional intercreditor agreement;

- as described under the caption "*Description of the Senior Secured Notes—Certain Covenants—Consolidation, Merger, Sale of Assets*" or "*Description of the Senior Notes—Certain Covenants—Consolidation, Merger, Sale of Assets*", as applicable;

- in connection with any Permitted Receivables Financing (as defined in "*Description of the Senior Secured Notes—Certain Definitions*" or "*Description of the Senior Notes—Certain Definitions*", as applicable), to the extent such liens apply to receivables assets transferred in connection therewith;

- as described under the caption "*Description of the Senior Secured Notes—Certain Covenants—Limitation on Impairment of Security Interest*" or "*Description of the Senior Notes—Certain Covenants—Limitation on Impairment of Security Interest*", as applicable;

- in the case of any Collateral (other than any Capital Stock in the Company or, in the case of the Senior Notes Indenture, the Senior Notes Proceeds Loan), upon written notice by the Company (in the case of the Senior Secured Notes Indenture) or the Parent (in the case of the Senior Notes Indenture) to the applicable Trustee and the Security Agent if such Collateral is intended to secure (A) Indebtedness incurred under certain finance lease obligations or purchase money obligations or other indebtedness of any Parent Obligor, the Company or any Restricted Subsidiary (in the case of the Senior Secured Notes Indenture) or the Parent or any Restricted Subsidiary (in the case of the Senior Notes Indenture) incurred for the purpose of financing all or any part of the acquisition, development, construction or improvement of real or personal, movable or immovable, property or assets (including Capital Stock) used or to be used in the business of the Company and its Restricted Subsidiaries (in the case of the Senior Secured Notes Indenture) or the Parent and its Restricted Subsidiaries (in the case of the Senior Notes Indenture), or any refinancing of any such indebtedness, or (B) indebtedness incurred under lines of credit, bilateral facilities, working capital or overdraft facilities or other operating facilities permitted to be incurred under the applicable Indenture, provided that the fair market value of all the Collateral released since the Issue Date from Liens under this clause (excluding any portion thereof to the extent Liens thereon are subsequently granted in favor of the Security Agent, for the benefit of the applicable Trustee and the holders of the applicable Notes) does not exceed €50.0 million in the aggregate;

- in connection with certain inventory financing or similar arrangement (which release shall be of the Liens on the inventory and related assets transferred in connection therewith); and

- in connection with a Permitted Reorganization (as defined in "*Description of the Senior Secured Notes—Certain Definitions*" or "*Description of the Senior Notes—Certain Definitions*", as applicable).

As set out under the section "*Limitations on the Validity and Enforceability of the Guarantees and the Collateral and certain Insolvency Considerations—Sweden—Creation of valid security interests*" below, if, in relation to any security interest governed by Swedish law, there are any automatic release provisions or other arrangements providing for the release of a security interest over an asset in connection with the disposal thereof or upon the occurrence of other circumstances, such security interest could be considered not to be validly perfected under Swedish law.

Under various circumstances, Guarantees will be automatically and unconditionally released, including:

- with respect to a Subsidiary Guarantor, in connection with any sale, assignment, transfer or other disposition (including any transfer to certain joint ventures) of all or substantially all of the assets of such Subsidiary Guarantor (including by way of merger or consolidation) (including, for the avoidance of doubt, after giving effect to any substantially concurrent sales or other dispositions to the relevant Issuer, a Guarantor or a Restricted Subsidiary) to a person that is not (either before or after giving effect to such transaction) the relevant Issuer, a Guarantor or a Restricted Subsidiary, if the sale or other disposition does not violate the requirements of the covenant set forth under the caption "*Description of the Senior Secured Notes—Certain Covenants—Limitation on Sale of Assets*" or "*Description of the Senior Notes—Certain Covenants—Limitation on Sale of Assets*", as applicable;

- with respect to a Subsidiary Guarantor, in connection with any other sale, assignment, transfer or other disposition (including any transfer to certain joint ventures) of all or substantially all of the capital stock or limited liability company interests, as applicable, (or the shares of any holding company of such Subsidiary Guarantor) of such Subsidiary Guarantor to a person that is not (either before or after giving effect to such transaction) the relevant Issuer, a Guarantor or a Restricted Subsidiary, if the sale or other disposition does not violate the requirements of the covenant set forth under the caption "*Description of the Senior Secured Notes—Certain Covenants—Limitation on Sale of Assets*" or "*Description of the Senior Notes—Certain Covenants—Limitation on Sale of Assets*", as applicable;

- with respect to a Subsidiary Guarantor, if the Company (in the case of the Senior Secured Notes Indenture) or the Parent (in the case of the Senior Notes Indenture) designates such Guarantor to be an "Unrestricted Subsidiary" in accordance with the applicable provisions of the applicable Indenture;

- upon covenant defeasance as provided below under the caption "*Description of the Senior Secured Notes—Defeasance or Covenant Defeasance of Indenture*" or "*Description of the Senior Notes—Defeasance or Covenant Defeasance of Indenture*", as applicable;

- upon legal defeasance or satisfaction and discharge of the applicable Indenture as provided below under the caption "*Description of the Senior Secured Notes—Satisfaction and Discharge*" or "*Description of the Senior Notes—Satisfaction and Discharge*", as applicable;

- to the extent that such Guarantor is unconditionally released and discharged from its liability with respect to indebtedness in connection with which such Guarantee was executed pursuant to the covenant described under the caption "*Description of the Senior Secured Notes—Certain Covenants—Limitation on Issuance of Guarantees of Indebtedness by Restricted Subsidiaries*" or "*Description of the Senior Notes—Certain Covenants—Limitation on Issuance of Guarantees of Indebtedness by Restricted Subsidiaries*", as applicable;

- as described under the caption "*Description of the Senior Secured Notes—Certain Covenants—Consolidation, Merger, Sale of Assets*", "*Description of the Senior Secured Notes—Modifications and Amendments*" and "*Description of the Senior Secured Notes—Suspension of Covenants on Achievement of Investment Grade Status*" or "*Description of the Senior Notes—Certain Covenants—Consolidation, Merger, Sale of Assets*", "*Description of the Senior Notes—Modifications and Amendments*" and "*Description of the Senior Notes—Suspension of Covenants on Achievement of Investment Grade Status*", as applicable;

- in connection with an enforcement sale pursuant to or other sales contemplated by the Intercreditor Agreement;

- with respect to any Subsidiary Guarantor, upon written notice from the Company (in the case of the Senior Secured Notes Indenture) or the Parent (in the case of the Senior Notes Indenture) to the applicable Trustee, so long as no Event of Default has occurred and is continuing; *provided* that prior to or substantially concurrently with such release, such Subsidiary Guarantor is unconditionally released and discharged from its liabilities, if any, with respect to the Senior Secured Notes, the Senior Notes, the Existing Notes, Existing Credit Facilities and the New Term Loan B Facilities; *provided further* that, after giving effect to such release, the Consolidated Adjusted EBITDA (as defined in the Term Loan and Revolving Credit Facility Agreement) of the relevant Issuer and the Guarantors is at least 85% of the Consolidated Adjusted EBITDA of the Parent and the Group and the Consolidated Total Assets (as defined in the Term Loan and

Revolving Credit Facility Agreement) of the relevant Issuer and the Guarantors is at least 85% of the Consolidated Total Assets of the Parent and its Restricted Subsidiaries, in each case, calculated in accordance with, and in the manner provided by, and subject to the same exceptions as set forth in, the Term Loan and Revolving Credit Facility Agreement as in effect on the Issue Date (including (i) excluding the Consolidated Adjusted EBITDA and consolidated total assets of Restricted Subsidiaries organized under the laws of China (excluding Hong Kong), India, Indonesia, Jordan, Malaysia, Taiwan, Trinidad and Tobago and Turkey, certain project finance subsidiaries, certain receivables subsidiaries and certain non-wholly owned subsidiaries (and any trade receivables that are subject to certain receivables financings), (ii) certain assets of parties to certain letter of credit facilities and the effect of interest income attributable to certain assets securing liabilities under such letter of credit facilities and (iii) certain inventory assets);

- at the option of the Company (in the case of the Senior Secured Notes Indenture) or the Parent (in the case of the Senior Notes Indenture) by notice to the applicable Trustee, with respect to a Subsidiary Guarantor that is an "Immaterial Subsidiary", so long as no Event of Default has occurred and is continuing and such Subsidiary Guarantor does not guarantee any other credit facilities or public debt, after giving effect to such release; and

- in connection with a Permitted Reorganization.

The Guarantees from our Korean Subsidiary are subject to the acceptance by the Bank of Korea of its report thereof.

The Guarantee of each of the Senior Secured Notes and the Senior Notes from our Korean Subsidiary are subject to the acceptance by the Bank of Korea of its report thereof. There can be no assurance that we will be successful in procuring the acceptance by the Bank of Korea of such report, or in procuring any additional guarantees within the time period specified or at all. Please see "*Description of the Senior Secured Notes—Brief Description of the Notes, the Guarantees and the Security—The Guarantees*", "*Description of the Senior Notes—Brief Description of the Notes, the Guarantees and the Security—The Guarantees*", "*Summary Corporate and Financing Structure—The Offering—Guarantees*" and "*Limitation on Validity and Enforceability of the Guarantees and the Security Interests and Certain Insolvency Considerations*".

Post-petition interest—The value of the Collateral securing the applicable Notes may not be sufficient to secure post-petition interest in the United States.

In the event of a bankruptcy, liquidation, dissolution, reorganization or similar proceeding against us in the United States, holders of the applicable Notes will only be entitled to post-petition interest under the United States Bankruptcy Code to the extent that the value of their security interest in the applicable Collateral is greater than their pre-bankruptcy claim. Holders of the Notes that have a security interest in Collateral with a value equal or less than their pre-bankruptcy claim will not be entitled to post-petition interest under the United States Bankruptcy Code. No appraisal of the fair market value of the Collateral has been prepared in connection with the Offering and therefore the value of the noteholders' interest in the applicable Collateral may not equal or exceed the principal amount of the relevant Notes.

Controlling shareholders—The interests of our principal shareholders may conflict with your interests.

Messrs. Ratcliffe, Currie and Reece own INEOS Limited, our ultimate parent holding company. Mr. Ratcliffe controls INEOS Limited. Our controlling shareholder has power to elect all of the directors of our companies, to change their management, to approve any changes to their organizational documents, and to approve any acquisitions or dispositions. As a result, his actions can affect our strategic decisions, including the payment of dividends the size of which may change or increase from time to time and may not necessarily be in line with past practice, our legal and capital structure and our day-to-day operations. In addition, our principal shareholders may have an interest in pursuing acquisitions, divestitures or other transactions, including repurchases of our debt, on the open market or otherwise, that, in their judgment, could enhance their equity investment, even though these transactions might involve risks to you. In the event of a conflict of interest between you and our principal shareholders, their actions could affect our ability to meet our payment obligations to you.

Our relationship with the broader INEOS Group can also give rise to conflicts of interest. For example, we purchase a significant amount of our feedstock from INEOS. See "*Shareholders and Related Party Transactions—Related Party Transactions*". Conversely, INEOS retains other interests in certain styrenics businesses and assets, and the non-competition agreement among us and INEOS contains certain exceptions, such as the ability for INEOS to produce and sell ABS products from its plant in Addyston, USA. Furthermore, INEOS may have interests in pursuing acquisitions, divestitures or other transactions that, in its judgment, could enhance its equity investment or the interests of

its affiliates, even though these transactions might involve risks to you as a noteholder. Through its control of the board of directors of the Parent and therefore also the Issuers, INEOS will have the ability to block strategic, legal and financial decisions applicable to us in order to protect the interests of the broader INEOS Group, which may have an adverse effect on our business.

Enforcement in multiple jurisdictions—Enforcing your rights as a holder of the applicable Notes or under the applicable Guarantees or security across multiple jurisdictions may prove difficult.

The Senior Secured Notes Issuer and the Senior Notes Issuer are incorporated under the laws of England and Wales, and the Notes are guaranteed by the Guarantors, which are incorporated or organized under the laws of Belgium, England and Wales, France, Germany, Hong Kong, Mexico, Norway, Singapore, South Korea, Sweden, Switzerland, Canada and certain states in the United States. In the event of a bankruptcy, insolvency, corporate arrangement or similar event, proceedings could be initiated in Belgium, Canada, England and Wales, France, Germany, Hong Kong, Mexico, Norway, Singapore, South Korea, Sweden, Switzerland and the United States. Such multi-jurisdictional proceedings are likely to be complex and costly for creditors and otherwise may result in greater uncertainty and delay regarding the enforcement of your rights. The rights of the holders of the Senior Secured Notes and the Senior Notes will be subject to the bankruptcy, insolvency, corporate arrangement and administrative laws of several jurisdictions and there can be no assurance that you will be able to effectively enforce your rights in such complex, multiple bankruptcy, insolvency, corporate arrangement or similar proceedings.

In addition, the bankruptcy, insolvency, corporate arrangement, administrative and other laws of the Guarantors' jurisdictions of organization may be materially different from, or in conflict with, each other and those of the United States, including in the areas of rights of creditors, priority of governmental and other creditors, ability to obtain post-petition interest and duration of the proceeding. These laws in certain jurisdictions (such as in Singapore) may limit the exercise of certain contractual rights (such as terminating an agreement, claiming an accelerated payment or forfeiture of term under an agreement). Under these laws, the applicable Trustee may be restricted and prohibited from terminating the applicable Indenture or declaring the applicable Notes to be due and payable following an Event of Default (as defined in the applicable Indenture) due to a Guarantor's bankruptcy or insolvency. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction's law should apply, adversely affect the ability of the holders of the Senior Secured Notes and the Senior Notes to enforce their rights under the applicable Notes, Guarantees and Collateral in those jurisdictions or limit any amounts that they may receive. See "*Limitations on Validity and Enforceability of the Guarantees and the Security Interests*" with respect to certain of the jurisdictions mentioned above.

Moreover, in certain jurisdictions, including Germany, it is unclear whether all security interests in the Senior Secured Notes Collateral give the Security Agent a right to prevent other creditors from foreclosing on and realizing the Senior Secured Notes Collateral or whether certain security interests only give the Security Agent and the holders of the Senior Secured Notes priority (according to their rank) in the distribution of any proceeds of such realization. Accordingly, the Security Agent and the holders of the Senior Secured Notes may not be able to avoid foreclosure by other creditors (including unsecured creditors) on the Senior Secured Notes Collateral.

The laws of certain of the jurisdictions in which the Guarantors are organized limit the ability of these subsidiaries to guarantee debt of, or provide security for, other companies. See "*Limitations on Validity and Enforceability of the Guarantees and the Security Interests*".

Prior ranking security interests—Any creditors with prior ranking liens will have prior access to proceeds of certain Senior Secured Notes Collateral and the rights of the holders of Senior Secured Notes to enforce their security over the Senior Secured Notes Collateral are limited.

To the extent that holders of other secured debt or third parties enjoy liens (including statutory liens) or other prior ranking security interests, whether or not permitted by the Indentures, such holders or third parties may have rights and remedies with respect to certain Collateral securing the Senior Secured Notes and the Senior Secured Notes Guarantees that, if exercised, could reduce the proceeds available to satisfy the obligations under the Senior Secured Notes and the Senior Secured Notes Guarantees. In addition, certain security interests that will be granted in respect of the more recently incurred debt instruments will be, as a matter of local law, granted as junior ranking security interests in relation to the security granted in respect of the Existing Notes, the Term Loan A Facilities, the Revolving Credit Facility and the Existing Term Loan B Facilities. The existing first-priority liens securing the Existing Notes, the Term Loan A Facilities, the Revolving Credit Facility and the Existing Term Loan B Facilities that were created under New York and English law (and, with respect to the Existing Notes and the Existing Term Loan B Facilities, also Texas, Belgian, Canadian, English, Korean, Mexican, and Singaporean law) will remain in place and will extend to secure the Senior Secured Notes and the New Term Loan B Facilities. In some jurisdictions, such as Switzerland, the Security

Documents creating the existing first-priority liens securing the Existing Notes and the Existing Term Loan B Facilities (and, in the case of German law, also the Term Loan A Facilities and the Revolving Credit Facility) will be amended and/or confirmed (as applicable) to extend such liens to the later incurred senior secured indebtedness (or, with respect to French and certain of the German security, junior ranking security interests will be granted). The existing first-priority liens securing the Existing Notes and the Existing Term Loan B Facilities (and, in the case of English law, also the Term Loan A Facilities and the Revolving Credit Facility) that were created under Belgian law, English law, German law, Mexican law, Swiss law and Singaporean law will remain in place, and new liens over the same Collateral will be created or the security interests over the same Collateral will be confirmed and extended in these jurisdictions to secure the Senior Secured Notes; *provided* that in Mexico the amendment to the existing liens for securing the Senior Secured Notes must also be registered in the share registry book of the Mexican Guarantor and before the Sole Registry of Movable Assets (*Registro Único de Garantías Mobiliarias*), respectively, to make the extended Lien effective against third parties. In these jurisdictions where new liens are created, or extended to the later incurred senior secured indebtedness, the ranking of these new or extended liens relative to the existing liens will, as a matter of general law, depend on a number of factors, such as the nature of the liens, the order of creation of the liens, compliance with the jurisdiction's perfection requirements with respect to the liens and the order of giving notices with respect to the liens, and accordingly without the Intercreditor Agreement, the new liens would be likely to rank after the existing liens. Therefore, a holder of the Senior Secured Notes may not be able to recover on such security interests or, in respect of security interests under German law, accessory security interests, because the beneficiaries of the senior ranking security interests will have a prior claim to all proceeds from the enforcement of the same, although the Intercreditor Agreement provides for certain *pari passu* rules of allocation agreed as between the parties to it. See the specific local law security interests described under "*Description of the Collateral and the Guarantees—Summary of the Collateral and the Guarantees and Collateral for the Notes*", "*Limitations on Validity and Enforceability of Guarantees and the Security Interests*" and "*Description of Other Indebtedness—Intercreditor Agreement*".

Enforcement of French share pledges—Under the security interests governed by French law, creditors may be required to pay a "soulte" in the event you decide to enforce the pledges of the shares by judicial or contractual foreclosure of the Collateral consisting of shares of INOVYN France SAS or INOVYN Oléfines SAS rather than by a sale of such Collateral in a public auction.

Security interests governed by French law may only secure a creditor up to the secured amount that is due and unpaid to it. The pledges over shares of French companies may be enforced at the option of the secured creditor either by a sale of the pledged shares in a public auction (the proceeds of the sale being paid to the secured creditors), by judicial foreclosure (*attribution judiciaire*) or by contractual foreclosure (*attribution conventionnelle*) of the shares to the secured creditor, following which the secured creditor is the legal owner of the pledged shares. If the secured creditors choose to enforce by way of foreclosure (whether a judicial foreclosure or contractual foreclosure), the secured liabilities would be deemed extinguished up to the value of the foreclosed securities. A judge (in the context of a judicial foreclosure) or an expert (in the context of a contractual foreclosure pre-contractually agreed or appointed by a judge), will value the Collateral (in this case, the pledged shares) and if the value of the Collateral exceeds the amount of secured debt, the secured creditors may be required to pay the obligor a *soulte* equal to the difference between the value of the shares and the amount of the secured debt. This is true regardless of the actual amount of proceeds ultimately received by the secured creditors from a subsequent sale of the Collateral.

Consequently, (i) in the event the holders of the Senior Secured Notes decide to, and are entitled to, enforce the share pledges over the shares of INOVYN France SAS or INOVYN Oléfines SAS through a judicial or contractual foreclosure and (ii) if the value of such shares exceeds the amount of the secured debt, the holders of the Senior Secured Notes may be required to pay to the pledgor a *soulte* equal to the amount by which the value of such shares exceeds the amount of secured debt.

If the value of such shares is less than the amount of the secured debt, the relevant amount owed to the relevant creditors will be reduced by an amount equal to the value of such shares, and the remaining amount owed to such creditors will be unsecured in that respect.

Security interests governed by French law may only secure payment obligations and may only be enforced following a payment default (including following acceleration) and up to the secured amount that is due and remaining unpaid.

Insolvency laws—Relevant insolvency laws France

Certain Guarantors are incorporated or organized or have assets located in France. See "*Limitations on Validity and Enforceability of the Guarantees and the Security Interests*" for a description of the insolvency laws in France which could limit the enforceability of the guarantees and the security interests.

Value of Collateral—The Collateral is subject to casualty risks.

We intend to continue to maintain insurance or otherwise insure against hazards in the manner described in this offering memorandum. There are, however, certain losses that may be either uninsurable or not economically insurable, in whole or in part. Insurance proceeds may not compensate us fully for our losses. If there is a complete or partial loss of any of the Collateral, the insurance proceeds may not be sufficient to satisfy all of the secured obligations. In addition, even if there is sufficient insurance coverage, if there is a total or partial loss of certain Collateral, there may be significant delays in obtaining replacement Collateral.

Perfection of security interests—The rights of the holders of the applicable Notes in the applicable Collateral may be adversely affected by the failure to perfect security interests in such Collateral.

Under applicable law, a security interest in certain tangible and intangible assets can only be properly perfected, and its priority retained, through certain actions undertaken by the secured party or the grantor, as applicable, of the security. The liens in the Collateral securing the applicable Notes may not be perfected with respect to the claims of such Notes if we fail or are unable, or the Security Agent fails or is unable, to take the actions we are or it is required, as the case may be, to take to perfect any of these liens. In addition, applicable law requires that certain property and rights acquired after the grant of a general security interest, such as real property, equipment subject to a certificate and certain proceeds, can only be perfected at or promptly following the time such property and rights are acquired and identified.

The applicable Trustee and the Security Agent (as applicable) will not monitor, or we may not comply with our obligations to inform the applicable Trustee or the Security Agent of, any future acquisition of property and rights by us, and the necessary action may not be taken to properly perfect the security interest in such after-acquired property or rights. Such failure may result in the invalidity of the security interest in the applicable Collateral or adversely affect the priority of the security interest in favor of the holders of the applicable Notes against third parties. Neither the applicable Trustee nor the Security Agent has any obligation to monitor the acquisition of additional property or rights by us or for the perfection of any security interest.

Additionally and as set out under the section "*Limitations on the Validity and Enforceability of the Guarantees and the Collateral and certain Insolvency Considerations—Sweden—Creation of valid security interests*" below, under Swedish law, a security interest over an asset can only be validly perfected if the grantor is effectively deprived of its right to control, deal with or dispose of the asset subject to the security interest.

Guarantees and Collateral limitations—The Guarantees and pledges of Collateral will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit their validity and enforceability.

The Indentures will provide that certain Guarantees will be limited to the maximum amount that can be guaranteed by the relevant Guarantor without rendering the relevant Guarantee voidable or otherwise ineffective under applicable law and enforcement of each Guarantee would be subject to certain generally available defenses. These laws and defenses include those that relate to corporate benefit, fraudulent transfer or conveyance, voidable preference, transfer at undervalue, preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally. See "*Limitations on Validity and Enforceability of the Guarantees and the Security Interests*".

Although laws differ among various jurisdictions, in general, under fraudulent conveyance, preference, transfer at undervalue and other laws, a court could subordinate or void the Guarantees and, if payment had already been made under a Guarantee, require that the recipient return the payment to the relevant Guarantor, if the court were to find that:

- the relevant Guarantee was incurred with actual intent to hinder, delay or defraud creditors or shareholders of the Guarantor or, in certain jurisdictions, even when the recipient was simply aware that the Guarantor was insolvent when it granted the relevant Guarantee;

- the Guarantor did not receive fair consideration or reasonably equivalent value for the relevant Guarantee and the Guarantor was: (i) insolvent or rendered insolvent because of the relevant guarantee; (ii) undercapitalized or became undercapitalized because of the relevant guarantee; or (iii) intended to incur, or believed that it would incur, indebtedness beyond its ability to pay at maturity;

- the relevant Guarantees were held to exceed the corporate objects of the Guarantor or not to be in the best interests or for the corporate benefit of the Guarantor; or

- the amount paid or payable under the relevant Guarantee was in excess of the maximum amount permitted under applicable law.

The measures of insolvency for purposes of fraudulent transfer, preference, transfer at undervalue and other laws vary depending upon applicable governing law. Generally, an entity would be considered insolvent if, at the time it incurred indebtedness:

- the sum of its debts, including contingent liabilities, is greater than the fair value of all its assets;
- the present fair saleable value of its assets is less than the amount required to pay the probable liability on its existing debts and liabilities, including contingent liabilities, as they become due; or
- it cannot pay its debts as they become due.

If a court were to find that the issuance of the applicable Notes or a Guarantee of any of the Notes was a fraudulent conveyance, preference, transfer at undervalue or held it unenforceable for any other reason, the court could hold that the payment obligations under such Notes or such Guarantee are ineffective, or require the holders of such Notes to repay any amounts received with respect to such Notes or such Guarantee. In the event of a finding that a fraudulent conveyance preference or transfer at undervalue occurred, you may cease to have any claim in respect of the relevant Guarantor and would be a creditor solely of the Senior Secured Notes Issuer (in the case of the Senior Secured Notes) or the Senior Secured Issuer (in the case of the Senior Notes) and, if applicable, of the other Guarantors under any Guarantees which have not been declared void.

Additionally, any future pledge of Collateral in favor of the Security Agent, including pursuant to security documents delivered after the Issue Date might be avoidable by the pledgor (as debtor-in-possession) or by its trustee in bankruptcy or similar official if certain events or circumstances exist or occur, including, among others, if the pledgor is insolvent at the time of the pledge, the pledge permits the holders of the relevant Notes to receive a greater recovery than if the pledge had not been given and a bankruptcy proceeding in respect of the pledgor is commenced within 90 days following the pledge, or in certain circumstances, a longer period.

In addition, under the terms of the Indentures, we will be permitted in the future to incur additional indebtedness and other obligations that may share in the liens on the Collateral securing the relevant Notes. The granting of new security interests may require the releasing and retaking of security or otherwise create new hardening periods in certain jurisdictions. In particular, in the event any new debt is incurred that is permitted by the Indentures to be secured on a first-priority basis by the Senior Secured Notes Collateral and is so secured, we expect that the Senior Notes Collateral will be released and retaken at the time such new debt is secured by the Senior Secured Notes Collateral in order to preserve the second-ranking nature of the Senior Notes Collateral. The applicable hardening period for these new security interests will run from the moment each new security interest has been granted or perfected. At each time, if the security interest granted or recreated were to be enforced before the end of the respective hardening period applicable in such jurisdiction, it may be declared void or ineffective or it may not be possible to enforce it. Further, certain security documents governing the security interests granted by the Guarantors will provide that the amounts guaranteed by such security interests will be limited to the extent of the amount guaranteed by such Guarantor. Therefore, limitations in the Guarantees will also serve to limit the amounts guaranteed by the pledges of Collateral.

Insolvency laws—Relevant insolvency laws in England and other jurisdictions may provide you with less protection than U.S. bankruptcy law.

The Issuers and certain of the Guarantors are incorporated under the laws of England and Wales. Therefore, any insolvency proceedings by or against the Issuers or such Guarantors would likely be based on English insolvency laws. The other Guarantors are incorporated or organized or have assets located in Belgium, Canada, France, Germany, Hong Kong, Mexico, Norway, Singapore, South Korea, Sweden, Switzerland and the United States.

The procedural and substantive provisions of the insolvency and (if applicable) corporate arrangement laws in many of the jurisdictions in which the Guarantors are organized are generally more favorable to secured creditors than comparable provisions of U.S. law and afford debtors and unsecured creditors only limited protection from secured creditors. Due to the nature of such insolvency and (if applicable) corporate arrangement laws and the unsecured nature of the claims of holders of the Senior Notes against the relevant Guarantors, the ability of holders of the Senior Notes to protect their interests may be more limited than would be the case under U.S. bankruptcy laws. The lenders under the Term Loan and Revolving Credit Facility Agreement and the Existing Term Loan B Facilities Agreement and the holders of the Existing Notes and the Senior Secured Notes have first-priority security on substantially all of the assets of the

Issuers and substantially all of the assets of the Guarantors. As a result, after the enforcement of the assets securing the Senior Secured Notes, the Security Agent, at the request of the senior creditors under the Intercreditor Agreement whose senior credit participations constitute the simple majority in aggregate principal amount of the total senior credit participations, will have effective control of and the right to direct the disposition of the assets of the Issuers and the Guarantors, subject to the relevant insolvency laws.

In the event that any one or more of the Senior Notes Issuer, the Senior Secured Issuer, the Guarantors, any future Guarantors, if any, or any other of our subsidiaries experiences financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency, corporate arrangement (if applicable) or similar proceedings would be commenced, or the outcome of such proceedings. Guarantees and security provided by entities organized in jurisdictions not discussed in this offering memorandum are also subject to material limitations pursuant to their terms, by statute or otherwise. Any enforcement of the guarantees or security after bankruptcy or an insolvency event in such other jurisdictions will be subject to the insolvency laws of the relevant entity's jurisdiction of organization or other jurisdictions. The insolvency and other laws of each of these jurisdictions may be materially different from, or in conflict with, each other, including in the areas of rights of secured and other creditors, the ability to void preferential transfer, priority of governmental and other creditors, ability to obtain post-petition interest and duration of the proceeding. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction's laws should apply, adversely affect your ability to enforce your rights under the guarantees or the security in these jurisdictions and limit any amounts that you may receive. See "*Limitations on the Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Considerations*."

Enforcement of civil liabilities—You may not be able to recover in civil proceedings for U.S. securities law violations.

The Issuers and most of the Guarantors are companies incorporated outside the United States. Most of our directors and executive officers and the directors and executive officers of the Guarantors are non-residents of the United States. Although the Issuers and the Guarantors have submitted to the jurisdiction of certain New York courts in connection with any action under U.S. securities laws, you may be unable to effect service of process within the United States on our directors and executive officers or the directors and executive officers of the Guarantors. In addition, as most of our assets and those of our directors and executive officers are located outside of the United States, you may be unable to enforce against them judgments obtained in the U.S. courts predicated upon civil liability provisions of the Federal securities laws of the United States. In addition, we have been informed that it is questionable whether certain non-U.S. courts would accept jurisdiction and impose civil liability if proceedings were commenced in such non-U.S. jurisdictions predicated solely upon U.S. federal securities laws. See "*Service of Process and Enforcement of Judgments*."

Lack of public market—There may not be an active trading market for the applicable Notes, in which case your ability to sell your Notes may be limited.

There is no existing market for any of the Notes. We cannot assure you as to:

- the liquidity of any market in any of the Notes;
- your ability to sell your Notes; or
- the prices at which you would be able to sell your Notes.

Although certain of the Initial Purchasers have informed us that they intend to make a market in the Notes after completing the Offering, the Initial Purchasers are not obligated to make a market in any of the Notes and may cease market-making at any time. In addition, changes in the overall market for high yield securities and changes in our financial performance or in the markets where we operate may adversely affect the liquidity of the trading market in such Notes and the market price quoted for such Notes. As a result, we cannot assure you that an active trading market will actually develop for any of the Notes.

Historically, the markets for non-investment grade debt such as the Notes have been subject to disruptions that have caused substantial volatility in their prices. Future trading prices for the applicable Notes will depend on many factors, including, among other things, prevailing interest rates, our operating results and the market for similar securities. The market, if any, for the applicable Notes may be subject to similar disruptions. Any disruptions may have an adverse effect on the holders of the applicable Notes, regardless of our prospects and financial performance. As a result, there is no assurance that there will be an active trading market for any of the Notes. If no active trading market develops, you may not be able to resell your holding of the applicable Notes at a fair value, if at all.

Although an application has been made for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF market, we cannot assure you that the Notes will remain listed. Although no assurance is made as to the liquidity of such Notes as a result of the admission to trading on the Euro MTF market, failure to be approved for listing or the delisting of any Notes, as applicable, from the Official List may have a material effect on a holder's ability to resell the such Notes in the secondary market.

In addition, the Indentures will allow for the issuance of additional Senior Secured Notes and Senior Notes in the future which could adversely impact the liquidity of such Notes.

Transfer of the Notes—The transfer of the Notes is restricted.

The Notes and the guarantees thereof have not been registered under the Securities Act or the securities laws of any jurisdiction and, unless so registered, may not be offered or sold except pursuant to an exemption from, or transaction not subject to, the registration requirements of the Securities Act and any other applicable laws. See "*Notice to Investors*". We have not agreed to or otherwise undertaken to register any of the Notes, and we do not have any intention to do so. In addition, by acceptance of delivery of any Notes, the holder thereof agrees on its own behalf and on behalf of any investor account for which it has purchased the Notes that it shall not transfer the Notes in an aggregate principal amount of less than $200,000, in the case of the dollar-denominated Notes, or €100,000, in the case of the euro-denominated Notes. It is your obligation to ensure that your offers and sales of Notes comply with these transfer restrictions and applicable law.

Book-entry interests—Certain considerations relating to book-entry interests.

Unless and until the Notes in definitive registered form, or definitive registered notes, are issued in exchange for book-entry interests, owners of book-entry interests will not be considered owners or holders of the respective Notes. The nominee of the common depositary for Euroclear and Clearstream will be the sole holder of the global notes representing the euro-denominated Notes, and the nominee for DTC will be the sole holder of the global notes representing the dollar-denominated Notes. After payment to Euroclear and Clearstream or DTC, as applicable, the relevant Issuer will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if you own a book-entry interest, you must rely on the procedures of Euroclear, Clearstream or DTC, as applicable, and if you are not a participant in Euroclear, Clearstream or DTC, on the procedures of the participant through which you own your interest, to exercise any rights of a holder under the relevant Indenture. See "*Book-Entry; Delivery and Form*".

Unlike the holders of the Notes themselves, owners of book-entry interests will not have the direct right to act upon the relevant Issuer's solicitations for consents, requests for waivers or other actions from holders of the relevant Notes. Instead, if you own a book-entry interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from Euroclear, Clearstream or DTC. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable you to vote on any consents, requests for waivers or other actions on a timely basis.

Similarly, upon the occurrence of an Event of Default under the applicable Indenture, unless and until definitive registered notes are issued in respect of all book-entry interests, if you own a book-entry interest, you will be restricted to acting through Euroclear, Clearstream or DTC, as applicable. The Issuers cannot assure you that the procedures to be implemented through Euroclear, Clearstream or DTC will be adequate to ensure the timely exercise of rights under the relevant Notes. See "*Book-Entry; Delivery and Form*".

The audit reports of PricewaterhouseCoopers LLP and Deloitte LLP included in this offering memorandum include statements purporting to limit the persons that may rely on such reports and the opinions contained therein.

The audit reports of (i) PwC in respect of (x) the Parent's consolidated financial statements as of and for each of the years ended December 31, 2018 and 2017 and (y) INOVYN's consolidated financial statements as of and for each of the years ended December 31, 2018 and 2017 and (ii) Deloitte in respect of (x) the Parent's consolidated financial statements as of and for the year ended December 31, 2019, (y) INOVYN's consolidated financial statements as of and for the year ended December 31, 2019 and (iii) Deloitte in respect of the Audited BP Petrochemicals Combined Carve-out Financial Statements, which are included in this offering memorandum, include statements purporting to limit PwC's or Deloitte's, as applicable, duty of care in relation to such report and the financial statements to which it relates. The SEC would not permit such limiting language to be included in a registration statement or a prospectus used in connection with an offering of securities registered under the Securities Act or in a report filed under the Exchange Act. If a court were to give effect to such limiting language, the recourse that investors in the Notes may have against PwC or

Deloitte, as applicable, (as the independent auditors for the relevant periods) based on its audit reports or the financial statements to which they relate could be limited.

Foreign currency exchange risks—You may face currency exchange risks by investing in the Notes.

The euro-denominated Notes are denominated and payable in euro, while the dollar-denominated Notes are denominated and payable in dollars. If you measure your investment returns by reference to a currency other than the currency in which your Notes are denominated, investment in such Notes entails foreign currency exchange-related risks due to, among other factors, possible significant changes in the value of the euro or the dollar, as applicable, relative to the currency you use to measure your investment returns, caused by economic, political and other factors which affect exchange rates and over which we have no control. Depreciation of the currency in which your Notes are denominated against the currency by reference to which you measure your investment returns would cause a decrease in the effective yield of such Notes below their stated coupon rates and could result in a loss to you when the return on such Notes is translated into the currency by reference to which you measure your investment returns. There may be tax consequences for you as a result of any foreign currency exchange gains or losses resulting from your investment in the Notes. U.S. investors with U.S. dollars as their functional currency may have important tax consequences as a result of foreign exchange gains or losses, if any, as a result of investments in the euro-denominated Notes. See "*Certain Tax Considerations—Material U.S. Federal Income Tax Considerations*". You should consult your tax advisor concerning the tax consequences to you of acquiring, holding and disposing of the Notes.

Interest rate risks—Certain of our borrowings bear interest at floating rates that could rise significantly, increasing our interest cost and reducing cash flow.

A substantial part of our indebtedness, including borrowings under the Term Loan and Revolving Credit Facility Agreement and the Existing Term Loan B Facilities Agreement, bears or will bear interest at per annum rates equal to EURIBOR, LIBOR and similar benchmarks, in each case adjusted periodically, plus a spread. Furthermore, we may incur additional indebtedness that bears interest at a floating rate. These interest rates could rise significantly in the future, thereby increasing our interest expenses associated with these obligations, reducing cash flow available for capital expenditures and hindering the Issuers' ability to make payments on our indebtedness.

Changes or uncertainty in respect of LIBOR or other interest rate benchmarks may affect our sources of funding.

Some of our sources of funding are linked to LIBOR or EURIBOR. See "*Description of Other Indebtedness—Term Loan and Revolving Credit Facility Agreement*" and "*Description of Other Indebtedness—Existing Term Loan B Facilities Agreement*". Various interest rate benchmarks (including LIBOR) are the subject of recent national and international regulatory guidance and proposals for reform. In addition, on July 27, 2017, the UK Financial Conduct Authority (the "**FCA**") announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR rates after 2021, and since April 2018, the Bank of England has been setting the primary sterling interest rate benchmark using the Sterling Over Night Index Average rate ("**SONIA**") so that SONIA will be established as the primary sterling interest rate benchmark by the end of 2021. It is expected that LIBOR panels will disappear after 2021 and companies and firms are urged to be able to run their business without LIBOR from this date and to reduce the stock of "legacy" LIBOR contracts. It is not possible to predict the effect of the phasing out of LIBOR as a reference rate for debt instruments, including to the rules promulgated by the FCA in relation thereto, that will be enacted in the United Kingdom and elsewhere, which may adversely affect the loan and bond markets in respect of LIBOR-based debt instruments.

More generally, any of the above matters or any other significant change to the setting or existence of alternative interest rate benchmarks could affect the ability of amounts available to us to meet our obligations under our sources of funding and/or could have a material adverse effect on the value or liquidity of, and the amount payable under, our sources of funding, including our ability to make payments on the Notes. The discontinuation of LIBOR or changes in the manner of administration of replacement interest rate benchmarks could result in adjustment to the conditions applicable to our sources of funding or other consequences as relevant to our sources of funding including, without limitation, early redemption, discretionary valuation, delisting or other consequences. No assurance can be provided that relevant changes will not be made to relevant benchmark rates and/or that such benchmarks will continue to exist. Furthermore, under the Term Loan and Revolving Credit Facility Agreement and the Existing Term Loan B Facilities Agreement, the relevant administrative agent and borrowers are required to endeavor to establish an alternate rate of interest to LIBOR in certain circumstances such as when the administrative agent determines that LIBOR is not available or if the supervisor for the administrator of LIBOR or a governmental authority having jurisdiction over the administrative agent publicly announces a specific date after which LIBOR shall no longer be used for determining interest rates for loans denominated in the applicable currency.

The Group may incur additional indebtedness, which indebtedness could increase its leverage and may have terms that are more or less favorable than the terms of the Group's existing indebtedness.

The Group or its subsidiaries may incur substantial additional debt. Prior to the maturity of the Notes, we will be required to refinance or repay certain other debt, including certain obligations under the Term Loan and Revolving Credit Facility Agreement. In connection with the Group's financial strategy, the Group continually evaluates different financing alternatives, and the Group may decide to enter into new credit facilities, access the debt capital markets or incur other indebtedness from time to time. Any such offering or incurrence of debt will be made at the Group's election or the election of its relevant subsidiaries, and if such debt is in the form of securities, would be offered and sold pursuant to, and on the terms described in, an additional offering memorandum. The interest rate with respect to any such additional debt will be set at the time of the pricing or incurrence of such debt and may be less than or greater than the interest rate applicable to the Group's existing debt, including, in the case of a refinancing, the debt that is being refinanced, which would have a corresponding effect on the Group's cash interest expense on a pro forma basis. In addition, the maturity date of any such additional debt will be set at the time of pricing or incurrence of such debt and may be earlier or later than the maturity date of the Group's existing debt. The other terms of such additional debt would be as agreed with the relevant lenders or holders thereof and could be more or less favorable than the terms of the Group's existing indebtedness. There can be no assurance that the Group will elect to raise any such additional debt or that any effort to raise such debt will be successful, and there can be no assurance as to the timing of such offering or incurrence, the amount or terms of any such additional debt. If the Group incurs new debt in addition to its current debt, the related risks that the Group now faces, even in a refinancing transaction, as described above and elsewhere in these "Risk Factors", could intensify. If we are unable to obtain new debt financing as needed, we would have to consider other options, such as selling assets; restructuring all or a portion of our debt before maturity; obtaining additional equity capital; foregoing opportunities such as acquisitions; or reducing or delaying our business activities and capital investments.

Certain covenants may be suspended upon the occurrence of a change in the ratings of the Notes.

The Indentures will provide that, if at any time following the Issue Date, the applicable Notes satisfy the Investment Grade Requirement (as defined under "*Description of the Senior Secured Notes—Certain Definitions*" and "*Description of the Senior Notes—Certain Definitions*") and no Default or Event of Default has occurred and is continuing, then beginning on that day and continuing until such time, if any, at which the Investment Grade Requirement ceases to be satisfied, certain covenants will automatically cease to be applicable to such Notes and the Guarantees will be released (other than the Guarantees of the Company and any parent of the Company (in the case of the Senior Secured Notes) and other than the Guarantee of the Parent (in the case of the Senior Notes)). See "*Description of Senior Secured Notes—Certain Covenants—Suspension of Covenants and Release of Guarantees on Achievement of Investment Grade Status*" and "*Description of Senior Notes—Certain Covenants—Suspension of Covenants and Release of Guarantees on Achievement of Investment Grade Status*". If these covenants were to cease to be applicable, we would be able to incur additional debt or make payments, including dividends or investments, which may conflict with the interests of holders of the applicable Notes. There can be no assurance that any of the Notes will ever achieve an investment grade rating or that any such rating will be maintained.

Market perceptions concerning the instability of the euro, the potential re-introduction of individual currencies within the eurozone, or the potential dissolution of the euro entirely, could have adverse consequences for us with respect to our outstanding debt obligations that are euro-denominated.

The eurozone continues to be heavily indebted, which has contributed to the instability of the financial markets. Financial markets may continue to be negatively impacted by concerns about a slowdown in growth in certain economies of the eurozone and uncertainties regarding the overall stability of the euro and the sustainability of the euro as a single currency given the diverse economic and political circumstances in individual member states. Governments and regulators have implemented austerity programs and other remedial measures to respond to these concerns around the economies and financial system of the eurozone, but the actual impact of such programs and measures are difficult to predict.

In the event that concerns around the economies and financial system of the eurozone and the stability and sustainability of the euro are not resolved, it is possible that one or more countries may default on their debt obligations and/or cease using the euro and re-establish their own national currency or that the eurozone may collapse. Should the euro dissolve entirely, the legal and contractual consequences for holders of euro denominated obligations and for parties subject to other contractual provisions referencing the euro such as supply contracts would be determined by laws in effect at such time.

The official exchange rate at which the euro-denominated Notes may be re-denominated may not accurately reflect their value in euro. These potential developments, or market perceptions concerning these and related issues, could adversely affect the value of the euro-denominated Notes and could have adverse consequences for us with respect to our outstanding debt obligations that are euro-denominated, and, as we have a substantial amount of debt denominated in euro, our financial condition may be materially affected.

Furthermore, the Term Loan and Revolving Credit Facility Agreement, the Existing Term Loan B Facilities Agreement and the Existing Indenture contain, and the Indentures will contain, covenants restricting our and our subsidiaries' corporate activities. See "*—Restrictive covenants in our debt instruments—We are subject to restrictive debt covenants that may limit our ability to finance our future operations and capital needs and to pursue business opportunities and activities. If we default under these covenants, we will not be able to meet our payment obligations*". Certain of such covenants impose limitations based on euro amounts (e.g., the amount of additional indebtedness we or our subsidiaries may incur). As such, if the euro were to significantly decrease in value, the restrictions imposed by these covenants would become tighter, further restricting our ability to finance our operations and conduct our day to day business.

THE TRANSACTIONS

On the Acquisitions Closing Date, INEOS US Petrochem LLC and INEOS 226 Limited drew $350 million under the Dollar Term Loan A Facilities, € 300 million under the Euro Term Loan A Facilities, as well as $2,450 million and €870 million under the Bridge Facility, which amounts, along with the proceeds from the Equity Bridge Contribution (which was funded with the proceeds of the Vendor Loan Notes), 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. On or about the Issue Date, INEOS US Petrochem LLC and INEOS 226 Limited will draw the New Term Loan B Facilities. The borrowings under the New Term Loan B Facilities, together with the proceeds of the Offering and cash on hand, will be used to (i) repay the amounts outstanding under the Bridge Facility, the 2025 Euro Term Loans (as defined under the caption "*Description of Other Indebtedness—Term Loan and Revolving Credit Facility Agreement*") and the INOVYN Senior Secured Term Loan B Facility and repay the Equity Bridge Contribution in the form of a dividend to a shareholder of the Parent, which will in turn use the proceeds to repay the Vendor Loan Notes and (ii) pay certain fees and expenses related to the Transactions. See "*Use of Proceeds*" and "*Description of Other Indebtedness*".

The Offering, the borrowings under the Term Loan A Facilities, the Bridge Facility, the Deposit Facility and the New Term Loan B Facilities, the use of cash on hand and proceeds from the Offering and such borrowings, the Equity Bridge Contribution and the repayment thereof in the form of a dividend to the Group's immediate shareholder and the Acquisitions are collectively referred to herein as the "**Transactions**."

Summary of BP Acquisition Agreement

BP Acquisition

Pursuant to an acquisition agreement dated June 29, 2020 (as subsequently amended on July 3, 2020, October, 12, 2020 and December 29, 2020) between, *inter alios*, INEOS Holdings AG and BP (the "**BP Acquisition Agreement**"), certain subsidiaries of INEOS Quattro Financing Limited (formerly known as INEOS Styrolution Financing Limited), being Ineos 226 Limited, Ineos Acetyls UK Limited, Ineos Acetyls International Limited, Ineos 179 Limited, Ineos US Petrochem LLC, Ineos Acetyls Japan KK and Ineos Aromatics & Acetyls Trading Shanghai Company Limited (together, the "**Purchasers**"), agreed to purchase the Aromatics and Acetyls Businesses from certain subsidiaries of BP (together, the "**Sellers**"), comprising:

(A) the shares in:

- BP Chemical Investments Limited;
- BP Amoco Chemical Company;
- BP Petronas Acetyls Sdn. Bhd. (the "**BPPA Joint Venture**" (70% ownership interest)); and
- Formosa BP Chemicals Corporation (the "**Formosa Joint Venture**" (50% ownership interest)),

(together, the "**Target Companies**"); and

(B) the property, rights and assets owned by the Sellers and used, enjoyed or exercised exclusively in relation to the Aromatics and Acetyls Businesses, including, *inter alia*, properties, loose plant and equipment, feedstock and product inventory, employees, contracts, licenses, intellectual property and IT.

Between the signing of the BP Acquisition Agreement and the consummation of the BP Acquisition, BP undertook a reorganization in accordance with a steps plan agreed between the parties, pursuant to which certain assets (including intellectual property, employees, contracts, licenses and shares in companies) were transferred to the Target Companies, or subsidiaries thereof, and certain assets (including certain sites) were transferred out of the Target Companies and retained by the BP group (the "**Reorganization**").

Consideration

On the date of the signing of the BP Acquisition Agreement, the Company paid a deposit in the amount of $400 million to BP International Limited.

The aggregate consideration for the purchase of the Aromatics and Acetyls Businesses was an amount equal to $5 billion, subject to certain purchase price adjustments.

$1 billion of the aggregate consideration is referred to as the Borrowed Consideration Amount and, on the Acquisitions Closing Date, the Purchasers were required to procure that INEOS Industries Limited and INEOS Holdings AG (affiliates of the parent) entered into certain vendor loan note documentation, pursuant to which INEOS Industries Limited issued vendor loan notes in a principal amount equal to $1 billion (the "**Vendor Loan Notes**"). The Vendor Loan Notes will be redeemed and the $1 billion paid by INEOS Industries Limited or INEOS Holdings AG (as the case may be) in accordance with the terms of the Vendor Loan Notes.

Conditions to Closing

The BP Acquisition was conditional upon satisfaction of the following conditions:

- receipt of anti-trust approvals in the following jurisdictions: the EU; the People's Republic of China; the U.S.; Brazil; Russia; South Korea; Taiwan; Turkey and Ukraine;
- completion of the Reorganization; and
- evidence that the joint venture partners in the BPPA Joint Venture, the Formosa Joint Venture and Lotte BP Chemical Co., Limited joint venture have given such consents and/or waivers to (or any pre-emption rights have lapsed in respect of) the sale of the shares as may be required under the applicable shareholders' agreements,

(together, the "**Conditions**"). All Conditions were satisfied prior to Closing including, for the avoidance of doubt, receipt of all requisite consents and/or waivers from the joint venture partners in the BPPA Joint Venture, the Formosa Joint Venture and Lotte BP Chemical Co., Limited joint venture.

Warranties and Conduct of Business

The BP Acquisition Agreement imposed customary obligations on the Sellers to operate the Aromatics and Acetyls Businesses as a going concern in the ordinary course as carried on in the twelve-month period prior to the date of the BP Acquisition Agreement, except as otherwise agreed in writing by the Purchasers.

The BP Acquisition Agreement contains a number of business warranties given by the Sellers to the Purchasers in respect of the Aromatics and Acetyls Businesses, including without limitation, with respect to:

- title to the shares in the capital of the Target Companies, and the accuracy of information provided with respect to the companies and joint ventures comprising the Aromatics and Acetyls Businesses;
- the preparation and accuracy of the carve-out accounts, consisting of the unaudited consolidated balance sheet and the unaudited consolidated profit and loss account, relating to the Aromatics and Acetyls Businesses, as of, and for the twelve-month period ended on December 31, 2019;
- financial obligations of the Aromatics and Acetyls Businesses;
- ownership and condition of property and assets (including intellectual property);
- absence of failures or breakdowns of IT or systems, and compliance with data protection legislation;
- the terms of, and impact of the transaction on, material contracts of the Aromatics and Acetyls Businesses, and the nature of joint ventures and related party arrangements;
- health and safety and environmental matters; and
- the absence of any material adverse change since December 31, 2019.

The Sellers also gave certain indemnities to the Purchasers, including, without limitation, with respect to liabilities arising in relation to:

- the implementation of the Reorganization, or the failure to implement the Reorganization in accordance with the Reorganization steps plan and/or applicable law (but excluding any losses in relation to tax, to which the terms of the tax covenant shall apply), provided that the Sellers will not be liable for any steps requested by the Purchasers in writing. This indemnity is time-limited to seven (7) years after Closing and is subject to an overall liability cap of $5 billion;

- environmental losses (being, losses in relation to, inter alia, asbestos exposure claims, breach of environmental law or in respect of any contamination) arising out of former site contamination, off-site waste disposal, an exposure claim or an asbestos claim. In relation to exposure and asbestos claims, this indemnity is time-limited to twenty (20) years after Closing and is subject to an overall liability cap of $5 billion; and

- former disposals relating to the Acetyls and/or Aromatics Business at any time in the seven (7) years prior to Closing where the value of the business, asset or company being disposed of exceeded $25 million, as well as certain specific known disposals identified in due diligence. In respect to the specifically identified disposals, the indemnity is time-limited to seven (7) years after Closing, and in respect to all other former disposals the indemnity is time-limited to three (3) years after Closing. The former disposals indemnity is subject to an overall liability cap of $5 billion.

The parties also entered into a separate tax covenant, pursuant to which the Sellers agreed to indemnify the Purchasers in respect of certain tax liabilities. Tax claims are time-limited to seven (7) years after closing, and are subject to an overall liability cap of $5 billion.

USE OF PROCEEDS

The gross proceeds from the sale of the Euro Senior Secured Notes will be €800.0 million, the gross proceeds from the sale of the Dollar Senior Secured Notes will be $500.0 million, the gross proceeds from the sale of the Euro Senior Notes will be €500.0 million and the gross proceeds from drawings under the New Term Loan B Facilities will be $2,000.0 million and €1,500.0 million.

The gross proceeds from the Offering of the Notes, along with the amounts borrowed under the New Term Loan B Facilities, will be used to (i) repay the amounts outstanding under the Bridge Facility, the 2025 Euro Term Loans (as defined under the caption "*Description of Other Indebtedness—Term Loan and Revolving Credit Facility Agreement*") and the INOVYN Senior Secured Term Loan B Facility and repay the Equity Bridge Contribution in the form of a dividend to a shareholder of the Parent, which will in turn use the proceeds to repay the Vendor Loan Notes and (ii) pay certain fees and expenses related to the Transactions.

Actual amounts may vary from estimated amounts depending on several factors, including the actual closing dates of the Transactions and fluctuations in applicable exchange rates.

Sources	in € million	Uses	in € million
Senior Secured Notes offered hereby[(1)]	1,226.2	Repayment of 2025 Euro Term Loans	180.0
Senior Notes offered hereby[(2)]	500.0	Repayment of Bridge Facility[(5)]	2,958.5
New Term Loan B Facilities[(3)]	3,204.9	Repayment of INOVYN Senior Secured Term Loan B Facility[(6)]	1,064.3
Cash on hand[(4)]	181.6	Repayment of Equity Bridge Contribution[(7)]	852.4
		Estimated fees and expenses[(8)]	57.5
Total sources	**5,112.7**	**Total uses**	**5,112.7**

(1) Represents the aggregate principal amount of the Senior Secured Notes offered hereby. The principal amount of the Dollar Senior Secured Notes has been converted at a rate of $1.1731 per euro. The euro equivalent of the Dollar Senior Secured Notes may vary based on exchange rates at the time of closing.

(2) Represents the aggregate principal amount of the Senior Notes offered hereby.

(3) Represents the aggregate principal amount of term loans outstanding under the New Term Loan B Facilities. The principal amount of the New Term Loan B Facilities denominated in U.S. dollars has been converted at a rate of $1.1731 per euro. The euro equivalent of the dollar-denominated New Term Loan B Facilities may vary based on exchange rates at the time of closing.

(4) Includes €44.6 million of cash on hand from the Bridge Facility funding (see table below).

(5) Represents the aggregate principal amount of term loans outstanding under the Bridge Facility, which will be repaid as part of the Transactions. The principal amount of the dollar denominated Bridge Facility loans has been converted at a rate of $1.1731 per euro.

(6) Represents the aggregate principal amount of term loans outstanding under the INOVYN Senior Secured Term Loan B Facility, which will be repaid as part of the Transactions.

(7) The Equity Bridge Contribution will be repaid in the form of a dividend from the Group to the Parent and then a dividend from the Parent to a shareholder of the Parent, which will in turn use the proceeds to repay the Vendor Loan Notes. The amount of the Equity Bridge Contribution has been converted at a rate of $1.1731 per euro.

(8) Represents the estimated fees and expenses related to the Offering and the entry into the New Term Loan B Facilities, including underwriting fees and commissions, other financing fees, advisory fees and other transaction costs and professional fees. Excludes accrued but unpaid interest on the Bridge Facility.

The proceeds from the sale of the Notes and from the amounts borrowed under the Term Loan A Facilities and the New Term Loan B Facilities will neither directly nor indirectly be used in Switzerland, in such a way as would be interpreted by the Swiss federal tax administration and/or Swiss courts as being detrimental for Swiss withholding tax purposes, at any time while the Notes are outstanding and during the term of the Term Loan A Facilities and the New Term Loan B Facilities.

Sources and Uses of the Acquisitions

On the Acquisitions Closing Date, INEOS US Petrochem LLC and INEOS 226 Limited drew $350,000,000 under the Dollar Term Loan A Facilities, €300,000,000 under the Euro Term Loan A Facilities, as well as $2,450,000,000 and €870,000,000 under the Bridge Facility, which amounts, along with the proceeds from the Equity Bridge Contribution (which was funded with the proceeds of the Vendor Loan Notes), 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.

Actual amounts may vary from estimated amounts depending on several factors, including fluctuations in applicable exchange rates and purchase price adjustments.

Sources	in € million	Uses	in € million
Term Loan A Facilities[(1)]	598.4	Repayment of Deposit Facility[(4)]	341.0
Bridge Facility[(2)]	2,958.5	Payment of balance of BP Acquisition Consideration[(5)]	3,921.2
Equity Bridge Contribution[(3)]	852.4	Estimated fees and expenses[(6)]	102.5
		Cash on hand	44.6
Total sources	**4,409.3**	**Total uses**	**4,409.3**

(1) Represents the $350 million aggregate principal amount of the Dollar Term Loan A Facilities and the €300 million aggregate principal amount of the Euro Term Loan A Facilities borrowed by INEOS 226 Limited on December 31, 2020 pursuant to the Term Loan and Revolving Credit Facility Agreement in order to pay the purchase price consideration for the BP Acquisition (including the refinancing of the Deposit Facility). The principal amount of the Dollar Term Loan A Facilities has been converted at a rate of $1.1731 per euro.

(2) Represents the $2,450 million and €870 million aggregate principal amount of the Bridge Facility borrowed by INEOS US Petrochem LLC and INEOS 226 Limited on December 31, 2020 pursuant to the Term Loan and Revolving Credit Facility Agreement in order to pay the purchase price consideration for the BP Acquisition (including the refinancing of the Deposit Facility). The principal amount of the dollar-denominated Bridge Facility loans has been converted at a rate of $1.1731 per euro.

(3) Represents the $1,000 million Equity Bridge Contribution made to the Parent and then to the Company on December 31, 2020 in order to pay the purchase price consideration for the BP Acquisition (including the refinancing of the Deposit Facility). The Equity Bridge Contribution was financed by the Vendor Loan Notes. The amount of the Equity Bridge Contribution has been converted at a rate of $1.1731 per euro.

(4) Represents the $400 million aggregate principal amount of the Deposit Facility borrowed by the Company on July 29, 2020 in order to pay to BP the $400 million deposit on the purchase price consideration for the BP Acquisition (the "**Initial Deposit**"). The principal amount of the Deposit Facility has been converted at a rate of $1.1731 per euro.

(5) Represents the $5,000 million purchase price consideration for the BP Acquisition, less the amount of the Initial Deposit, paid to BP on December 31, 2020. The consideration has been converted at a rate of $1.1731 per euro.

(6) Represents fees and expenses in connection with the Acquisitions, including a transaction fee of €50 million paid by way of a dividend to the Group's shareholders as a transaction advisory fee in January 2021. Excludes accrued but unpaid interest on the Deposit Facility.

CAPITALIZATION

The following table sets forth our consolidated cash and cash equivalents and capitalization on a pro forma basis after giving effect to the Transactions, as if they had occurred on September 30, 2020. This table should be read in conjunction with "*Presentation of Financial and Other Information*," "*Unaudited Pro Forma Condensed Combined Financial Information"*, "*Use of Proceeds*", "*The Transactions*", "*Operating and Financial Review and Prospects*", "*Description of Other Indebtedness*," and the Parent Consolidated Financial Statements, the INOVYN Consolidated Financial Statements and the BP Petrochemicals Combined Carve-out Financial Statements included elsewhere in this offering memorandum.

Actual amounts may vary from estimated amounts depending on several factors, including differences from our estimate of fees and expenses, fluctuations in cash and cash equivalents between September 30, 2020 and the Issue Date and fluctuations in applicable exchange rates.

	Pro forma as of September 30, 2020[1]	As further adjusted pro forma as of September 30, 2020[1][2]
	(€ in millions)	
Cash and cash equivalents	751.3	565.5
Borrowings		
Senior Secured Notes offered hereby[3]	1,226.2	1,226.2
New Term Loan B Facilities[4]	3,204.9	3,204.9
Term Loan A Facilities[5]	418.4	418.4
Revolving Credit Facility[6]	—	—
Existing Senior Secured Notes[7]	600.0	600.0
Existing Term Loan B Facilities[8]	621.5	621.5
Styrolution Securitization Program[9]	—	—
INOVYN Securitization Program[10]	31.2	31.2
Senior Notes offered hereby[11]	500.0	500.0
Loans from related parties[12]	37.6	37.6
Other financing[13]	17.5	17.5
Leases under IFRS 16[14]	284.9	284.9
Discounts and capitalized financing costs	(77.7)	(77.7)
Total financial indebtedness	**6,864.5**	**6,864.5**
Total equity[15]	**2,018.4**	**2,018.4**
Total capitalization[16]	**8,882.9**	**8,882.9**

(1) The pro forma figures as of September 30, 2020 are derived from the Unaudited Pro Forma Condensed Consolidated Financial Information included elsewhere in this offering memorandum. Unless otherwise indicated, euro equivalents of U.S. dollar amounts are translated at an exchange rate of $1.1731 = €1.00 as of September 30, 2020. The closing Bloomberg Composite Rate on January 12, 2021 was $1.2207 = € 1.00.

(2) Reflects the reduction of €185.8 million in cash at the Aromatics and Acetyls Businesses to reflect the terms of the BP Acquisition Agreement at December 31, 2020 when the acquisition closed. The pro forma cash and cash equivalents and total financial indebtedness at September 30, 2020 reflect the Aromatics and Acetyls Businesses' cash and cash equivalents and financial indebtedness at that date.

(3) Reflects the €800.0 million and $500.0 million aggregate principal amount of the Senior Secured Notes offered hereby.

(4) Represents the total €1,500.0 million and $2,000.0 million principal amounts expected to be outstanding under the New Term Loan B Facilities. Borrowings under the New Term Loan B Facilities, along with the proceeds from the Offering of the Notes and cash on hand, will be used to (i) repay the amounts outstanding under the Bridge Facility, the 2025 Euro Term Loans (as defined under the caption "*Description of Other Indebtedness—Term Loan and Revolving Credit Facility Agreement") and the INOVYN Senior Secured Term Loan B Facility and repay the Equity Bridge Contribution in the form of a dividend to a shareholder of the Parent, which will in turn use the proceeds to repay the Vendor Loan Notes and (ii) pay certain fees and expenses related to the Transactions. See "Use of Proceeds*" and "*The Transactions*".

(5) Represents the total €120 million and $350 million principal amounts outstanding under the Term Loan A Facilities. Borrowings under the Term Loan A Facilities were used to pay a portion of the consideration for the BP Acquisition on the Acquisitions Closing Date. See "*Use of Proceeds*" and "*The Transactions*".

(6) As of the Issue Date, the $300 million available under the Revolving Credit Facility was undrawn. See "*Description of Other Indebtedness—The Revolving Credit Facility*" and "*Use of Proceeds*".

(7) Represents the €600 million aggregate principal amount of Existing Senior Secured Notes issued by INEOS Styrolution Group GmbH on January 31, 2020.

(8) Represents the $201 million term loan facility made available to INEOS Styrolution US Holding LLC pursuant to the Existing Term Loan B Facilities Agreement and the €450 million term loan facility made available to the INEOS Styrolution Group GmbH pursuant to the Existing Term Loan B Facilities Agreement.

(9) As of September 30, 2020, the Styrolution Securitization Program had a total capacity of €450.0 million. Based on the number of receivables included in the program as of that date, we had a maximum borrowing limit of €223.5 million. As of September 30, 2020, no amounts are outstanding under the Styrolution Securitization Program. The maximum borrowing limit under the Styrolution Securitization Program increases or decreases in accordance with the amount of outstanding customer invoices on any given day. Under the terms of the Styrolution Securitization Program, certain of our subsidiaries sell eligible receivables to a consolidated special purpose entity, for which the Company acts as servicer. Financing is obtained from committed lenders or institutional buyers, which are known as conduit investors. The Styrolution Securitization Program is subject to specific terms, and our failure to perform in accordance with these terms may result in the termination of the facility that provides liquidity to the program. See "*Description of Other Indebtedness—The Styrolution Securitization Program*."

(10) As of September 30, 2020, the INOVYN Securitization Program had a total capacity of €240 million. Based on the number of receivables included in the program as of that date, we had a maximum borrowing limit of €186.3 million. As of September 30, 2020, €31.2 million aggregate principal amount of borrowings, excluding debt issuance costs, under the INOVYN Securitization Program were outstanding. See Note 11 of the Unaudited INOVYN Interim Condensed Consolidated Financial Statements, which are included elsewhere in this offering memorandum. Such borrowings were repaid in October 2020. The maximum borrowing limit under the INOVYN Securitization Program increases or decreases in accordance with the amount of outstanding customer invoices on any given day. Under the terms of the INOVYN Securitization Program, certain of our subsidiaries sell eligible receivables to a consolidated special purpose entity, for which the INOVYN Group Treasury Limited acts as servicer. Financing is obtained from committed lenders or institutional buyers, which are known as conduit investors. The INOVYN Securitization Program is subject to specific terms, and our failure to perform in accordance with these terms may result in the termination of the facility that provides liquidity to the program. See "*Description of Other Indebtedness—The INOVYN Business Securitization Program.*"

(11) Reflects the €500.0 million aggregate principal amount of Senior Notes offered hereby.

(12) Represents certain loans from related parties to the INOVYN Business.

(13) Represents €17.1 million of working capital facilities outstanding at the Aromatics and Acetyls Businesses and certain loans to the INOVYN Business from governmental research institutions in Spain and France, which are classified as "other loans".

(14) Represents the lease liability we recognized under IFRS 16 as of September 30, 2020, which was classified in the line item "lease liabilities". See Note 5 of the Unaudited Parent Interim Condensed Consolidated Financial Statements and Note 4 of the Unaudited BP Petrochemicals Interim Condensed Combined Carve-out Financial Statements, which are included elsewhere in this offering memorandum.

(15) Total equity includes non-controlling interests.

(16) Total capitalization comprises total financial indebtedness and total equity.

SELECTED HISTORICAL FINANCIAL INFORMATION OF THE STYROLUTION BUSINESS

The selected financial information as of September 30, 2020 and for each of the nine-month periods ended September 30, 2020 and September 30, 2019 is derived from the Unaudited Parent Interim Condensed Consolidated Financial Statements as of and for the nine months ended September 30, 2020 with unaudited comparative financial information for the nine months ended September 30, 2019, prepared in accordance with IAS 34 Interim Financial Reporting and included elsewhere in this offering memorandum. The selected financial information of the Parent as of and for the year ended December 31, 2019 is derived from the Audited Parent Consolidated Financial Statements as of and for the year ended December 31, 2019, prepared in accordance with IFRS and included elsewhere in this offering memorandum. The selected financial information of the Parent as of and for the year ended December 31, 2018 is derived from the audited consolidated financial statements of the Parent and its subsidiaries as of and for the year ended December 31, 2018, prepared in accordance with IFRS and included elsewhere in this offering memorandum. The selected financial information of the Parent as of and for the year ended December 31, 2017 is derived from the Audited Parent Consolidated Financial Statements as of and for the year ended December 31, 2017, prepared in accordance with IFRS and included elsewhere in this offering memorandum. This information should be read in conjunction with "Certain Definitions," "Presentation of Financial and Other Information," "Risk Factors," "Use of Proceeds," "Capitalization," "Selected Historical Financial Information," "Operating and Financial Review and Prospects," and the Parent Consolidated Financial Statements and the notes thereto included elsewhere in this offering memorandum. The Audited Parent Consolidated Financial Statements were prepared in accordance with IFRS. The Unaudited Parent Interim Condensed Consolidated Financial Statements, which were prepared in accordance with IAS 34 Interim Financial Reporting. The information below is not necessarily indicative of the results of future operations.

The selected unaudited financial information for the 12 months ended September 30, 2020 is based on the Parent Consolidated Financial Statements and is calculated by adding the unaudited financial information for the nine months ended September 30, 2020 to the difference between the financial information for the year ended December 31, 2019 and the unaudited financial information for the nine months ended September 30, 2019. The unaudited financial information for the 12 months ended September 30, 2020 has been prepared solely for the purpose of this offering memorandum, is not prepared in the ordinary course of our financial reporting. It is not necessarily representative of our results of operations for any future period or our financial condition as of any future date. The financial information for the 12 months ended September 30, 2020 are non-IFRS measures.

The 2019 Audited Parent Consolidated Financial Statements include the impact of the application of IFRS 16 with effect from January 1, 2019. See "Presentation of Financial and Other Information—Financial Information—IFRS 16—Leases". During the periods presented in this offering memorandum, the Parent has adopted certain additional accounting standards that may have an impact on the comparability of the financial information presented herein. This includes the adoption of IFRS 15—Revenue from Contracts with Customers and IFRS 9—Financial Instruments. As a result, the Consolidated Parent Financial Statements may not be directly comparable between periods. See "Presentation of Financial and Other Information".

Selected Parent Consolidated Statement of Income Information

	For the year ended December 31,			For the nine months ended September 30,		
	2017	2018[3]	2019[4]	2019[4]	2020	For the 12 months ended September 30, 2020
			(in €million)			
Revenue	**5,342.4**	**5,366.7**	**4,884.2**	**3,798.3**	**2,834.2**	**3,920.1**
Cost of sales	(4,284.5)	(4,349.5)	(4,003.2)	(3,079.3)	(2,299.1)	(3,223.0)
Gross profit	**1,057.9**	**1,017.2**	**881.0**	**719.0**	**535.1**	**697.1**
Selling and distribution expenses	(280.6)	(280.7)	(286.8)	(220.4)	(209.4)	(275.8)
General and administrative expenses	(113.6)	(118.6)	(119.1)	(89.3)	(80.5)	(110.3)
Research and development expenses	(12.4)	(13.8)	(13.8)	(9.8)	(9.3)	(13.3)
Other operating expense, net	(44.9)	(0.5)	(11.9)	(3.7)	(4.6)	(12.8)
Profit from operating activities	**606.4**	**603.6**	**449.4**	**395.8**	**231.3**	**284.9**
Net finance costs	(98.5)	(27.0)	(16.1)	(6.2)	(44.3)	(54.2)
Income before income tax	**507.9**	**576.6**	**433.3**	**389.6**	**187.0**	**230.7**

Income tax expense	(14.8)	(124.1)	(110.3)	(86.0)	(59.5)	(83.8)
Net income	**493.1**	**452.5**	**323.0**	**303.6**	**127.5**	**146.9**

Selected Parent Consolidated Statement of Cash Flows Information

	For the year ended December 31,			For the nine months ended September 30,	
	2017	2018[3]	2019[4]	2019[4]	2020
			(in €million)		
Net cash flows generated from / (used in)					
Operating activities	589.2	778.4	617.1	483.4	377.4
Investing activities	(243.4)	(171.3)	(372.6)	(755.9)	(615.9)
Financing activities	(360.9)	(337.3)	(523.1)	(7.2)	352.2

Selected Parent Consolidated Statement of Financial Position Information

	As of December 31,			As of September 30,
	2017	2018[3]	2019[4]	2020
			(in €million)	
Property, plant and equipment	888.5	942.7	1,282.1	1,373.0
Intangible assets and goodwill	1,463.9	1,415.2	1,372.8	1,289.7
Cash and cash equivalents	295.9	567.1	289.7	395.1
Total assets	3,978.5	4,139.9	4,027.7	4,294.5
Total equity[1]	1,926.8	2,241.8	1,989.8	1,674.8
Total financial indebtedness[2]	840.0	711.2	961.2	1,682.2

(1) Total equity includes non-controlling interests.

(2) Total financial indebtedness includes the amount of unamortized discounts and capitalized financing costs. Under IFRS, debt issuance costs are deducted from the related debt amounts for the purposes of statement of financial position presentation and are amortized over the life of the debt. As of January 1, 2019, financial indebtedness also includes finance lease obligations as a result of the application of IFRS 16. The Parent recognized additional lease liabilities of €135.4 million as of January 1, 2019. See "*Presentation of Financial and Other Information—Adoption of new accounting standards—IFRS 16—Leases*".

(3) The Parent adopted IFRS 15 and IFRS 9 from January 1, 2018 and did not restate comparative financial information presented in the Parent's consolidated financial statements. Therefore, the financial information presented for the year ended December 31, 2017 may not be comparable to the financial information presented for the year ended December 31, 2018. See "*Presentation of Financial and Other Information—Adoption of new accounting standards—IFRS 15—Revenue from Contracts with Customers*" and "*—IFRS 9—Financial Instruments"*.

(4) The Parent adopted IFRS 16 from January 1, 2019 using the modified retrospective approach pursuant to which the audited comparative financial information for the years ended December 31, 2018 and 2017, has not been restated. EBITDA before special items for the nine months ended September 30, 2019 includes the impact of the application of IFRS 16 with effect from January 1, 2019, which amounted to €20.2 million for the nine months ended September 30, 2019 and €27.9 million for the year ended December 31, 2019. As of January 1, 2019, financial indebtedness also includes finance lease obligations as a result of the application of IFRS 16. The Parent recognized additional lease liabilities of €135.4 million as of January 1, 2019. See "*Presentation of Financial and Other Information—Financial Information—IFRS 16—Leases*".

SELECTED HISTORICAL FINANCIAL INFORMATION OF INOVYN

The selected financial information as of September 30, 2020 and for each of the nine-month periods ended September 30, 2020 and September 30, 2019 is derived from the Unaudited INOVYN Interim Condensed Consolidated Financial Statements as of and for the nine months ended September 30, 2020 with unaudited comparative financial information for the nine months ended September 30, 2019, prepared in accordance with IAS 34 Interim Financial Reporting and included elsewhere in this offering memorandum. The selected financial information of INOVYN as of and for the year ended December 31, 2019 is derived from the 2019 Audited INOVYN Consolidated Financial Statements as of and for the year ended December 31, 2019, prepared in accordance with IFRS and included elsewhere in this offering memorandum. The selected financial information of INOVYN as of and for the year ended December 31, 2018 is derived from the 2018 Audited INOVYN Consolidated Financial Statements as of and for the year ended December 31, 2018, prepared in accordance with IFRS and included elsewhere in this offering memorandum. The selected financial information of INOVYN as of and for the year ended December 31, 2017 is derived from the 2017 Audited INOVYN Consolidated Financial Statements as of and for the year ended December 31, 2017, prepared in accordance with IFRS and included elsewhere in this offering memorandum. This information should be read in conjunction with "Certain Definitions," "Presentation of Financial and Other Information," "Risk Factors," "Use of Proceeds," "Capitalization," "Selected Historical Financial Information," "Operating and Financial Review and Prospects," and the INOVYN Consolidated Financial Statements and the notes thereto included elsewhere in this offering memorandum. The Audited INOVYN Consolidated Financial Statements were prepared in accordance with IFRS. The Unaudited INOVYN Interim Condensed Consolidated Financial Statements, which were prepared in accordance with IAS 34 Interim Financial Reporting, have not been audited. The information below is not necessarily indicative of the results of future operations.

The selected unaudited financial information for the 12 months ended September 30, 2020 is based on the INOVYN Consolidated Financial Statements and is calculated by adding the unaudited financial information of INOVYN and its subsidiaries for the nine months ended September 30, 2020 to the difference between the financial information for the year ended December 31, 2019 and the unaudited financial information for the nine months ended September 30, 2019. The unaudited financial information for the 12 months ended September 30, 2020 has been prepared solely for the purpose of this offering memorandum, is not prepared in the ordinary course of our financial reporting and has not been audited or reviewed. It is not necessarily representative of our results of operations for any future period or our financial condition as of any future date. The financial information for the 12 months ended September 30, 2020 are non-IFRS measures.

The 2019 Audited INOVYN Consolidated Financial Statements include the impact of the application of IFRS 16 with effect from January 1, 2019. However, as permitted by IFRS, the financial information for the year ended December 31, 2018 has not been restated to reflect the impact of IFRS 16. See "Presentation of Financial and Other Information—Financial Information—IFRS 16—Leases". During the periods presented in this offering memorandum, INOVYN has adopted certain additional accounting standards that may have an impact on the comparability of the financial information presented herein. This includes the adoption of IFRS 15—Revenue from Contracts with Customers and IFRS 9—Financial Instruments. As a result, the INOVYN Consolidated Financial Statements may not be directly comparable between periods. See "Presentation of Financial and Other Information".

Selected INOVYN Consolidated Statement of Income Information

	For the year ended December 31,			For the nine months ended September 30,		
	2017	2018	2019[4]	2019[4]	2020	For the 12 months ended September 30, 2020
			(in €million)			
Revenue	**3,324.6**	**3,359.3**	**3,105.4**	**2,365.3**	**2,118.1**	**2,858.2**
Cost of sales	(2,373.7)	(2,341.6)	(2,183.9)	(1,634.0)	(1,441.7)	(1,991.6)
Gross profit	**950.9**	**1,017.7**	**921.5**	**731.3**	**676.4**	**866.6**
Total Distribution costs	(319.6)	(332.6)	(348.8)	(262.0)	(264.7)	(351.5)
Total Administrative expenses	(132.9)	(140.5)	(186.7)	(116.0)	(107.5)	(178.2)
Operating profit	**498.4**	**544.6**	**386.0**	**353.3**	**304.2**	**336.9**

Total share of profit/(loss) of associated undertakings using the equity accounting method	12.6	(0.5)	—	—	—	—
Purchase gain on acquisition	3.7	—	—			—
Loss on disposal of other investments	—	(0.1)	—	—	—	—
Profit on disposal of property, plant and equipment	1.2	—	—	—	(0.5)	(0.5)
Loss on disposal of businesses	(3.4)	—	—	—	—	—
Profit before net finance costs	**512.5**	**544.0**	**386.0**	**353.3**	**303.7**	**336.4**
Net finance costs	(76.0)	(37.4)	(16.4)	(11.2)	(25.8)	(31.0)
Profit before tax	**436.5**	**506.6**	**369.6**	**342.1**	**277.9**	**305.4**
Tax charge	(133.1)	(121.4)	(67.7)	(66.9)	(53.1)	(53.9)
Profit for the year/period	**303.4**	**385.2**	**301.9**	**275.2**	**224.8**	**251.5**

Selected INOVYN Consolidated Statement of Cash Flows Information

	For the year ended December 31,			For the nine months ended September 30,	
	2017	2018[3]	2019[4]	2019[4]	2020
			(in €million)		
Net cash flows generated from / (used in) Operating activities	467.1	544.7	429.0	324.8	399.7
Investing activities	(72.5)	(219.8)	(264.8)	(180.4)	(176.8)
Financing activities	(339.9)	(240.6)	(308.9)	(291.5)	(71.6)

Selected INOVYN Consolidated Statement of Financial Position Information

	As of December 31,			As of
	2017	2018[3]	2019[4]	September 30, 2020
			(in €million)	
Property, plant and equipment	1,103.3	1,200.7	1,419.5	1,397.0
Intangible assets	5.7	9.3	8.8	27.8
Cash and cash equivalents	121.6	207.7	64.2	212.7
Total assets	2,401.4	2,438.2	2,808.8	3,182.4
Total equity[1]	67.5	342.6	267.3	443.8
Total financial indebtedness[2]	910.7	808.6	965.8	1,203.2

(1) Total equity includes non-controlling interests.

(2) Total financial indebtedness includes the amount of unamortized discounts and capitalized financing costs. Under IFRS, debt issuance costs are deducted from the related debt amounts for the purposes of statement of financial position presentation and are amortized over the life of the debt. As of January 1, 2019, financial indebtedness also includes finance lease obligations as a result of the application of IFRS 16. INOVYN recognized additional lease liabilities of €61.6 million as of January 1, 2019. See "*Presentation of Financial and Other Information—Adoption of new accounting standards—IFRS 16—Leases*".

(3) INOVYN adopted IFRS 15 and IFRS 9 from January 1, 2018 and did not restate comparative financial information presented in INOVYN's consolidated financial statements. Therefore, the financial information presented for the year ended December 31, 2017 may not be comparable to the financial information presented for the year ended December 31, 2018. See "*Presentation of Financial and Other*

Information—Adoption of new accounting standards—IFRS 15—Revenue from Contracts with Customers" and "*—IFRS 9—Financial Instruments"*.

(4) INOVYN adopted IFRS 16 from January 1, 2019 using the modified retrospective approach pursuant to which the audited comparative financial information for the years ended December 31, 2018 and 2017, has not been restated. EBITDA before special items for the nine months ended September 30, 2019 includes the impact of the application of IFRS 16 with effect from January 1, 2019, which amounted to €18.2 million for the nine months ended September 30, 2019 and €24.6 million for the year ended December 31, 2019. As of January 1, 2019, financial indebtedness also includes finance lease obligations as a result of the application of IFRS 16. INOVYN recognized additional lease liabilities of €61.6 million as of January 1, 2019. See "*Presentation of Financial and Other Information—Financial Information—IFRS 16—Leases*".

SELECTED HISTORICAL FINANCIAL INFORMATION OF BP PETROCHEMICALS

The selected financial information as of September 30, 2020 and for each of the nine-month periods ended September 30, 2020 and September 30, 2019 is derived from the Unaudited BP Petrochemicals Interim Condensed Combined Carve-out Financial Statements as of and for the nine months ended September 30, 2020 with unaudited comparative financial information for the nine months ended September 30, 2019, prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU as modified by the principles in the Annexure to SIR 2000—Investment Reporting Standards Applicable to Public Reporting Engagement on Historical Financial Information and included elsewhere in this offering memorandum. The selected financial information as of and for the years ended December 31, 2019 and December 31, 2018 is derived from the Audited BP Petrochemicals Combined Carve-out Financial Statements as of and for the year ended December 31, 2019 and, 2018, prepared in accordance with IFRS as adopted by the EU as modified by the principles in the Annexure to SIR 2000—Investment Reporting Standards Applicable to Public Reporting Engagements on Historical Financial Information and included elsewhere in this offering memorandum. This information should be read in conjunction with "Certain Definitions," "Presentation of Financial and Other Information," "Risk Factors," "Use of Proceeds," "Capitalization," "Selected Historical Financial Information," "Operating and Financial Review and Prospects," and the BP Petrochemicals Combined Carve-out Financial Statements and the notes thereto included elsewhere in this offering memorandum. The Unaudited BP Petrochemicals Interim Condensed Combined Carve-out Financial Statements, have not been audited. The information below is not necessarily indicative of the results of future operations.

The selected unaudited financial information for the 12 months ended September 30, 2020 is based on the BP Petrochemicals Combined Carve-out Financial Statements and is calculated by adding the unaudited financial information of BP Petrochemicals and its subsidiaries for the nine months ended September 30, 2020 to the difference between the financial information for the year ended December 31, 2019 and the unaudited financial information for the nine months ended September 30, 2019. The unaudited financial information for the 12 months ended September 30, 2020 has been prepared solely for the purpose of this offering memorandum, is not prepared in the ordinary course of our financial reporting. It is not necessarily representative of our results of operations for any future period or our financial condition as of any future date. The financial information for the 12 months ended September 30, 2020 are non-IFRS measures.

The Audited BP Petrochemicals Consolidated Financial Statements include the impact of the application of IFRS 16 with effect from January 1, 2019. However, as permitted by IFRS, the financial information for the year ended December 31, 2018 has not been restated to reflect the impact of IFRS 16. See "Presentation of Financial and Other Information—Financial Information—IFRS 16—Leases".

Selected BP Petrochemicals Combined Carve-out Income Statement Information

	For the year ended December 31,		For the nine months ended September 30,		For the 12 months ended September 30,
	2018	2019	2019	2020	2020
				($ in million)	
Continuing operations					
Sales and other operating revenues	6,661	6,261	4,756	2,983	4,488
Earnings from joint ventures—after interest and tax	250	74	48	31	57
Interest and other income	53	68	50	27	45
Total revenues and other income	6,964	6,403	4,854	3,041	4,590
Purchases	5,072	4,774	3,586	2,211	3,399
Production and manufacturing expenses	826	813	615	473	671
Depreciation, depletion and amortization	173	193	147	144	190
Distribution and administration expenses	310	307	205	214	316
Profit/(Loss) before interest and taxation	583	316	301	(1)	14
Finance costs	38	32	26	19	25
Profit/(Loss) before tax	545	284	275	(20)	(11)
Taxation expense/(benefit)	(22)	62	54	5	13
Profit/(Loss) after tax for the year	567	222	221	(25)	(24)
Attributable to:					
BP owners	552	220	217	(20)	(17)
Non-controlling interest	15	2	4	(5)	(7)

	567	222	221	(25)	(24)

Selected BP Petrochemicals Combined Carve-out of Cash Flows Statement Information

	For the year ended December 31,		For the nine months ended September 30,	
	2018	2019	2019	2020
	(in $ million)			
Net cash flows generated from / (used in)				
Operating activities[1]	592	536	407	18
Investing activities	(97)	(131)	(67)	(90)
Financing activities	(294)	(407)	(336)	(10)

(1) Includes dividends received from joint ventures of $94 million, $133 million, $119 million and $49 million for the year ended December 31, 2018 and 2019 and for the nine months ended September 30, 2019 and 2020, respectively.

Selected BP Petrochemicals Combined Carve-out Balance Sheet Information

	As of December 31,		As of September 30,
	2018	2019	2020
	(in $ million)		
Property, plant and equipment	1,925	1,966	1,991
Cash and cash equivalents	409	401	329
Total assets	4,336	3,985	3,925
Total invested equity[1]	2,649	2,478	2,563
Total financial indebtedness[2]	670	685	696

(1) Total invested equity includes non-controlling interests.

(2) Total financial indebtedness comprises total lease liabilities (current and non-current) and total finance debt (current and non-current) including the amount of unamortized discounts and capitalized financing costs. Under IFRS, debt issuance costs are deducted from the related debt amounts for the purposes of statement of financial position presentation and are amortized over the life of the debt. As of January 1, 2019, financial indebtedness also includes finance lease obligations as a result of the application of IFRS 16. BP Petrochemicals recognized additional lease liabilities of $81 million as of January 1, 2019. See "*Presentation of Financial and Other Information—Adoption of new accounting standards—IFRS 16—Leases*".

OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion is based upon, and should be read in conjunction with, the Parent Consolidated Financial Statements, the INOVYN Consolidated Financial Statements and the BP Petrochemicals Combined Carve-out Financial Statements included elsewhere in this offering memorandum.

The summary financial information of the Styrolution Business as of September 30, 2020 and for each of the nine-month periods ended September 30, 2020 and September 30, 2019 is derived from the Unaudited Parent Interim Condensed Consolidated Financial Statements, prepared in accordance with IAS 34 Interim Financial Reporting and included elsewhere in this offering memorandum. The summary financial information of the Styrolution Business as of and for the year ended December 31, 2019 is derived from the 2019 Audited Parent Consolidated Financial Statements, prepared in accordance with IFRS and included elsewhere in this offering memorandum. The summary financial information of the Styrolution Business as of and for the year ended December 31, 2018 is derived from the 2018 Audited Parent Consolidated Financial Statements, prepared in accordance with IFRS and included elsewhere in this offering memorandum. The summary financial information of the Styrolution Business as of and for the year ended December 31, 2017 is derived from the 2017 Audited Parent Consolidated Financial Statements, prepared in accordance with IFRS and included elsewhere in this offering memorandum. The Audited Parent Consolidated Financial Statements have been prepared in accordance with IFRS. The Unaudited Parent Interim Condensed Consolidated Financial Statements have been prepared in accordance with IAS 34 Interim Financial Reporting.

The summary financial information of the INOVYN Business as of September 30, 2020 and for each of the nine-month periods ended September 30, 2020 and September 30, 2019 is derived from the Unaudited INOVYN Interim Condensed Consolidated Financial Statements, prepared in accordance with IAS 34 Interim Financial Reporting and included elsewhere in this offering memorandum. The summary financial information of the INOVYN Business as of and for the year ended December 31, 2019 is derived from the 2019 Audited INOVYN Consolidated Financial Statements, prepared in accordance with IFRS and included elsewhere in this offering memorandum. The summary financial information of the INOVYN Business as of and for the year ended December 31, 2018 is derived from the 2018 Audited INOVYN Consolidated Financial Statements, prepared in accordance with IFRS and included elsewhere in this offering memorandum. The summary financial information of the INOVYN Business as of and for the year ended December 31, 2017 is derived from the 2017 Audited INOVYN Consolidated Financial Statements, prepared in accordance with IFRS and included elsewhere in this offering memorandum. The Audited INOVYN Consolidated Financial Statements have been prepared in accordance with IFRS. The Unaudited INOVYN Interim Condensed Consolidated Financial Statements have been prepared in accordance with IAS 34 Interim Financial Reporting.

The summary financial information of BP Petrochemicals as of September 30, 2020 and for each of the nine-month periods ended September 30, 2020 and September 30, 2019 is derived from the Unaudited BP Petrochemicals Interim Condensed Combined Carve-out Financial Statements, prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU as modified by the principles in the Annexure to SIR 2000—Investment Reporting Standards Applicable to Public Reporting Engagement on Historical Financial Information. and included elsewhere in this offering memorandum. The summary financial information of BP Petrochemicals as of and for the years ended December 31, 2019 and December 31, 2018 is derived from the Audited BP Petrochemicals Combined Carve-out Financial Statements, prepared in accordance with IFRS as modified by the principles in the Annexure to SIR 2000—Investment Reporting Standards Applicable to Public Reporting Engagements on Historical Financial Information and included elsewhere in this offering memorandum. The Audited BP Petrochemicals Combined Carve-out Financial Statements have been prepared in accordance with IFRS, as modified by the principles in the Annexure to SIR 2000—Investment Reporting Standards Applicable to Public Reporting Engagements on Historical Financial Information. The Unaudited BP Petrochemicals Interim Condensed Combined Carve-out Financial Statements have been prepared in accordance with IAS 34 Interim Financial Reporting.

During the periods presented in this offering memorandum, each of the Styrolution Business, the INOVYN Business and the BP Petrochemicals Business have adopted certain accounting standards that may have an impact on the comparability of the financial information presented herein. The Styrolution Business, the INOVYN Business and the BP Petrochemicals Business (also referred to herein as the Aromatics and Acetyls Businesses) each applied IFRS 16 on January 1, 2019, using the modified retrospective approach without restatement of comparative information. In addition, the Styrolution Business and the INOVYN Business have each applied IFRS 15—Revenue from Contracts with Customers and IFRS 9—Financial Instruments from January 1, 2018 and did not restate comparative financial information. As a result, each of the Parent Consolidated Financial Statements, the INOVYN Consolidated Financial Statements and the BP Petrochemicals Combined Carve-out Financial Statements may not be directly comparable between periods. See "Presentation of Financial and Other Information—Adoption of new accounting standards".

In addition, the following discussion for each of the Styrolution Business, the INOVYN Business and the Aromatics and Acetyls Businesses includes a presentation of EBITDA before special items, EBITDA before exceptional items and EBITDA, respectively, which are non-IFRS financial measures. We believe that the presentation of EBITDA before special items, EBITDA before exceptional items and EBITDA enhances an investor's understanding of our financial performance. However, EBITDA before special items, EBITDA before exceptional items and EBITDA should not be considered in isolation or viewed as a substitute for income from operations or profit as a measure of operating performance, cash flows from operating activities as a measure of our ability to meet cash needs or any other measures of performance as defined by IFRS. EBITDA before special items, EBITDA before exceptional items and EBITDA as used herein, is not necessarily comparable to other similarly titled captions of other companies due to potential inconsistencies in the method of calculation.

Furthermore, the following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those discussed below and elsewhere in this offering memorandum, particularly in "Risk Factors" and "Forward-Looking Statements."

This discussion, unless the context dictates otherwise, is pro forma for the Acquisitions.

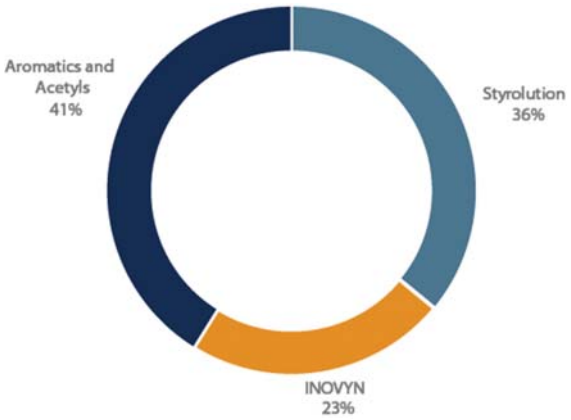
Overview

We are a leading global petrochemicals producer, marketer and merchant. Our business operates approximately 50 manufacturing sites in 19 countries in the Americas, Europe and Asia. We have a strong global footprint and leading market positions with respect to our key products. Our business benefits from cost advantages as a result of operating large-scale, highly integrated facilities strategically located near major transportation routes and customer locations.

We operate our business through four business segments: the Styrolution Business, the INOVYN Business, the Aromatics Business and the Acetyls Business. The products we manufacture are derived from crude oil and natural gas and salt, and include styrene, vinyls, aromatic chemical compounds and organic compounds. Our products serve a broad and diverse range of end markets, including packaging, construction, automotive, electronics, household, textiles, agrochemicals and healthcare. We benefit from the cost advantages of operating large scale, well invested, highly integrated facilities strategically located near major transportation facilities and customer locations. We and our predecessors have invested significantly in our production facilities to ensure that they operate efficiently, resulting in integrated, and state of the art production units. We believe these investments allow us to operate at lower cost and higher utilization rates than most of our competitors, and enable us to maintain positive margins and cash flows even during downturns in industry cycles or customer demand. In the year ended December 31, 2019 we generated €13,551 million in pro forma revenue with 30% from Asia, 44% from EMEA and 26% from the Americas. In addition our pro forma RC EBITDA before special items was €1,864 million with 21% generated from Asia, 53% from EMEA and 26% from the Americas. For the twelve-month period ended September 30, 2020, our pro forma revenue was €10,789 million and our as adjusted pro forma RC EBITDA before special items was € 1,588 million. As adjusted pro forma RC EBITDA does not include the impact of the $150 million annualized fixed cost savings that the Group is targeting to achieve by the end of 2022. See "*Presentation of Financial and Other Information—Non IFRS Financial Measures*". Cost savings initiatives represent a core principle of our business model and our strategy to achieve those are outlined in detail in the Strategy section.

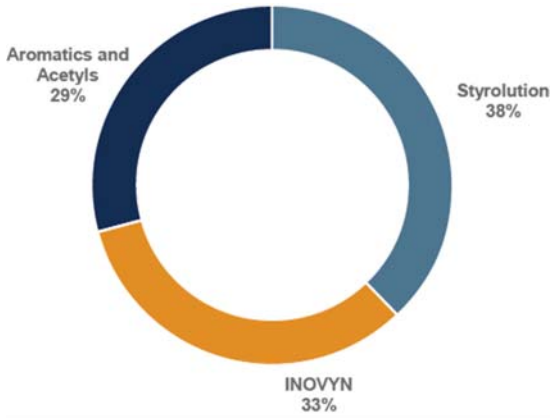
Over the past several years, we have implemented a range of strategic initiatives designed to lower our operating costs, increase our profitability and further enhance our market position. These include fixed asset investments to expand our capacity in higher value products, to enhance productivity at our existing facilities, and to reduce our fixed cost structure through headcount reductions, production line closures and system upgrades. In addition, we have shifted our product portfolio to focus on more differentiated products, exited low-margin businesses and implemented premium pricing strategies designed to improve our margins. We believe these initiatives provide us with a strong platform to drive growth, create significant operating leverage and position us to benefit from volume recovery in our end markets.

Pro forma revenue by business segment (2019)



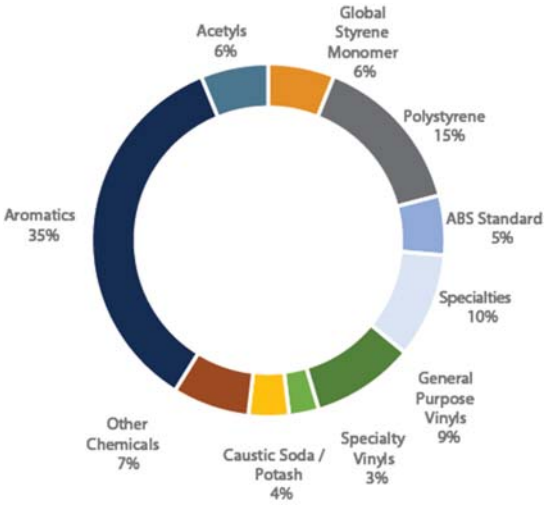
€13,551.4 million

Pro forma RC EBITDA before special items by business segment (2019)



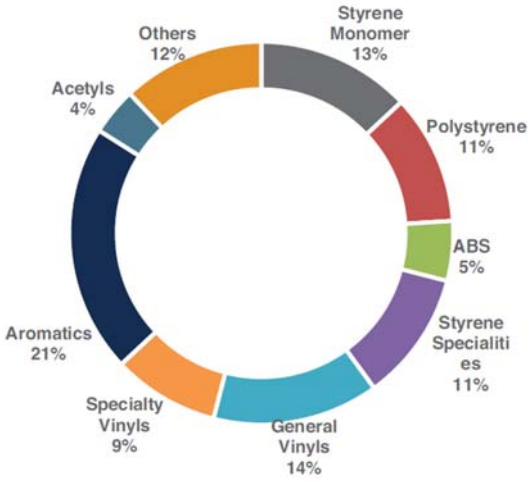
€1,864.1 million

Pro forma revenue by product group (2019)



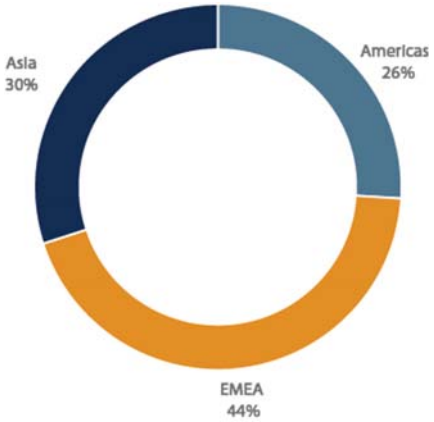
€13,551.4 million

Pro forma RC EBITDA before special items by product group (2019)



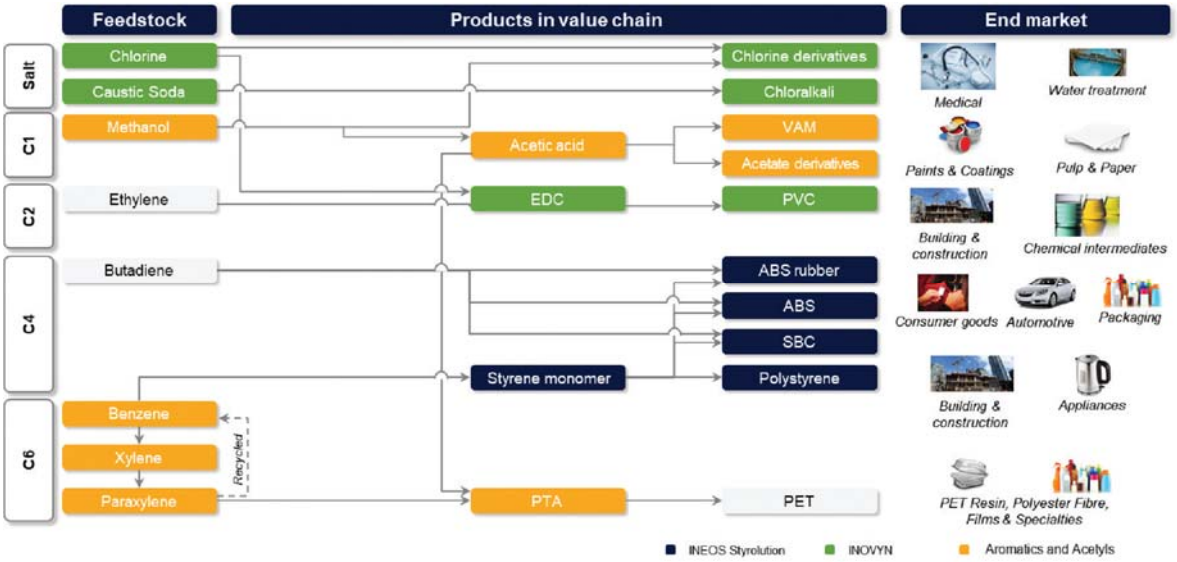
€1,864.1 million

Pro forma revenue by geography (2019)



€13,551.4 million

The following presents our main products across the petrochemicals value chain:



Key Factors Affecting Our Businesses

Our results from operations are driven by a combination of factors affecting the petrochemicals industry generally. The main factors are general economic conditions, prices of raw materials and energy, global supply and demand for our products and environmental legislation and initiatives. Our results from operations are also impacted by company-specific structural and operational factors. The Acquisitions and the other Transactions will also affect our results of operations in the future. Set forth below is an overview of the key drivers that have affected the historical results of operations, and are expected to affect our future results from operations.

The Acquisitions

The following are expected to be some of the major effects of the Acquisitions on our results of operations and our level of indebtedness.

The BP Acquisition. On December 31, 2020, we consummated the BP Acquisition for a total purchase price of $5.0 billion, subject to purchase price adjustments. In order to facilitate the BP Acquisition, the Group drew the entire $350.0 million and €300.0 million available to it under the Term Loan A facilities and the entire $2,450.0 million and €870.0 million available to it under the Bridge Facility. In connection with the BP Acquisition, INEOS funded the Group with an additional $1.0 billion from the Equity Bridge Contribution (which was funded with the proceeds of the Vendor Loan Notes), the proceeds of which were also used to fund the BP Acquisition. The proceeds from the Offering, along with borrowings under New Term Loan B Facilities, will be used, *inter alia*, to repay amounts outstanding under the Bridge Facility and the Equity Bridge Contribution which will in turn be used to repay the Vendor Loan Notes.

The INOVYN Contribution. Although the shares of INOVYN Limited were contributed to the Group as an equity contribution, the INOVYN Contribution resulted in additional indebtedness at the Group, with €1,064.3 million outstanding under the INOVYN Senior Secured Term Loan B Facility and €31.2 million outstanding under the INOVYN Securitization Program as of September 30, 2020. The proceeds from the Offering, along with borrowings under New Term Loan B Facilities and cash on hand, will be used, *inter alia*, to repay amounts outstanding under the INOVYN Senior Secured Term Loan B Facility. Prior to the INOVYN Contribution, INOVYN was under common control with the Parent so in accordance with IFRS it will be treated as a transaction under common control and thus will be accounted for by recognizing the net assets of INOVYN Limited received at their historical carrying values.

Our debt structure. As of September 30, 2020, after giving effect to the Acquisitions and the other Transactions, we would have had € 6,864.5 million of financial indebtedness, including €418.4 million under the Term Loan A Facilities, €3,204.9 million under the New Term Loan B Facilities, €621.5 million under the Existing Term Loan B Facilities, €600.0 million under the Existing Notes, €1,226.2 million under the Senior Secured Notes offered hereby and €500.0 million under the Senior Notes offered hereby. Our future results of operations, and in particular our net

finance costs, will be affected by the amount of indebtedness we carry, including the interest we pay on our indebtedness. The servicing of this indebtedness will impact, among other things, our cash flows and our cash balance.

Our results of operations. Acquisitions such as the BP Acquisition and the INOVYN Contribution affect our results of operations in several ways. First, our results for the period during which an acquisition takes place are affected by the inclusion of the results of the acquired business in our consolidated results. As acquired businesses are consolidated from the date of their acquisition, the full impact of an acquisition is only reflected in our consolidated financial statements in the subsequent period. In particular, as the Acquisitions did not occur prior to September 30, 2020, the Parent Consolidated Financial Statements do not reflect the results of the INOVYN Business or the Aromatics and Acetyls Businesses. In addition to the accretive revenue and cost impact of acquisitions, the results of an acquired business after the acquisition may be positively affected by synergies. We may also experience an increase in operating expenses, including staff costs, as we integrate the acquired business into our Group.

Integration of the Aromatics and Acetyls Businesses. As is the case with our prior significant acquisitions, we will focus on implementing our strategies of reducing costs by making rapid reductions in underlying fixed costs and implementing an efficient corporate and management structure and maximizing the utilization of the acquired assets.

The Aromatics and Acetyls Businesses historically operated as part of BP, which provided substantial infrastructure, management and shared services to the business. The Aromatics and Acetyls Businesses have no history operating as a stand-alone company or as a distinct business within another corporate group. Consequently, their future results of operations will exclude costs historically allocated to the Aromatics and Acetyls Businesses from bp plc and will include costs and expenses to enable operation as stand-alone businesses within the Group, and we expect these costs and expenses may be materially different than the Aromatics and Acetyls Businesses' historical cost structure. Accordingly, the BP Petrochemicals Combined Carve-out Financial Statements included elsewhere in this offering memorandum may not be indicative of the future results of operations, financial position and cash flows of the Aromatics and Acetyls Businesses.

The BP Petrochemicals Combined Carve-out Financial Statements include allocations of certain BP corporate expenses to the Aromatics and Acetyls Businesses, including, but not limited to, information technology resources and support; financing, accounting and auditing services; real estate and facilities management services; human resources activities; procurement support; treasury services; and legal advisory services. These expenses were allocated to the Aromatics and Acetyls Businesses using various estimates of the utilization of such services or the benefits received by the Aromatics and Acetyls Businesses. Such allocations have been made using a defined allocation methodology. The method applied depends on the nature of the cost—for example, many human resources costs are allocated based on headcount, while procurement is allocated based on the percentage of third-party spend a particular business unit contributes to the total spend. These allocated costs are not necessarily representative of the future level of costs in our business as it will exist after the consummation of the Acquisitions.

As stand-alone businesses within the Group, we expect the Aromatics and Acetyls Businesses to receive services previously provided by BP from internal and third-party service providers, such as external legal counsel and tax advisors, as well as certain global business and commercial services from BP for the first twelve months after divestment from BP. These services provided by BP include certain services relating to finance, procurement services, IT systems, payroll, property, tax and treasury. During this period, costs are expected to be broadly similar to those which both businesses had within BP, however, once these services are no longer provided by BP, we expect the costs to decrease.

Other acquisitions

In February 2019, the Styrolution Business acquired Total S.A.'s polystyrene business in China, including two production sites in Ningbo and Foshan and two related sales offices in Guangzhou and Shanghai. The transaction involved the purchase of all of the equity interests in Total Petrochemical (Foshan) Company Limited and Total Petrochemical (Ningbo) Company Limited. The final purchase price was €186.2 million. For the eleven-month period from February 1, 2019 through December 31, 2019, the acquired business contributed revenue of €381.1 million and EBITDA before special items of €34.5 million to the results of operations of the Styrolution Business.

In March 2019, the INOVYN Business acquired a salt and sulphur chemicals business located at Runcorn, United Kingdom from INEOS Enterprises Holdings Limited, a related party. The transaction involved the purchase of all of the equity interests in INEOS Enterprises Group Limited and its subsidiary, Keuper Gas Storage Limited. The purchase price of €35.0 million was in the form of a long-term loan agreement with the seller. For the ten-month period from March 1, 2019 through December 31, 2019, the acquired business contributed revenue of €52.5 million and EBITDA of €4.6 million to the results of operations of the INOVYN Business.

These acquisitions, together with any additional acquisitions we may carry out in the future, are expected to affect our results of operations and our level of indebtedness.

Supply and demand in the Petrochemicals Industry

Margins in the petrochemicals industry are strongly influenced by industry utilization rates. As demand for petrochemical products approaches available supply, utilization rates rise, and prices and margins typically increase. Historically, this relationship has been highly cyclical due to fluctuations in supply resulting from the timing of new investments in capacity and general economic conditions affecting the relative strength or weakness of demand. Generally, capacity is more likely to be added in periods when current or expected future demand is strong and margins are, or are expected to be, high. Investments in new capacity can result, and in the past frequently have resulted, in overcapacity, which typically leads to a reduction of margins. This is currently the case with respect to PTA, especially in Asia. In response, marginal cost producers typically reduce production rates and new capacity additions reduce, eventually causing the market to be relatively undersupplied.

On the demand side, global macroeconomic uncertainties can cause material weakening and have a negative impact on demand and margins. After several years of higher mid-cycle and top of cycle trading conditions, the petrochemicals industry was adversely affected by the reduction in global economic growth in 2019, mainly as a result of U.S. trade regulation policies, weaker China growth and reduced demand from the automotive industry. In addition, in 2020, the petrochemicals industry was further adversely affected by the COVID-19 pandemic, including as a result, lower PVC and styrenics demand due to lower activity in the building, automotive and construction sectors and lower PTA demand from polyester applications, including, but not limited to, in the apparel, home furnishing, beverage and automotive sectors. Our INOVYN Business partially offset this decline in demand in Europe by selling in export markets. While demand has since recovered for PVC, we expect the economic environment to continue to be volatile in the short- to medium-term, and recovery during this time will depend, to a large extent, on demand growth, which in turn is dependent on the timing, speed and magnitude of the global macro-economic recovery. See "*—Industry and Market Overview*." We believe this will lead to a gradual tightening of the supply and demand balance for SM, ABS Standard, acetic acid and anhydride products, with corresponding improvements in margins, and the speeding up of the rebalancing in PTA after recent capacity additions mainly in China. In addition to the global petrochemicals cycles, margins are also susceptible to potentially significant swings in the short term. This volatility for a particular product, which may be global or isolated in individual regions, can be caused by a number of factors, including fluctuations in utilization rates due to planned or unplanned facility outages or new capacity coming on-stream, political and economic conditions driving rapid changes in prices for key feedstocks, exchange rate fluctuations, supply chain interruptions, lockdowns and changes in inventory management policies by petrochemicals customers (such as inventory building or de-stocking in periods of expected price increases). By way of example, PX margins in North America and to a lesser extent in Europe came under pressure from the second quarter of 2020 onwards as government-imposed restrictions on mobility reduced demand for refinery products and the availability of feedstock for the manufacture of PX (now largely reversed). The supply constraint was exacerbated in the U.S. following a more active than normal hurricane season, which temporarily reduced output further in the U.S. Gulf. In Acetyls, slow-downs in downstream industries for acetic acid derivatives such as VAM, butyl acetate and PTA also resulted in pressure on acetic acid volumes and margins during 2020, with decreases in volumes of up to 30%.

Asset utilization

Our results of operations are materially influenced by the degree to which we utilize our assets in order to achieve maximum production volumes. As a low-cost producer, we aim to operate our facilities at full capacity. We believe this allows us to maintain positive margins and cash flows, even during downturns in industry cycles or customer demand, more readily than some of our competitors who have higher production costs. We intend to achieve growth in production volume by improving utilization rates within the defined availability of an asset, improving availability of an asset by minimizing planned and unplanned facility downtime and improving capacity of an asset through de-bottlenecking projects. For example, in the Aromatics Business, a low cost de-bottleneck project in Merak, which is expected be completed by the end of first quarter 2021, is expected to have the additional advantage of reducing PTA manufacturing cost across the entire output of the plant, as well as improving asset integrity. In addition, we believe opportunities exist to improve reliability of PTA assets in Cooper River and Geel.

The number and length of turnarounds (scheduled outages of a unit in order to perform necessary inspections and testing to comply with industry regulations and to permit us to carry out any maintenance activities that may be necessary) carried out in any given period can also impact operating results. When possible, we seek to schedule the timing of turnarounds to coincide with periods of relatively low demand for the products of the relevant units. In the Styrolution Business, our four SM facilities typically undergo major turnarounds every three to five years, with each turnaround lasting four to six weeks. In 2020, turnarounds were completed at our Antwerp and Texas City sites. We have

not planned for any SM turnarounds in 2021. A planned turnaround of the Styrolution Business's largest styrene unit in Bayport, Texas has been postponed until early 2022, when it is expected to be undertaken at the same time as a turnaround at the Styrolution Business's Sarnia, Canada facility. PS, ABS and Specialties facilities are subject to a somewhat shorter turnaround cycle, usually in annual or bi-annual cycles. We expect planned turnarounds at our polymers production sites in Altamira, Mexico, Ludwigshafen, Germany and Channahon, Illinois in 2021 to adversely affect our operating results for such periods as compared to the relevant periods in 2020. In the INOVYN Business, VCM crackers typically undergo major turnarounds every two to four years, with each turnaround lasting three to six weeks. Similarly, cell rooms used in chlor-alkali production typically undergo major turnarounds lasting two to four weeks every one to three years. Derivative plants have turnarounds every one to five years lasting three to five weeks. Turnarounds for PVC plants are more frequent, typically every one to two years, but generally last only one to two weeks, with one exception which occurs every three years lasting three to five weeks. In the INOVYN Business, we expect planned VCM turnarounds of approximately four and six weeks at our Tavaux, France and Grenland, Norway facilities in the first and third quarters of 2021, respectively, to adversely affect our operating results for such periods as compared to the same periods in 2020. In the Acetyls Business, we expect a planned turnaround of approximately 8-9 weeks at our Hull acetic acid and anhydride plant during the second and third quarters of 2021. This turnaround will address the necessary inspections and testing to comply with industry regulations and permit us to carry out any maintenance and improvement projects that may be necessary. We currently expect these improvement projects to allow us to generate variable cost savings and increased capacity that could result in an annual run-rate uplift to EBITDA of $7 million, assuming mid-cycle margins and sufficient demand to absorb the additional capacity. In the Aromatics Business, PX plant turnarounds are scheduled every five years with an aspiration to extend the period to six. PTA events occur every 24-30 months. Extending this period to 36 months is possible, but would require further investment. Our PX plant in Texas City completed its turnaround in second quarter 2020 and the Zhuhai PTA2 facility completed its turnaround at the end of 2020. The Geel PTA 3 facility completed a minor turnaround event in the fourth quarter of 2020 to allow it to run through to its major turnaround in second quarter of 2022, with the delay being caused by the impact of COVID-19. There were problems with the restart, now resolved, which, combined with an unrelated utility provider full site power outage, led to customers being put on an temporary product allocation in November while inventories recovered. The Cooper River PTA 2, Zhuhai PTA 3 and Geel PTA 3 facilities have scheduled turnarounds in the first half of 2021, while the Merak, Indonesia PTA facility is expected to take an outage in first quarter 2021 to complete the 2020 improvement project.

Likewise, unplanned outages or unforeseen transportation interruptions can impact our operating results, even if such outages or interruptions are covered by insurance. Similarly, planned or unplanned outages of our competitors can positively affect our operating results by decreasing the supply of product in the market. For example, in the second quarter of 2019, the financial performance of the INOVYN Business was negatively impacted by approximately €6 million as a consequence of a delay in the re-start of its VCM and PVC operations at Rafnes, Norway following a key turnaround event. The turnaround event started at the end of April 2020 and was planned to come back online at the end of May, but due to unforeseen technical issues, production of general purpose PVC could not re-start until the middle of June. In addition, the Styrolution Business declared an event of force majeure relating to its Luran® SAN product on October 17, 2016, after a large chemical explosion occurred at BASF's Germany site in Ludwigshafen. The explosion and the fire occurred along the pipelines that connect BASF's harbor to the Rhine River, which carried ethylene and propylene. The explosion caused BASF to shut down 20 facilities and led to multiple fires at multiple points down the pipeline, damaging further product and supply lines. As a result of the explosion, the Styrolution Business was unable to use its AMS tank in the harbor for several weeks because the relevant authorities put all operations at the harbor on hold for safety reasons and to repair pipeline damage. The Styrolution Business was therefore forced to rely on alternative supply solutions. Furthermore, SM-related raw material supply from BASF was limited over several months, forcing the Styrolution Business to find alternative supply solutions to mitigate the impact of the shortage. This force majeure declaration remained in effect for more than one year, during which time the Styrolution Business had to secure alternative feedstock supplies on a monthly basis, engage with its customers to manage order visibility and engage in extensive repair work to the styrene supply infrastructure in Ludwigshafen.

Unforeseen transportation interruptions can also impact the Group's operating results. For example, during the COVID-19 pandemic, we have experienced delayed shipments to customers due to logistics constraints, including container and driver shortages and, particularly in Asia, the closure of local borders. In addition, on September 5, 2017, the Styrolution Business declared an event of force majeure with respect to PS and Terluran ABS deliveries to Italy and Switzerland after the rail tracks at Rastatt, Germany, were severely damaged due to tunnel construction work, and rail traffic on such route was stopped. Almost all of the cargo shipments from the Styrolution Business's European production sites to customers located in Italy and Switzerland are shipped via rail on the route through Rastatt, Germany, and as a result the Styrolution Business's shipments of PS and Terluran ABS products to customers located in such countries were severely curtailed for approximately two months. Our INOVYN Business has also been impacted by temporary strikes in December 2019 by SNCXF (railroad workers) in France and by Antwerp harbor employees as well as a general strike in France which blocked haulers, forcing a slowdown of production at Tavaux and strikes at Spanish

and Swedish ports which blocked shipping out of the Martorell and Stenungsund facilities for several days to export destinations.

Implementation of cost reduction

We have historically focused on implementing our strategies of reducing costs by making rapid reductions in underlying fixed costs, shutting down inefficient assets, optimizing sourcing and in-sourcing functions, implementing efficient corporate and management structures and maximizing the utilization of our assets. We are aware that the previous owners of the Aromatics and Acetyls Businesses had embarked on a cost reduction program between 2016 and 2019; through lowering the variable costs per ton through better energy and catalyst efficiency, increasing the interval between turnaround outages, reducing the number of employees in the businesses and reducing other fixed costs through better procurement and focus on third party cost reductions. INEOS will apply its non-manpower and manpower cost reduction methodology throughout the course of 2021 to further reduce costs, including a full review and rationalization of the current activity set serving the Aromatics and Acetyls Businesses.

Fluctuations in the prices of raw materials and energy

Raw materials and energy are a significant component of the operating costs of our petrochemical business. The costs of the feedstocks we require to make our petrochemical products (acrylonitrile, aromatic hydrocarbons including benzene, toluene and mixed xylenes, butadiene, ethylene, naphtha, methanol, paraffin, paraxylene and propylene) are volatile and principally driven by the price of crude oil and natural gas and the output from refineries and crackers. According to the U.S. Energy Administration, the spot price for Brent crude oil increased to $67 per barrel in December 2019, before decreasing again to approximately $41 per barrel in September 2020, while the natural gas Citygate price in Texas decreased from $4.93 per thousand cubic feet in January 2015 to $2.70 per thousand cubic feet in December 2019 before increasing to $2.99 per thousand cubic feet in September 2020. During 2019, the crude oil price increased through the first five months of the year before falling throughout the rest of the year to finish at approximately $67 per barrel as compared to approximately $57 per barrel at the end of 2018. The average price of crude oil decreased to an average of approximately $41 per barrel in the first nine months of 2020 as compared to approximately $64 per barrel for the year ended 2019 and approximately $71 per barrel for the year ended December 31, 2018. Our ability to pass on price increases for feedstocks is limited due to the impact of time lags resulting from the repricing intervals of our contracts with suppliers and customers. While most of our feedstock contracts reprice daily or monthly, our contracts with customers generally reprice on a daily, monthly or quarterly basis. In our Aromatics Business, European and North America PTA typically price on a cost plus basis. In China, PTA sales formulae are based off a market reference price but financial instruments are widely available to manage margin volatility.

In addition for certain of our businesses, in particular for our INOVYN Business, we purchase significant amounts of electricity from external suppliers for use throughout our production chain. While we have agreements providing for the supply of electricity, the contractual prices for these vary with market conditions and may be highly volatile. The decrease in the wholesale gas and electricity prices in 2019 led to a decrease in our overall energy costs. We and other chemical producers typically seek to pass on changes in energy costs to customers in the price of finished products in order to preserve margins. The degree to which we and our competitors are successful in doing so depends on overall supply and demand balances at the time.

Many of our customers take advantage of fluctuating prices by building inventories when they expect product prices to increase and reducing inventories when they expect prices to decrease, limiting our ability to pass on price increases for feedstocks and energy costs. The effect of the time lags and our customers' inventory management policies on our ability to pass through feedstock and electricity price increases is magnified in periods of high volatility. In addition, changes in feedstock and energy costs have a direct impact on our working capital levels. In general, increases in feedstock and energy prices lead to an increase in our working capital and decreases in prices lead to a decrease in our working capital.

Foreign exchange rate fluctuations

Our results of operations may be affected by both the transaction effects and translation effects of foreign currency exchange rate fluctuations. A substantial portion of our revenue is generated in, or linked to, the U.S. dollar, the euro, pound sterling and Renminbi. In our European petrochemicals businesses, certain feedstock costs are denominated in U.S. dollars, while the transaction currency in most of these European entities is the euro. In the U.S. and non-European portion of our businesses, a substantial portion of our product prices, raw material costs and other costs are denominated in U.S. dollars. We generally do not enter into foreign currency exchange instruments to hedge our foreign currency exposure, although certain of our businesses have done so in the past and may do so in the future. We also

believe that we benefit from natural hedging to the extent that we have been able to match the currencies of our cash flows and long term indebtedness.

In addition, the reporting currency for our Styrolution Business and INOVYN Business is the euro, and our results of operations will be impacted by the relative value of the euro compared to other currencies, including the U.S. dollar. In 2017 and 2018, the value of the euro relative to the U.S. dollar increased significantly, but decreased during 2019. In the first nine months of 2020 and in the context of the COVID-19 pandemic, the value of the euro relative to the U.S. dollar has increased. The reporting currency for our Aromatics and Acetyls Businesses has historically been the U.S. dollar and we expect to report our Aromatics and Acetyls Businesses as operating segments in euro going forward. Therefore, its results of operations have been impacted by the relative value of the U.S. dollar compared to other currencies, including the euro, pound sterling and Renminbi, and will be impacted by the relative value of the euro compared to other currencies, including the U.S. dollar, pound sterling and Renminbi.

Health, safety, security and environmental considerations

Our results of operations are affected by HSSE laws and regulations and our efforts to mitigate related risks and/or achieve related goals generally. We have invested, and will continue to invest, a significant amount of financial and technical resources in order to achieve and maintain compliance with environmental requirements. For example, in our Aromatics and Acetyls Businesses we are working to improve personal and process safety and operational risk management through learnings from incidents, operations audits, annual risk reviews and sharing lessons learned with industry peers. From time to time, we also incur remediation and decommissioning costs in connection with our production facilities and other locations. Changes in legislation and regulations governing energy use, including renewable energy sources, could also increase our costs in absolute terms.

Sustainability and recycling

We are dedicated to sustainability and the development of a circular economy for plastics and to reducing our environmental footprint, and our results of operations are affected by our efforts to advance or achieve these goals. Each of our businesses looks at sensitivity to carbon pricing and scenarios for a net zero and circular economy as it formulates its strategy and plans. This is evidenced by our efforts of rapidly increasing purchase of renewable energy, developing a clean hydrogen business as a zero or near zero energy source, developing roadmaps for emissions reduction (as at Antwerp), exploration of carbon capture and use, setting of recycling targets across all our polymer businesses, and launch of new recycled polymer grades and developing bio-based products from bio-sourced non-fossil feedstocks.

Innovation

Innovation is key to maintaining our competitiveness in the petrochemicals industry. We own intellectual property and unpatented proprietary know-how and have a track record of developing and deploying world leading proprietary technologies. In addition, we conduct R&D activities that focus on process improvements as well as product and application development in line with major market trends and needs. We believe that a healthy innovation pipeline, comprising a number of process-, product- and customer-driven projects, will help us continue to generate positive cash flows in the future. For example, the Aromatics Business developed, operates and licenses its state-of-the-art double re-slurry crystallization technology for the production of PX from mixed aromatics. This technology offers lower variable cost, lower capex, increased reliability and lower environmental emissions than alternative technologies. In addition, the Aromatics Business has operated and continually improved its Purified Terephthailic Acid (PTA) Technology for over 50 years as an owner, operator and licensor, offering lower capex, lower operating costs and market leading environmental performance including lower greenhouse gas emissions compared with conventional PTA plants. Similarly, in acetic acid, the Acetyls Business's leading Cativa® technology has been continuously optimised and commercially operated in multiple plants since first being deployed 25 years ago. The latest development, the Cativa® XL process, offers advantaged capital efficiency through reduced process complexity and variable cost improvements through efficient heat integration leading to reduced steam consumption. The SaaBre™ Process is the Acetyls Business's recently developed new acetic acid technology, developed at the R&D facility in Hull. The process avoids the use of methanol and utilizes synthesis gas directly to produce acetic acid. Once commercially deployed, the SaaBre™ Process is expected to deliver significant reductions in variable manufacturing costs.

Product and geographical mix

Our margins are affected by the mix of products that we sell in a given period. The Styrolution Business and the INOVYN Business sell standard and specialty products, with the highest margins made in the specialties businesses. Specialty products are sold at a premium as their innovative characteristics generate more added value to our customers.

Standard products are commonly available and therefor the supply/demand balance has a strong impact on the market margins. The Aromatics Business sells one grade of PTA, there is no real product differentiation within the global market. At the same time, the Aromatics Business does seek out and sell to customers covering a wide range of end uses including specialty products where producers pay a premium for security of supply and service. In Europe, for example, this represents around 20% of sales. The Acetyls Business predominantly sells two products—acetic acid globally and anhydride within Europe. While displaying different product margins reflecting different markets and end uses and also regional pricing differences, both are globally traded chemicals, hence regional feedstock prices and regional and global supply and demand balances impact margins for each product.

Additionally, our results are affected by the countries in which we are able to produce and sell the largest proportion of our products. For example, for the Styrolution Business, we expect to achieve higher results if we increase our market shares in emerging markets, which generally experience higher growth rates than mature European and North American markets. For the INOVYN Business, however, we generally obtain higher margins in European markets than export markets and, as a result, typically, at least 95% of the INOVYN Business's caustic soda production is sold in European markets and between 20- 40% of its PVC production is sold in export markets. Additionally, in the Aromatics Business, North American and European activities generate higher margins than Asian activities due to the supply-demand balance of the regions driving import parity-based pricing. This allows margins of at least at the cost of the freight difference between Asia and Europe and North America. In Asia, the Aromatics Business deploys our latest generation technology at Zhuhai providing world scale volumes at top-quartile levels of cash costs for the industry in China. In addition, a low cost PTA technology upgrade project is being assessed on the mothballed Z1 PTA plant at our location in Zhuhai to grow volumes in this fast-growing market.

Capital expenditures

We invest substantial amounts in the maintenance, improvement and growth of our asset base as well as compliance with safety and environmental legislation and improvement of plant reliability and commercial efficiency. We estimate that approximately €193 million of our capital expenditure for the year ended December 31, 2020, on a pro forma basis after giving effect to the Acquisitions, relates to maintenance, regulatory compliance and essential HSSE matters. We believe strategic capital expenditure can help maintain our long-term profitability. We apply strict measures based on internal rates of return for the multiple approval gates of our expansion and de-bottlenecking projects.

COVID-19 pandemic

The COVID-19 pandemic has adversely affected our operations, as well as demand for our products and pricing. Many of our manufacturing facilities are categorized as critical infrastructure and so it is essential that they continue to operate. Protecting our employees and ensuring that they stay healthy has been one of our primary objectives. This resulted in a number of changes to standard working practices and shift patterns to reduce personnel on site to those defined as operationally critical in order to adhere to social distancing rules in line with local government advice. We also face the risk of disruptions to our operations, including due to lockdown and other similar measures. For example, our Styrolution Business in India was affected by a temporary countrywide closure of industrial plants enforced by the government authorities. In addition, we have experienced delayed shipments to customers due to logistics constraints, including container and driver shortages and, particularly in Asia, the closure of local borders, as well as deferrals of orders by customers. The impact was mainly seen in the first quarter in Asia and in the second quarter in the Americas and EMEA. The Styrolution Business has since shown a strong recovery in the second quarter in Asia and in the third quarter in the Americas and EMEA. Management has taken certain measures aimed to maintain sufficient resources throughout the COVID-19 pandemic, such as reviewing the timing of turnarounds (some of which were deferred until later in 2020 or into 2021 such as the VCM turnround at Stenungsund and Tavaux which were postponed until September-October 2020 and March-April 2021 respectively), adjusting capital expenditure programs, reducing net working capital requirements and maintaining strict control over discretionary spend. The INOVYN Business has also experienced lower PVC demand, with PVC demand in Europe dropping by nearly 40% in the second quarter of 2020, mainly due to reduced activity in the building and construction sectors, although demand has since largely recovered. Product availability of caustic soda decreased due to reduced PVC production, leading to an increase in prices in the second quarter of 2020, although prices have since fallen as PVC production and product availability of caustic soda picked up. In PTA, we have been able to safely and reliably continue operations at all our plants, however, sales volumes have been negatively impacted by reduced demand for polyester fiber, with the apparel sector the slowest to recover. Some products have shown a resilience to COVID-19, such as Aldehydes within the European Acetyls business. where margins and volumes remain broadly in line with forecast and reflect the tighter market supply balance for this product. Prices for energy and ethylene have decreased especially in the second quarter of 2020, which we believe is linked to the reduction in oil prices. We have implemented a series of programs to preserve cash during this period, including a review of timing of turnarounds, a reduction in the levels of non-essential capital expenditure and a reduction of non-essential fixed cost expenditure.

There is concern globally about the impact the COVID-19 pandemic will have on the global economy and the petrochemicals industry going forward. We cannot predict the extent and duration of the COVID-19 pandemic or the potential impact on demand for our products and our margins. See "*Risk Factors*" and "*Forward-looking Statements*".

Joint ventures

A material portion of the Acetyls Business is conducted through joint ventures. We do not control the joint ventures in the Acetyls Business, even in cases where we hold a majority interest in the joint venture. Accordingly, the

results of the non-controlled joint ventures are not consolidated in the BP Petrochemicals Condensed Combined Carve-out Financial Statements and will not be consolidated in the Parent's financial statements in future periods. Instead, in accordance with IFRS, all such non-controlled joint ventures are accounted for under the equity method. Equity accounted income consists of the Aromatics and Acetyls Businesses' share of the relevant elements of the equity-accounted entities' results, which include operating profit or loss, interest income, interest and other similar charges and tax charges. As the declaration and payment of dividends is not necessarily tied to the net profit of the joint ventures, there may be differences between the Group's share of joint venture earnings after interest and tax on the income statement and dividends received from joint ventures on the cash flow statement.

Segment Presentation and Reporting

Following completion of the Acquisitions, our business segments are presented in this offering memorandum as (i) the Styrolution Business, (ii) the INOVYN Business, each of which are presented on a historical basis based on information derived from their separate respective financial statements prior to the Acquisitions, and (iii) the Aromatics and Acetyls Businesses, which has presented certain disaggregated information based on information that has been extracted from the underlying books and records of the Aromatics and Acetyls Businesses and includes certain carve-out adjustments and allocations in order to present the results of the Aromatics and Acetyls Businesses separately. These historical results have not applied IFRS 8 "Operating Segments" as permitted by IFRS; however, for purposes of this offering memorandum, they will be presented as separate business segments. These business segments do not represent segments as outlined in IFRS 8 nor has the Group completed its assessment on whether the businesses identified above meet the quantitative or qualitative criteria under IFRS 8 "Operating Segments". While each business segment is presented separately in this offering memorandum, such presentation is not prepared in accordance with IFRS 8.

Results of Operations

The Styrolution Business

The Parent's Consolidated Financial Statements included elsewhere in this offering memorandum are prepared in accordance with IFRS. The income statement data for the years ended December 31, 2019, 2018 and 2017 and for the nine months ended September 30, 2020 and September 30, 2019, represent the consolidated results of the Parent and its subsidiaries.

Description of Key Line Items

Set forth below is a brief description of the composition of the key line items of the Parent's Consolidated Financial Statements:

- ***Revenue.*** Revenue represents the income arising in the course of the Styrolution Business's ordinary activities. It includes sales of goods to third parties as well as to related parties. Revenue from contracts with customers is recognized as the amount reflecting the consideration that the entity expects in return for the transfer of goods and services agreed with customers. This amount is measured as the transaction price allocated to a performance obligation excluding variable considerations, such as discounts, incentives or similar items. To be able to recognize all the previous elements, the five-step model for revenue recognition is followed. This model requires the Styrolution Business 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 recognize revenue when, or as, the entity satisfies a performance obligation by transferring control of the asset to the customer. The Styrolution Business has a limited number of contracts that include distinct performance obligations. This results in a few cases where revenue for certain performance obligations (being primarily separate shipping obligations) is recognized later in time. Additionally, certain customer contracts offer various forms of volume or early payment discounts. These variable considerations might result in timing differences, but as the majority of contracts have a term of less than one year, the differences are largely evened out within the period. Revenue is recognized to the extent that it is highly likely that a significant reversal in the amount of cumulative revenue recognized will not occur. The timing of the satisfaction of a performance obligation varies depending on the individual terms of the sales agreement. For sales of styrene, transfer of control usually occurs when the product is received at the customers' warehouse; however, for some international shipments transfer of control occurs on loading the goods onto the relevant carrier at the port. Generally, for such products the customer has no right of return. Certain time and location swaps of commodities are not included as external sales and cost of sales.

- ***Cost of sales.*** Cost of sales includes fixed and variable production costs. Such production costs mainly consist of the costs of raw materials, utilities, handling and conversion costs. They also include packaging, direct wages and salaries, repairs and maintenance, waste disposal and effluent treatment, consumables, attributable depreciation charges and directly attributable overhead expenses, including wages and salaries and overhead expenses that are attributable to production. Fixed costs included in the cost of sales are rent, depreciation and amortization, repairs and maintenance, while variable costs include raw materials, packaging, consumables and wages and salaries.

- ***Selling and distribution expenses.*** Selling and distribution expenses include all distribution, shipping and selling costs. Distribution costs typically refer to the delivery of the products to the customer, such as the costs of (external) warehousing, carriage and freight. Shipping costs include outbound warehousing costs and selling costs comprise the sales, marketing and customer service activities of the organization. All sales and distribution wages and salaries and depreciation on property, plant and equipment used for selling are included in selling expenses.

- ***General and administrative expenses.*** General and administrative expenses typically include indirect wages and salaries and indirect overhead expenses. Indirect overhead expenses include items such as insurance costs, legal and professional fees and office supplies. Administrative expenses also include the depreciation of long-lived assets not directly attributable to production or sales and distribution.

- ***Research and development expenses.*** Research and development expenses are costs that can be directly attributed to research and development activities, such as product innovation, IP maintenance costs, research and development for new IP, technical support of the Styrolution Business's operations, process and production improvements. Research and development expenses are recognized in profit or loss as incurred, except where costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Styrolution Business intends to and has sufficient resources to complete development and to use or sell the asset, in which case development expenditure is capitalized. The capitalized expenditure includes the cost of materials, direct labor, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalized borrowing costs. All other development expenditure is recognized in profit or loss as incurred.

- ***Interest income and interest expense (net).*** Interest income and interest expenses are accounted for applying the effective interest method (except with respect to fair value gains on financial assets). Interest income includes interest income on funds invested and fair value gains on financial assets at fair value through profit or loss. Interest expenses include interest expense on borrowings, the interest component of employee benefit costs, net of returns on plan assets, the unwinding of the discount on provisions and fair value losses on financial assets at fair value through profit or loss. The difference between the carrying amount of a financial liability canceled and the consideration paid is included in interest expense.

- ***Other financial gain / (loss), net or exchange movements.*** Other financial gain / (loss), net or exchange movements include gains and losses from the measurement of monetary assets or liabilities denominated in foreign currencies that are different from the functional currency of the applicable entity. This line item was called "Other finance gain (loss), net" in the 2017 Audited Parent Consolidated Financial Statements but is now called "Exchange movements".

- ***Income tax expense.*** Tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods. Current tax payable also includes any tax liability arising from the declaration of dividends. Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Consolidated Results

The financial information included in this discussion as of and for the years ended December 31, 2019, 2018 and 2017 has been extracted from the Audited Parent Consolidated Financial Statements included elsewhere in this offering memorandum. Such information was prepared in accordance with IFRS. The Parent's historical consolidated interim financial information and other financial information as of and for the nine months ended September 30, 2020

and 2019 has been extracted from the Unaudited Parent Condensed Consolidated Financial Statements included elsewhere in this offering memorandum, which includes, as a comparative, the unaudited condensed consolidated interim financial information for the nine months ended September 30, 2019. Such information was prepared in accordance with IAS 34 Interim Financial Reporting.

The following table sets forth, for the periods indicated, revenue and expenses and such amounts as a percentage of revenue:

	For the year ended December 31,						For the nine months ended September 30,			
	2017		2018[1]		2019[1][2]		2019		2020	
	€	%	€	%	€	%	€	%	€	%
	(in €million, except for percentages)									
Revenue	**5,342.4**	**100.0**	**5,366.7**	**100.0**	**4,884.2**	**100.0**	**3,798.3**	**100.0**	**2,834.2**	**100.0**
Cost of sales	(4,284.5)	(80.2)	(4,349.5)	(81.0)	(4,003.2)	(82.0)	(3,079.3)	(81.1)	(2,299.1)	(81.1)
Gross profit	**1,057.9**	**19.8**	**1,017.2**	**19.0**	**881.0**	**18.0**	**719.0**	**18.9**	**535.1**	**18.9**
Selling and distribution expenses	(280.6)	(5.3)	(280.7)	(5.2)	(286.8)	(5.9)	(220.4)	(5.8)	(209.4)	(7.4)
General and administrative expenses	(113.6)	(2.1)	(118.6)	(2.2)	(119.1)	(2.4)	(89.3)	(2.4)	(80.5)	(2.8)
Research and development expenses	(12.4)	(0.2)	(13.8)	(0.3)	(13.8)	(0.3)	(9.8)	(0.3)	(9.3)	(0.3)
Other operating expenses, net	(44.9)	(0.8)	(0.5)	(0.0)	(11.9)	(0.2)	(3.7)	(0.1)	(4.6)	(0.2)
Profit from operating activities	**606.4**	**11.4**	**603.6**	**11.2**	**449.4**	**9.2**	**395.8**	**10.4**	**231.3**	**8.2**
Interest expense net[3]	(48.9)	(0.9)	(39.5)	(0.7)	(20.9)	(0.4)	(13.7)	(0.4)	(30.7)	(1.1)
Exchange movements[4]	(49.6)	(0.9)	12.5	0.2	4.8	0.1	7.5	0.2	(13.6)	(0.5)
Income before income tax	**507.9**	**9.5**	**576.6**	**10.7**	**433.3**	**8.9**	**389.6**	**10.3**	**187.0**	**6.6**
Income tax expense	(14.8)	(0.3)	(124.1)	(2.3)	(110.3)	(2.3)	(86.0)	(2.3)	(59.5)	(2.1)
Net income	**493.1**	**9.2**	**452.5**	**8.4**	**323.0**	**6.6**	**303.6**	**8.0**	**127.5**	**4.5**
EBITDA before special items[5]	**872.2**	**16.3**	**812.8**	**15.1**	**704.2**	**14.4**	**580.8**	**15.3**	**408.3**	**14.4**

(1) The Styrolution Business adopted IFRS 15 and IFRS 9 from January 1, 2018 and did not restate comparative financial information presented in the Parent Consolidated Financial Statements, although this has not had a material impact on its financial statements. Therefore, the financial information presented for the years ended December 31, 2017 and December 31, 2018 may not be comparable to the financial information presented for the year ended December 31, 2019. See "*Presentation of Financial and Other Information—Adoption of new accounting standards—IFRS 15—Revenue from Contracts with Customers*" and "*—IFRS 9—Financial Instruments"*.

(2) The Styrolution Business adopted IFRS 16 from January 1, 2019 using the modified retrospective approach and did not restate comparative financial information. Therefore, the financial information presented for the years ended December 31, 2017 and December 31, 2018 may not be comparable to the financial information presented for the year ended December 31, 2019. See "*Presentation of Financial and Other Information—Adoption of new accounting standards—IFRS 16—Leases*".

(3) Interest expense net represents interest income less interest expense.

(4) The "Exchange movements" line was previously called "Other finance gain (loss), net" in the 2017 Audited Parent Consolidated Financial Statements.

(5) See &!#od;''*Presentation of Financial and Other Information—Non-IFRS Financial Measures—The Parent and the Styrolution Business*".

Nine Months Ended September 30, 2020 Compared to the Nine Months Ended September 30, 2019

Revenue. Revenue decreased by €964.1 million, or 25.4%, to €2,834.2 million in the nine months ended September 30, 2020 from €3,798.3 million in the nine months ended September 30, 2019. Revenue declined because of lower sales volumes and a lower raw material price base for our raw material inputs, mainly benzene and styrene monomer. The reductions in raw material prices were to a certain extent also reflected in our sales prices. Revenue is not a key performance indicator for the Styrolution Business. The Styrolution Business focuses on its sales volumes which it considers a better performance measure.

Styrene sales volumes declined due to weak downstream demand and a planned turnaround at our Texas City facility in the spring of 2020, which curtailed our third party sales. Polymer sales volumes decreased in the nine months ended September 30, 2020 compared to the same period in 2019, mainly due to the impact of the COVID-19 pandemic which led to customer downtime, logistics constraints and plant closures in multiple industries and countries. The effects

of the COVID-19 pandemic on the Styrolution Business were most visible in the first quarter in Asia and in the second quarter in the Americas and EMEA.

The polymers business strongly recovered in the second quarter in Asia and in the third quarter in the Americas and EMEA, normalizing back to pre-COVID-19 levels. Polystyrene and ABS Standard sales were strong, especially in Asia. Specialties demand improved in all focus industries. Sales volumes in the household and electronics industries increased in the nine months ended September 30, 2020 compared to the same period in 2019 because of peak demand for appliances in these industries. The government in China also ran economic stimulus programs, which improved demand in Asia. Automotive industry demand also recovered in the spring of 2020 after months of weak demand.

The second and third quarter sales volumes tend to be the highest of the calendar year, but that seasonal effect can be impacted by turnaround activity and anticipated feedstock price movements.

Cost of sales. Cost of sales decreased by €780.2 million, or 25.3%, to €2,299.1 million in the nine months ended September 30, 2020 from €3,079.3 million in the nine months ended September 30, 2019. The cost of sales decreased because of lower sales volumes and lower raw material prices.

Gross profit. Gross profit decreased by €183.9 million, or 25.6%, to €535.1 million in the nine months ended September 30, 2020, from €719.0 million in the nine months ended September 30, 2019 mainly due to lower sales volumes. Weaker market demand due to the impact of the COVID-19 pandemic also put pressure on gross margins mainly in the commodity and standard products business units. As the Sytrolution Business recovered in the second and third quarters of 2020, gross margins improved. This was mainly the case in Asia because of strong trading conditions in China and in the Specialties business in all regions where feedstock prices declined and sales prices were relatively fixed.

The styrene margins in the nine months ended September 30, 2020 were soft due to competitor capacity increases in China at the beginning of 2020, weak downstream demand and negative COSA effects. Gross profit was negatively impacted by a negative €86 million non-cash COSA result in the nine months ended September 30, 2020 compared to a COSA gain in the comparative period in 2019 of €9 million. The negative COSA or inventory holding effect was realized because the Styrolution Business sold products at lower market prices that were procured and produced at higher costs. In the nine months ended September 30, 2020, our Antwerp, Belgium and Texas City, United States plants were in scheduled turnarounds which negatively impacted the Styrolution Business's sales volume and gross profit, whereas all Styrolution Business plants were operating in the comparative period in 2019.

Selling and distribution expenses. Selling and distribution expenses decreased by €11.0 million, or 5.0%, to €209.4 million in the nine months ended September 30, 2020, from €220.4 million in the nine months ended September 30, 2019 due to lower sales volumes.

General and administrative expenses. General and administrative expenses decreased by €8.8 million, or 9.9%, to €80.5 million in the nine months ended September 30, 2020 from €89.3 million in the nine months ended September 30, 2019. During the nine months ended September 30, 2020, management implemented measures to control all discretionary fixed costs and temporarily paused all non-essential recruitment, which lowered the general and administrative expenses compared to the same period in the previous year.

Research and development expenses. Research and development expenses decreased by €0.5 million, or 5.1%, to €9.3 million in the nine months ended September 30, 2020 from €9.8 million in the nine months ended September 30, 2019. The research and development costs are relatively stable, but can be impacted by the phasing of projects and the use of external consultants in a given period. As an integral part of the Styrolution Business's growth strategy, it continuously invests in new products and product applications.

Other operating expenses, net. Other operating expenses, net increased by €0.9 million, or 24.3%, to €4.6 million in the nine months ended September 30, 2020 from €3.7 million in the nine months ended September 30, 2019.

Profit from operating activities. Profit from operating activities decreased by €164.5 million, or 41.6% to €231.3 million in the nine months ended September 30, 2020 from €395.8 million in the nine months ended September 30, 2019 for the reasons stated above.

Interest expense (net). Interest expense (net) increased by € 17.0 million, or 124.0%, to €30.7 million in the nine months ended September 30, 2020 from €13.7 million in the nine months ended September 30, 2019. The main reason for this increase was the higher levels of financial indebtedness following the issuance of the Existing Notes and

refinancing of the Existing Term Loan B Facilities in January 2020, as well as lower interest income from short-term investments.

Exchange movements. Gains from exchange movements decreased by € 21.1 million, or 281.3%, to €13.6 million in losses in the nine months ended September 30, 2020, from €7.5 million in gains in the nine months ended September 30, 2019. The decrease is mainly due to translation effects from intercompany loans, including financing between consolidated subsidiaries.

Income before income tax. Income before income tax decreased by € 202.6 million, or 52%, to €187.0 million in the nine months ended September 30, 2020 from €389.6 million in the nine months ended September 30, 2019 for the reasons stated above.

Income tax charge. Income tax charge decreased by €26.5 million, or 30.8%, to a charge of €59.5 million in nine months ended September 30, 2020 from a charge of €86.0 million in the nine months ended September 30, 2019. The effective tax rate in the nine months ended September 30, 2020 of 31.8% is higher than the rate of 22.1% in the nine months ended September 30, 2019, due to true-ups of the previous year tax expenses, taxation on intercompany dividends and foreign exchange translation effects on taxes that are calculated in the local currency that is different from the functional currency of the entity.

Net income. Net income for the period decreased by €176.1 million, or 58.0%, to €127.5 million in the nine months ended September 30, 2020 from €303.6 million in the nine months ended September 30, 2019 for the reasons stated above.

EBITDA before special items. EBITDA before special items decreased by €172.5 million, or 29.7%, to €408.3 million in the nine months ended September 30, 2020 from €580.8 million in the nine months ended September 30, 2019. This decrease was mainly due to reduced sales volumes, a negative COSA effect and lower margins in our SM business unit in the first half of 2020. After the weaker performance due to COVID-19 impacts, the Styrolution Business experienced a strong recovery in EBITDA in the third quarter mainly because of strong downstream demand in Asia and increased demand in the Styrolution Business's Specialties business unit.

Year Ended December 31, 2019 Compared to the Year Ended December 31, 2018

Revenue. Revenue decreased by €482.5 million, or 9.0%, to €4,884.2 million in the year ended December 31, 2019, from €5,366.7 million in the year ended December 31, 2018. This decrease in revenue resulted from a materially lower raw material price base for our raw material inputs, mainly benzene and SM. These reductions were to a certain extent also reflected in the sale prices. Revenue is not a key performance indicator in the Styrolution Business. The Styrolution Business focuses on its sales volumes which it considers a better performance measure.

Sales volumes increased in 2019 compared to 2018, mainly due to the Styrolution Business's acquisition of Total S.A.'s polystyrene business in China. The acquisition covered the wholly-owned Chinese polystyrene business including two production sites in Ningbo and Foshan. Each individual site has an annual production capacity of 200 kilotonnes and the acquisition was effective on February 1, 2019. This increase was partly offset by the negative impact of U.S.-China trade regulation policies and weaker demand from the automotive industry leading to softer ABS Standard and Specialties demand.

Cost of sales. Cost of sales decreased by €346.3 million, or 8.0%, to €4,003.2 million in the year ended December 31, 2019, from €4,349.5 million in the year ended December 31, 2018. The decrease in cost of sales mainly reflected lower feedstock prices, which were partly offset by an increase in sales volumes.

Gross profit. Gross profit decreased by €136.2 million, or 13.4%, to €881.0 million in the year ended December 31, 2019, from €1,017.2 million in the year ended December 31, 2018.

This decrease primarily reflected market uncertainty coming from U.S.-China trade regulation policies and weaker demand from the automotive industry. U.S.-China trade regulation policies caused a temporary reduction in demand and led to a re-routing in the product flow. This led to a softening of the supply and demand balance and a reduction in gross margins. Weaker demand from the automotive industry led to a reduction in sales of Specialties products, which have higher margins than commodity products.

Selling and distribution expenses. Selling and distribution expenses increased by €6.1 million, or 2.2%, to €286.8 million in the year ended December 31, 2019, from €280.7 million in the year ended December 31, 2018. This increase was primarily due to higher sales volumes.

General and administrative expenses. General and administrative expenses increased by €0.5 million, or 0.4%, to €119.1 million in the year ended December 31, 2019, from €118.6 million in the year ended December 31, 2018. This slight increase in general and administrative expenses was mainly due to the impact from February 2019 of the two acquired PS assets in China.

Research and development expenses. Research and development expenses remained stable at €13.8 million in the year ended December 31, 2019 and the year ended December 31, 2018.

Other operating expenses, net. Other operating expenses, net increased by €11.4 million, or 2,280.0%, to €11.9 million in the year ended December 31, 2019, from €0.5 million in the year ended December 31, 2018. This increase was mainly due to exceptional expenses recognized for planned site and line closures in India.

Profit from operating activities. Profit from operating activities decreased by €154.2 million, or 25.5%, to €449.4 million in the year ended December 31, 2019, from €603.6 million in the year ended December 31, 2018 for the reasons stated above.

Interest expense (net). Interest expense (net) decreased by € 18.6 million, or 47.1%, to €20.9 million in the year ended December 31, 2019, from €39.5 million in the year ended December 31, 2018. The decrease in interest expense was mainly due to lower amortization of debt issue costs, high non-recurring interest income from affiliate loans and net fair value gains on derivatives. This was partly offset by higher interest expense on lease liabilities recognized under IFRS 16.

Exchange movements. Exchange movements decreased by €7.7 million, or 61.6%, to €4.8 million in gains in the year ended December 31, 2019, from €12.5 million in gains in the year ended December 31, 2018. The decrease in gains is mainly due to lower gains from translation effects from intercompany loans, including financing between consolidated subsidiaries.

Income before income tax. Income before income tax decreased by € 143.3 million, or 24.9%, to €433.3 million in the year ended December 31, 2019, from €576.6 million in the year ended December 31, 2018 for the reasons stated above.

Income tax expense. Income tax expense decreased by €13.8 million, or 11.1%, to €110.3 million in the year ended December 31, 2019, from €124.1 million in the year ended December 31, 2018. The main reason for the decrease was higher deferred tax income in the year ended December 31, 2019, caused by remeasurements of pension liabilities and other temporary differences. The effective income tax rate increased from 21.5% as of December 31, 2018 to 25.5% as of December 31, 2019. The main reasons for this increase were withholding tax payments for foreign dividends within the Styrolution Business and an increase of income tax provisions for permanent establishment risks in specific countries.

Net income. Net income for the period decreased by €129.5 million, or 28.6%, to €323.0 million in the year ended December 31, 2019, from €452.5 million in the year ended December 31, 2018 for the reasons stated above.

EBITDA before special items. EBITDA before special items decreased by €108.2 million, or 13.4%, to €704.2 million in the year ended December 31, 2019, from €812.8 million in the year ended December 31, 2018. The main reasons for the decrease in EBITDA before special items are lower margins in our Asian business because of market uncertainty from U.S.-China trade regulation policies and lower Specialties sales to the automotive industry. These negative factors were partially offset by the impact from February 2019 of the two acquired PS assets in China and by the positive effect resulting from the application of IFRS 16 from January 1, 2019.

Year Ended December 31, 2018 Compared to the Year Ended December 31, 2017

Revenue. Revenue increased by €24.3 million, or 0.5%, to €5,366.7 million in the year ended December 31, 2018, from €5,342.4 million in the year ended December 31, 2017. This increase in revenue was primarily driven by higher sales volumes, but partly offset by slightly lower average feedstock prices in most of our business segments. Revenue declines with a lower raw material price base for our raw material inputs, mainly benzene and SM. These reductions were also reflected in the sales prices.

Volumes increased in the Specialties, ABS Standard and SM businesses. Volumes increased in 2018 compared to 2017, because of continued strong demand across all regions, especially in Asia on the back of Chinese demand growth. In March 2017, the Styrolution Business acquired the global business of KR Copolymer Co. Ltd. (the "**K-Resin Business**") with a production asset in Yeosu, Korea from CPChem and Daelim. This acquisition helped to grow the Specialties business. While market conditions for PS were relatively good, overall global volumes decreased in Americas and EMEA in 2018 compared to 2017. Lower periodic demand and high underlying feedstock prices during the summer of 2018 caused customers to control inventories and delay purchase orders. SM sales increased in 2018 compared to 2017 because of strong downstream demand and improved production capacity from turnaround effects at the Bayport, Texas, United States, site in 2018 and the Texas City, Texas, United States site in 2017.

Cost of sales. Cost of sales increased by €65.0 million, or 1.5%, to €4,349.5 million in the year ended December 31, 2018, from €4,284.5 million in the year ended December 31, 2017. The increase in cost of sales mainly reflected the increase in sales volumes, which were partly offset by slightly lower feedstock prices. Cost of sales also increased due to higher utilities prices.

Gross profit. Gross profit decreased by €40.7 million, or 3.8%, to €1,017.2 million in the year ended December 31, 2018, from €1,057.9 million in the year ended December 31, 2017. The Styrolution Business experienced strong operating conditions in 2018, similar to 2017. When corrected for COSA, the 2018 gross profit would have been higher. The COSA effects led to a negative impact of approximately € 48 million in the year ended December 31, 2018, compared to a COSA gain of approximately €39 million in the year ended December 31, 2017. The negative COSA impact in the year ended December 31, 2018 was because of a sharp decline in prices in the fourth quarter. The strong demand helped to sustain our high-mid cycle margins in most regions and product groups. SM results improved in the third quarter of 2018 as the Styrolution Business benefitted from increased market margins. Margins declined in the seasonally weaker fourth quarter in 2018 and as a result of uncertainty in the markets, which was caused by implemented U.S. import tariffs.

Selling and distribution expenses. Selling and distribution expenses increased by €0.1 million, or less than 0.1%, to €280.7 million in the year ended December 31, 2018, from €280.6 million in the year ended December 31, 2017. This increase was primarily due to an increase in sales volumes, mainly in the Polymers business, in the year ended December 31, 2018 as compared to the year ended December 31, 2017, which resulted in slightly higher distribution costs being incurred.

General and administrative expenses. General and administrative expenses increased by €5.0 million, or 4.4%, to €118.6 million in the year ended December 31, 2018, from €113.6 million in the year ended December 31, 2017. This increase in general and administrative expenses mainly resulted from annual cost inflation and the inclusion of the acquired K-Resin Business in the full-year cost base for 2018.

Research and development expenses. Research and development expenses increased by €1.4 million, or 11.3%, to €13.8 million in the year ended December 31, 2018 from €12.4 million in the year ended December 31, 2017. This increase in R&D expenses was due mainly to the phasing of projects and the use of external consultants.

Other operating expenses, net. Other operating expenses, net decreased by €44.4 million, or 98.9%, to €0.5 million in the year ended December 31, 2018, from €44.9 million in the year ended December 31, 2017. During the year ended December 31, 2017, other operating expenses, net mainly related to provisions we recognized relating to the Styrolution Business liabilities to its previous shareholder BASF under prior legal agreements, pursuant to which the Styrolution Business transfers amounts equivalent to certain realized tax benefits to BASF.

Profit from operating activities. Profit from operating activities decreased by €2.8 million, or 0.5%, to €603.6 million in the year ended December 31, 2018, from € 606.4 million in the year ended December 31, 2017 for the reasons stated above.

Interest expense (net). Interest expense (net) decreased by € 9.4 million, or 19.2%, to €39.5 million in the year ended December 31, 2018 from €48.9 million in the year ended December 31, 2017. The decrease in interest expense resulted mainly from lower gross debt and lower nominal interest rates for the outstanding term loans under the then-outstanding term loan B facilities.

Other financial gain / (loss), net or exchange movements. Exchange movements increased to a gain of €12.5 million in the year ended December 31, 2018, from other financial loss, net of €49.6 million in the year ended December 31, 2017. This gain corresponded mainly to the foreign currency translation gain on intercompany loans denominated in a currency other than the reporting currency, mostly USD to EUR effects.

Income before income tax. Income before income tax increased by € 68.7 million, or 13.5%, to €576.6 million in the year ended December 31, 2018 from €507.9 million in the year ended December 31, 2017 for the reasons stated above.

Income tax expense. Income tax expense increased by €109.3 million to €124.1 million in the year ended December 31, 2018 from €14.8 million in the year ended December 31, 2017. The main reasons for the low income tax expense in the year ended December 31, 2017 were the impact of tax reforms in the United States and Belgium and the recognition of a deferred tax asset at INEOS Styrolution Investment GmbH. The deferred tax asset resulted from a step-up in tax basis upon the transfer of assets to INEOS Styrolution from the previous shareholder BASF in 2014.

Net income. Net income for the period decreased by €40.6 million, or 8.2%, to €452.5 million in the year ended December 31, 2018 from €493.1 million in the year ended December 31, 2017 for the reasons stated above.

EBITDA before special items. EBITDA before special items decreased by €59.4 million, or 6.8%, to €812.8 million in the year ended December 31, 2018 from €872.2 million in the year ended December 31, 2017. The main reasons for the decrease in EBITDA before special items are the negative COSA result in the year ended December 31, 2018 and uncertainty in the ABS Standard markets, which was caused by implemented U.S. import tariffs.

The INOVYN Business

The INOVYN Consolidated Financial Statements included elsewhere in this offering memorandum are prepared in accordance with IFRS. The income statement data for the years ended December 31, 2019, 2018 and 2017 and for the nine months ended September 30, 2020 and 2019, represent the consolidated results of INOVYN Limited and its subsidiaries.

Description of Key Income Statement Line Items

Set forth below is a brief description of the composition of the key line items of INOVYN's income statement.

- ***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 analyzed to determine the distinct performance obligations against which revenue should be recognized. The amount to be recognized is determined from the standalone selling prices for goods and services, allocated to the performance obligations. Revenue is recognized when (or as) the performance obligations are satisfied by transferring a promised good or service to a customer. Revenue includes INOVYN's share of revenue from joint arrangements classified as joint operations according to IFRS. Revenue does not include INOVYN's share of associated undertakings' revenue. The pricing for products sold is determined by market prices (market contracts and arrangements) or is linked by a formula to published raw material and energy prices plus an agreed additional amount (formula contracts). Services provided to third parties include administrative and operational services provided to other companies with facilities at the INOVYN Business's sites.

- ***Operating costs.*** Operating costs have been allocated to specific categories in accordance with the requirements of IFRS. Operating costs include INOVYN's share of operating costs from joint arrangements classified as joint operations according to IFRS, but do not reflect proportional adjustments for operating costs of associated undertakings. The main categories are cost of sales, distribution costs and administrative expenses.

- ***Cost of sales before exceptional items.*** Cost of sales before exceptional items includes fixed and variable production costs. Such production costs typically include the costs of raw materials, packaging, utilities, direct wages and salaries, repairs and maintenance, waste disposal and effluent treatment, consumables, directly attributable overheads, including wages and salaries and depreciation charges. Fixed costs included in the cost of sales are rent, depreciation, repairs and maintenance, and wages and salaries, while variable costs include raw materials, packaging and consumables.

- ***Exceptional cost of sales.*** Exceptional cost of sales are those expenses which, because of their size and nature, are disclosed separately to give a proper understanding of the underlying results for the period.

- ***Distribution costs.*** Distribution costs typically include the costs of warehousing, carriage and freight, together with sales and distribution wages and salaries and depreciation on tangible fixed assets used for sales and distribution.

- ***Administrative expenses before exceptional items.*** Administrative expenses before exceptional items typically include indirect wages and salaries and indirect overheads. Indirect overheads include such items as insurance costs, legal and professional fees and office supplies. Administrative expenses before exceptional items also include the depreciation of tangible fixed assets not directly attributable to production or sales and distribution, and the amortization of intangible fixed assets. Administrative expenses before exceptional items include gains and losses attributable to fluctuations in foreign currency exchange rates on operating items.

- ***Exceptional administrative expenses.*** Exceptional administrative expenses are those expenses which, because of their size and nature, are disclosed separately to give a proper understanding of the underlying results for the period.

- ***Share of loss of associated undertakings.*** Share of loss of associated undertakings relates to the results from our investment in a 25% economic interest in INEOS Runcorn (TPS) Holdings Limited in Runcorn, United Kingdom.

- ***Loss on disposal of other investments.*** Loss on disposal of other investments relates to the cash proceeds net of selling costs, if any, less the book value of investments in trade associations that have been disposed of.

- ***Net finance costs.*** Net finance costs represent finance costs, net of finance income. Finance costs comprise interest payable, interest charges on leases, unwinding of the discount on provisions, and net foreign exchange losses that are recognized in the income statement. Finance income relates to interest receivable on funds invested and net foreign exchange gains.

- ***Tax charge.*** Tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods. 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 amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

Consolidated Results

The financial information included in this discussion as of and for the years ended December 31, 2019, 2018 and 2017 has been extracted from the Audited INOVYN Consolidated Financial Statements included elsewhere in this offering memorandum. Such information was prepared in accordance with IFRS. Our historical consolidated interim financial information and other financial information as of and for the nine months ended September 30, 2020 and 2019 has been extracted from the Unaudited INOVYN Condensed Consolidated Financial Statements included elsewhere in this offering memorandum, which includes, as a comparative, the unaudited condensed consolidated interim financial information for the nine months ended September 30, 2019. Such information was prepared in accordance with IAS 34 Interim Financial Reporting.

The following table sets forth, for the periods indicated, revenue and expenses and such amounts as a percentage of revenue:

	For the year ended December 31,						For the nine months ended September 30,			
	2017		2018[1]		2019[1][2]		2019		2020	
	€	%	€	%	€	%	€	%	€	%
	(in €million, except for percentages)									
Revenue	**3,324.6**	**100.0**	**3,359.3**	**100.0**	**3,105.4**	**100.0**	**2,365.3**	**100.0**	**2,118.1**	**100.0**
Cost of sales before exceptional items	(2,350.8)	(70.7)	(2,329.8)	(69.4)	(2,162.5)	(69.7)	(1,634.0)	(69.1)	(1,441.7)	(68.1)
Exceptional cost of sales	(22.9)	(0.7)	(11.8)	(0.3)	(21.4)	(0.7)	—	—	—	—
Total cost of sales	**(2,373.7)**	**(71.4)**	**(2,341.6)**	**(69.7)**	**(2,183.9)**	**(70.4)**	**(1,634.0)**	**(69.1)**	**(1,441.7)**	**(68.1)**
Gross profit	**950.9**	**28.6**	**1,017.7**	**30.3**	**921.5**	**29.6**	**731.3**	**30.9**	**676.4**	**31.9**
Total distribution costs	(319.6)	(9.6)	(332.6)	(9.9)	(348.8)	(11.2)	(262.0)	(11.1)	(264.7)	(12.5)
Administrative expenses before exceptional items	(120.2)	(3.6)	(139.5)	(4.2)	(156.5)	(5.0)	(114.1)	(4.8)	(107.5)	(5.1)
Exceptional administrative expenses	(12.7)	(0.4)	(1.0)	—	(30.2)	(1.0)	(1.9)	(0.1)	—	—
Total administrative expenses	**(132.9)**	**(4.0)**	**(140.5)**	**(4.2)**	**(186.7)**	**(6.0)**	**(116.0)**	**(5.0)**	**(107.5)**	**(5.1)**
Total expenses	**(452.5)**	**(13.6)**	**(473.1)**	**(14.1)**	**(535.5)**	**(17.2)**	**(378.0)**	**(16.0)**	**(372.2)**	**(17.6)**
Operating profit	**498.4**	**15.0**	**544.6**	**16.2**	**386.0**	**12.4**	**353.3**	**15.0**	**304.2**	**14.4**
Share of profit/(loss) of associated undertakings	12.6	0.4	(0.5)	—	—	—	—	—	—	—
Loss on disposal of other investments	—	—	(0.1)	—	—	—	—	—	—	—
Profit on disposal of property, plant and equipment	1.2	—	—	—	—	—	—	—	(0.5)	—
Loss on disposal of businesses	(3.4)	(0.1)	—	—	—	—	—	—	—	—
Purchase gain on acquisition	3.7	0.1	—	—	—	—	—	—	—	—
Profit before net finance costs	**512.5**	**15.4**	**544.0**	**16.2**	**386.0**	**12.4**	**353.3**	**15.0**	**303.7**	**14.3**
Net finance costs	(76.0)	(2.3)	(37.4)	(1.1)	(16.4)	(0.5)	(11.2)	(0.5)	(25.8)	(1.2)
Profit before tax	**436.5**	**13.1**	**506.6**	**15.1**	**369.6**	**11.9**	**342.1**	**14.5**	**277.9**	**13.1**
Tax charge	(133.1)	(4.0)	(121.4)	(3.6)	(67.7)	(2.2)	(66.9)	(2.8)	(53.1)	(2.5)
Profit for the period	**303.4**	**9.1**	**385.2**	**11.5**	**301.9**	**9.7**	**275.2**	**11.6**	**224.8**	**10.6**
EBITDA before exceptional items[3]	**667.9**	**20.1**	**691.1**	**20.6**	**606.1**	**19.5**	**470.9**	**19.9**	**434.7**	**20.5**

(1) The INOVYN Business adopted IFRS 15 and IFRS 9 from January 1, 2018 and did not restate comparative financial information presented in the INOVYN Consolidated Financial Statements. Therefore, the financial information presented for the years ended December 31, 2017 may not be comparable to the financial information presented for each of the years ended December 31, 2018 and 2019. In relation to IFRS 15, there was no impact on timing and amount of revenue recognized which is why there was no restatement made. In relation to IFRS 9, INOVYN used an exemption not to restate comparative information for prior periods with respect to classification and measurement changes. See "*Presentation of Financial and Other Information—Adoption of new accounting standards—IFRS 15—Revenue from Contracts with Customers*" and "*—IFRS 9—Financial Instruments"*.

(2) The INOVYN Business adopted IFRS 16 from January 1, 2019 using the modified retrospective approach and did not restate comparative financial information. Therefore, the financial information presented for the years ended December 31, 2017 and December 31, 2018 may not be comparable to the financial information presented for the year ended December 31, 2019. See "*Presentation of Financial and Other Information—Adoption of new accounting standards—IFRS 16—Leases*".

(3) See &!#od;''*Presentation of Financial and Other Information—Non-IFRS Financial Measures—INOVYN*".

Nine Months Ended September 30, 2020 Compared to the Nine Months Ended September 30, 2019

Revenue. Revenue decreased by €247.2 million, or 10.5%, to €2,118.1 million for the nine months ended September 30, 2020, as compared to €2,365.3 million for the same period in 2019. This decrease was mainly due to the lower average selling prices for the INOVYN Business's products. The average caustic soda contract price (as reported by IHS Markit) in the nine months ended September 30, 2020 was €66 per ton (or 10%) lower than the comparative period in the prior year, while selling prices of general purpose and specialty PVC fell in domestic markets on the back of lower ethylene contract prices. Sales volumes and prices of chlorine derivatives, including Cereclor, chloroform and epichlorohydrin, were lower in the nine months ended September 30, 2020 due to reduced demand and lower paraffin, gas and propylene input costs. The impact of lower average selling prices was partially offset by higher sales volumes for certain of our products. Although PVC demand in Europe fell by almost 50% in the second quarter of 2020, during the nine months ended September 30, 2020 the INOVYN Business sold higher volumes of PVC into export markets than it has in prior periods which allowed its plants to run at higher operating rates than the European average. Caustic soda markets gradually improved as 2020 progressed due to plentiful supply, with the INOVYN Business relying on export markets, particularly in the third quarter of 2020, to move excess product. Total volumes of general purpose PVC, specialty PVC and caustic soda were slightly higher than in the same period in the prior year. Despite the COVID-19 crisis, all of the INOVYN Business's plants, with the exception of planned maintenance, were fully available in the first nine months of 2020.

Cost of sales. Cost of sales decreased by €192.3 million, or 11.8%, to €1,441.7 million in the nine months ended September 30, 2020, as compared to €1,634.0 million for the same period in 2019. The decrease was primarily due to lower ethylene, naphtha, propylene and electricity costs. Ethylene contract prices (as reported by IHS Markit) averaged €802 per ton in the nine months ended September 30, 2020, compared with €1,018 per ton over the same period in the prior year. Weaker demand for energy due to the COVID-19 pandemic led to lower electricity costs in the nine months ended September 30, 2020 with EEX electricity prices averaging €10 per MWh lower than the same period in 2019.

Gross profit. Gross profit decreased by €54.9 million, or 7.5%, to €676.4 million in the nine months ended September 30, 2020, as compared to €731.3 million for the same period in 2019. The decrease was mainly attributable to lower caustic soda pricing, partially offset by lower energy costs, higher caustic soda volumes and marginally higher general purpose PVC spreads over ethylene.

Total distribution costs. Total distribution costs increased by €2.7 million, or 1.0%, to €264.7 million in the nine months ended September 30, 2020, as compared to €262.0 million for the same period in 2019. The increase was primarily the result of a higher proportion of general purpose and specialty PVC deliveries to export markets compared with the same period in the prior year.

Administrative expenses before exceptional items. Administrative expenses before exceptional items decreased by €6.6 million, or 5.8%, to €107.5 million in the nine months ended September 30, 2020, as compared to €114.1 million for the same period in 2019. The value of exchange losses in the comparative period was higher than in the nine months ended September 30, 2020.

Exceptional administrative expenses. Exceptional administrative expenses were a charge of €nil in the nine months ended September 30, 2020, as compared to €1.9 million for the same period in 2019. The costs in the comparative period of 2019 relate to various legal and commercial disputes.

Total administrative expenses. Total administrative expenses decreased by €8.5 million, or 7.3%, to €107.5 million in the nine months ended September 30, 2020, as compared to €116.0 million for the same period in 2019.

Operating profit. Operating profit decreased by €49.1 million, or 13.9%, to €304.2 million in the nine months ended September 30, 2020, as compared to an operating profit of €353.3 million for the same period in 2019.

Loss on disposal of property, plant and equipment. Loss on the disposal of property, plant and equipment was €0.5 million for the nine months ended September 30, 2020, as compared to €nil for the same period in 2019.

Net finance costs. Net finance costs increased by €14.6 million, or 130.4%, to €25.8 million in the nine months ended September 30, 2020, as compared to €11.2 million for the same period in 2019. Following the repricing of the INOVYN Senior Secured Term Loan B on March 9, 2020, unamortized debt issue costs totaling € 16.7 million were written-off in the first quarter of 2020. The upsizing of the loan principal by €250.0 million on the same date also resulted in €3.5 million of higher interest charges in the nine month period ended September 30, 2020 compared to the same period in the prior year. The aforementioned factors were partially offset by €4.9 million of higher interest income on

loans provided to related parties. Interest payable under the INOVYN Securitization Program was similar to the prior year.

Profit before tax. Profit before tax decreased by €64.2 million, or 18.8%, to €277.9 million in the nine months ended September 30, 2020, as compared to a profit before tax of €342.1 million for the same period in 2019. The effective tax rate for the nine months ended September 30, 2020 of 19% is slightly lower compared to the comparable rate of 20% for the nine months ended September 30, 2019.

Tax charge. Taxation decreased by €13.8 million, or 20.6%, to €53.1 million in the nine months ended September 30, 2020, as compared to a charge of €66.9 million for the same period in 2019. The reduction is mainly due to the reduction in profit before tax and an increase in the value of deferred tax assets in the United Kingdom, following a change in substantively enacted future tax rates from 17% to 19%.

Profit for the period. Profit for the period decreased by € 50.4 million, or 18.3%, to €224.8 million in the nine months ended September 30, 2020, as compared to a profit for the period of € 275.2 million for the same period in 2019 for the reasons stated above.

EBITDA before exceptional items. EBITDA before exceptional items decreased by €36.2 million, or 7.7%, to €434.7 million in the nine months ended September 30, 2020, as compared to €470.9 million for the same period in 2019. Although European PVC producers experienced a severe and sudden reduction in demand as a result of the COVID-19 pandemic in the second quarter of 2020, EBITDA performance was only moderately lower than the comparative period. Lower caustic soda selling prices were the main reason for the decrease but the impact of this was partly offset by lower electricity costs. Volumes of general purpose and specialty PVC sold into the INOVYN Business's main European markets in the nine-month period ended September 30, 2020 were lower than the same period in the prior year, but the INOVYN Business was able to divert volumes into export markets at attractive margins. General purpose and specialty PVC spreads over ethylene in domestic and export markets were on average marginally higher than the comparative period, helped by European and U.S. supply restrictions in the third quarter of 2020. Falling European ethylene prices in the first nine months of 2020 also boosted the competitiveness and margins of European PVC producers in export markets.

Year Ended December 31, 2019 Compared to the Year Ended December 31, 2018

Revenue. Revenue decreased by €253.9 million, or 7.6%, to €3,105.4 million in the year ended December 31, 2019, as compared to €3,359.3 million for the same period in 2018. Reductions in average caustic soda prices due to a softening market and higher industry operating rates were the main reason for the decline in revenue. Average selling prices of general purpose PVC were also lower in key EU markets, driven by lower ethylene costs, but were improved in export markets. Total sales volumes for 2019 were reduced compared to 2018. Sales volumes of general purpose PVC, specialty PVC and caustic soda were lower as a result of a key turnaround program in the second quarter at the INOVYN Business's chlor-alkali, VCM and PVC facilities in Rafnes, Norway, that reduced production volume. This turnaround lasted longer than expected due to unforeseen technical issues on the VCM plant. In addition, there were production restrictions in the first quarter of the year due to a declaration of force majeure at the INOVYN Business's Martorell, Spain facility, which was the result of the closure of a waste water site operated by a regional public body. The newly acquired salt and sulphur businesses in the United Kingdom contributed €52.5 million of revenue since the March 1, 2019 acquisition date.

Total cost of sales. Total cost of sales decreased by €157.7 million, or 6.7%, to €2,183.9 million for the year ended December 31, 2019, as compared to €2,341.6 million for the same period in 2018.

Cost of sales before exceptional items. Cost of sales before exceptional items decreased by €167.3 million, or 7.2%, to € 2,162.5 million for the year ended December 31, 2019, as compared to €2,329.8 million for the same period in 2018. The decrease was primarily due to lower volumes of the INOVYN Business's key sales products and lower ethylene, naphtha and electricity prices. Ethylene contract prices (as reported by IHS Markit) averaged €1,007 per ton in 2019, compared with €1,100 per ton over the same period in the prior year. Electricity costs across the INOVYN Business averaged €38 per megawatt hour in 2019 versus €44 per megawatt hour in 2018, influenced by weaker gas prices and healthy nuclear generation. Partially offsetting these decreases in costs were €38.7 million of costs associated with the newly acquired salt and sulphur businesses.

Exceptional cost of sales. Exceptional cost of sales increased by €9.6 million, or 81.4%, to €21.4 million for the year ended December 31, 2019, as compared to €11.8 million for the same period in 2018. In the preceding years, the INOVYN Business closed several plants including mercury cell rooms at Runcorn and Wilhelmshaven, a

Chloromethanes plant at Runcorn, and a PVC plant at Schkopau. An exceptional charge of €21.4 million was recognized in 2019 following a reassessment of the expected decommissioning and dismantling costs for these closure projects. The majority of prior year costs relate to the closure of the INOVYN Business's specialized recycling facility at Ferrara, Italy and the cessation of tolling arrangement for the manufacture of chlorinated paraffins at Baleycourt, France and the closure of the chloromethanes plant in Runcorn, United Kingdom.

Gross profit. Gross profit decreased by €96.2 million, or 9.5%, to €921.5 million in the year ended December 31, 2019, as compared to €1,017.7 million for the same period in 2018. This was mainly the result of lower production volumes and unitary chain margins versus the previous year and higher exceptional cost of sales charges.

Total distribution costs. Total distribution costs increased by €16.2 million, or 4.9%, to €348.8 million in the year ended December 31, 2019, as compared to €332.6 million for the same period in 2018. Distribution costs of €9.6 million were associated with the newly acquired salt and sulphur businesses. Although overall sales volumes were lower in 2019 (excluding the impact of the newly acquired salt and sulphur businesses) overall distribution costs increased due to inflationary increases in variable and fixed transport costs. Moreover, the INOVYN Business incurred additional expenditure as a result of reallocating sourcing points to negate the various unplanned and planned production losses which occurred in 2019.

Total administrative expenses. Total administrative expenses increased by €46.2 million, or 32.9%, to €186.7 million in the year December 31, 2019, as compared to €140.5 million for the same period in 2018.

Administrative expenses before exceptional items. Administrative expenses before exceptional items increased by €17.0 million, or 12.2%, to €156.5 million in the year ended December 31, 2019, as compared to €139.5 million for the same period in 2018. The increase was primarily due to higher manpower costs and management fees. In addition, administrative expenses before exceptional items in 2019 included € 6.1 million of costs from the newly acquired salt and sulphur businesses.

Exceptional administrative expenses. Exceptional administrative expenses increased by €29.2 million to €30.2 million in the year ended December 31, 2019, as compared to a charge of €1.0 million for the same period in 2018. In 2018 and 2019, the INOVYN Business embarked on plans for a joint investment with INEOS Oxide in a new membrane cell room at Cologne, Germany with the aim of producing 280.0 kilotonnes of electrolysis capacity. In 2019, this project was cancelled following a review of the project economics and predicted return on investment. In addition, a project to expand the capacity of the cell room in Lillo, Belgium was also cancelled in 2019. Feasibility costs totaling €35.2 million were written-off as a result. Partially offsetting these costs, was the release of €5.0 million of exceptional provisions recognized in prior years for miscellaneous legal claims and commercial disputes.

Operating profit. Operating profit decreased by €158.6 million, or 29.1%, to €386.0 million for the year ended December 31, 2019, as compared to €544.6 million for the same period in 2018. This is due to the reduced gross margin performance and higher distribution and administrative expenses.

Share of loss of associated undertakings. Share of net results of associated undertakings was €nil in the year ended December 31, 2019, as compared to a loss of €0.5 million in 2018. The INOVYN Business holds a 25% economic interest in INEOS Runcorn (TPS) Limited, which is the operator of an energy from waste thermal power station located in Runcorn, United Kingdom.

Loss on disposal of other investments. The loss on disposal of other investments was €nil in the year ended December 31, 2019, as compared to €0.1 million for the same period in 2018. The INOVYN Business disposed of investments in Swedish and Italian trade associations in 2018.

Net finance costs. Net finance costs decreased by €21.0 million, or 56.1%, to €16.4 million for the year ended December 31, 2019, as compared to €37.4 million for the same period in 2018. In 2019, the INOVYN Business accrued interest income of €12.8 million on a €300.0 million loan provided to INEOS Limited in the first quarter of 2019. In 2018, an exceptional finance cost of €6.5 million was incurred relating to the early repayment of Term Loan A borrowings and subsequent write-off of the associated unamortized debt issue costs. Interest payable on Term Loan B borrowings was €3.7 million lower than the prior year as interest rates decreased by 0.5% following two repricing events in May and November 2018. Moreover, the prior year included €1.2 million of interest on Term Loan A borrowings. Partially offsetting this reduction in costs in 2019 were €2.2 million of additional interest on lease liabilities following the implementation of IFRS 16 *Leases* on January 1, 2019.

Profit before tax. As a result of the factors discussed above, the profit before tax for the year ended December 31, 2019 decreased by € 137.0 million, or 27.0%, to €369.6 million, as compared to a profit before tax of €506.6 million for the same period in 2018.

Tax charge. Taxation decreased by €53.7 million, or 44.2%, to €67.7 million for the year ended December 31, 2019, as compared to €121.4 million for the same period in 2018. The reduction in the consolidated tax charge is as a result of the 27.0% reduction in profit before tax, and a higher proportion of profits being taxed in the United Kingdom which has a lower tax rate than other European countries in which the INOVYN Business has a presence. The INOVYN Business also recognized a € 24.8 million credit for adjustments related to prior years in 2019.

Profit for the year. As a result of the factors discussed above, profit for the year decreased by €83.3 million, or 21.6%, to € 301.9 million for the year ended December 31, 2019, as compared to €385.2 million for the year ended December 31, 2018.

EBITDA before exceptional items. EBITDA before exceptional items decreased by €85.0 million, or 12.3%, to €606.1 million for the year ended December 31, 2019, as compared to €691.1 million for the same period in 2018. The lower domestic pricing of caustic soda was the main contributor to the decrease. This has been partially offset by lower energy prices in 2019. SPVC over ethylene margin was stable in 2019, compared to 2018. However, reduced general purpose volumes impacted absolute EBITDA. The chlor-alkali, VCM and PVC turnarounds at Rafnes, Norway impacted EBITDA by approximately €20 million, of which approximately €6 million was related to the unplanned delays. Partially offsetting these downward variances were improved caustic potash and external chlorine margins. Specialty PVC margins remained attractive and we continue to grow sales in this area.

INEOS Enterprises Group Limited and its subsidiary, acquired on March 1, 2019 from INEOS Enterprises Holdings Limited, contributed €4.6 million of EBITDA to 2019 performance.

The INOVYN Business applied IFRS 16 *Leases* on January 1, 2019, using the 'modified retrospective approach' with no restatement of comparative information. EBITDA as a consequence has improved, since operating lease rentals totaling €24.6 million have been replaced by depreciation and interest charges of roughly the same amount.

Year Ended December 31, 2018 Compared to the Year Ended December 31, 2017

Revenue. Revenue increased by €34.7 million, or 1.0%, to €3,359.3 million in the year ended December 31, 2018, as compared to €3,324.6 million for the same period in 2017. Total sales volumes for 2018 were reduced compared to 2017, with most of the reduction attributable to the closure of the cell room at Martorell, Spain in December 2017 and the closure of the cell room at Stenungsund, Sweden in May 2018. In addition, production volumes were lower in 2018 due to planned turnaround events at the INOVYN Business's VCM assets in Martorell, Spain and Rheinberg, Germany and cell rooms at Rafnes, Norway and Jemeppe, Belgium. There were no major VCM turnaround events affecting production volumes in 2017. In 2018, demand for SPVC for EU producers was 3.9% below 2017 (per FIDES data), influenced by stronger seasonality factors with a longer and colder winter and higher imports versus the previous year. Overall prices of general purpose SPVC in 2018 were on average lower than 2017, with higher exports reducing average SPVC prices. The implied European caustic soda daily demand (reported chlorine production, less reported caustic soda exports, plus the reported caustic soda stock change) was 3.8% lower in 2018, compared to 2017. However, average caustic soda prices were significantly higher in 2018, compared to 2017, with new record prices being achieved in the first quarter of 2018, and remaining at high levels throughout the year. The average caustic soda price (as reported by IHS Markit) was €733 per ton in 2018 compared to €555 per ton in 2017.

Cost of sales before exceptional items. Cost of sales before exceptional items decreased by €21.0 million, or 0.9%, to € 2,329.8 million for the year ended December 31, 2018, as compared to €2,350.8 million for the same period in 2017. Average prices of our key inputs, ethylene and energy were higher than the previous year. The ethylene contract price (excluding discounts) averaged €1,100 per ton in 2018 compared with €1,017 per ton in 2017 (as reported by IHS Markit). Average energy prices also increased, with the EEX price increasing from an average of €34 per megawatt hour in 2017 to €44 per megawatt hour in 2018, caused by lower nuclear output and higher carbon pricing. Despite these cost increases, overall cost of sales fell due to the decrease in total sales volumes.

Exceptional cost of sales. Exceptional cost of sales decreased by €11.1 million, or 48.5%, to €11.8 million for the year ended December 31, 2018, as compared to €22.9 million for the same period in 2017. In conjunction with the decision to close its specialized PVC recycling business at Ferrara, Italy and to place Vinyloop Ferrara SpA into liquidation, a provision of €3.5 million was made to cover the costs of closure and a further loss of €1.0 million was incurred as a result of the sale of land and other assets to a third party. The INOVYN Business incurred payments of

€2.6 million that were agreed as part of the termination of a chlorine supply agreement in Belgium, and further decontamination and decommissioning costs of €2.3 million were recognized in the United Kingdom in relation to the chloromethanes assets, which closed in 2015. Moreover, in 2018, the production of chlorinated paraffins at Baleycourt, France was transferred to Runcorn, United Kingdom resulting in the recognition of €2.3 million of exceptional restructuring provisions. Other net exceptional costs totaling €0.1 million were also incurred in the year.

The majority of costs in 2017 consisted of €7.5 million for a redundant assets and demolition program at Tavaux, France, and €8.4 million for the cost of implementing the *Plan de prevention des risques technologiques* at Feyzin, France as required under French legislation. A provision of €4.5 million was also made in 2017 to cover costs associated with the closure of all remaining defined benefit schemes in the United Kingdom to further accrual.

Gross profit. Gross profit increased by €66.8 million, or 7.0%, to €1,017.7 million in the year ended December 31, 2018, as compared to €950.9 million for the same period in 2017. This was mainly the result of higher average unitary chain margins versus the previous year and lower exceptional cost of sales.

Distribution costs before exceptional items. Distribution costs before exceptional items increased by €14.1 million, or 4.4%, to € 332.6 million in the year ended December 31, 2018, as compared to € 318.5 million for the same period in 2017. Although overall sales volumes were lower in 2018, overall distribution costs increased due to a higher proportion of general purpose SPVC export sales.

Exceptional distribution expenses. Exceptional distribution expenses were €nil, for the year ended December 31, 2018, as compared to € 1.1 million for the same period in 2017. All of the costs in 2017 related to expenses incurred as part of delivering synergies and cost reduction projects in the commercial and logistics departments.

Administrative expenses before exceptional items. Administrative expenses before exceptional items increased by €19.3 million, or 16.1%, to €139.5 million in the year ended December 31, 2018, as compared to €120.2 million for the same period in 2017. The increase is mainly attributable to variability in income received from recharged services.

Exceptional administrative expenses. Exceptional administrative expenses decreased by €11.7 million, or 92.1%, to €1.0 million in the year ended December 31, 2018, as compared to a charge of €12.7 million for the same period in 2017. The decrease was mainly due to the recognition of provisions totaling €8.6 million in 2017 to cover various miscellaneous legal claims and commercial disputes.

Operating profit. Operating profit increased by €46.2 million, or 9.3%, to €544.6 million for the year ended December 31, 2018, as compared to €498.4 million for the same period in 2017. This is mainly due to the improved gross margin performance, partially offset by higher distribution costs and administrative expenses.

Share of (loss)/profit of associated undertakings. Share of net results of associated undertakings was a loss of €0.5 million in the year ended December 31, 2018, as compared to a profit of €12.6 million in 2017. As part of a wider PFI project, INEOS Runcorn (TPS) Limited (100% direct subsidiary of INEOS Runcorn (TPS) Holdings Limited) is the operator of a 'Design, Build, Finance and Operate' contract with the Greater Manchester Waste Development Authority ("GMWDA"). A one-off gain was recognized in 2017 following a change in contractual terms which resulted in the early repayment from GMWDA of part of the financial asset recognized at the inception of the contract.

Purchase gain on acquisition. Purchase gain on acquisition was € nil in the year ended December 31, 2018, as compared to €3.7 million in 2017. In April 2017, the INOVYN Business acquired a 50% shareholding in GIE Cansel-Bresse, a French *Groupement d'Interet Economique*. In May 2017, the INOVYN Business also acquired 100% of the shares in Solvay Tavaux SAS (subsequently renamed as INOVYN Tavaux SAS) from Solvay. The consideration paid for both businesses was lower than the fair value of net assets acquired resulting in a credit to the income statement of €3.7 million.

Loss on disposal of other investments. The loss on disposal of other investments was €0.1 million in the year ended December 31, 2018, as compared to €nil for the same period in 2017. The INOVYN Business disposed of investments in Swedish and Italian trade associations in 2018.

Profit on disposal of property, plant and equipment. Profit on disposal of property, plant and equipment was €nil in the year ended December 31, 2018, as compared to a €1.2 million for the same period in 2017. The profit in 2017 relates to the sale of a parcel of land in Cheshire, United Kingdom.

Loss on disposal of businesses. The loss on disposal of businesses was €nil in the year ended December 31, 2018, as compared to €3.4 million for the same period in 2017. In 2017, the value of deferred consideration that had been recognized in 2015 for the Remedy Assets Sale was adjusted downwards resulting in a €3.2 million loss on disposal. Similarly, the value of deferred consideration previously recognized as part of the divestment of the United Kingdom packed chlorine business by the legacy Kerling Business to 2M Group Limited was revised downwards by € 0.2 million following the conclusion of negotiations with the buyer.

Net finance costs. Net finance costs decreased by €38.6 million, or 50.8%, to €37.4 million for the year ended December 31, 2018, as compared to €76.0 million for the same period in 2017. On average, total gross borrowings were 18% lower in 2018 compared to 2017 as there were no drawdowns under the INOVYN Securitization Program in 2018, and the redemption of the 6.250% Senior Secured Notes in November 2017 was partly funded with cash. The prior year also included a charge of €9.3 million charge for premiums payable upon the early redemption of the Senior Secured Notes. Moreover, average interest rates in 2018 were substantially lower than 2017 due to the term loan repricing events of May 2017, November 2017 and November 2018. In addition, interest expenses decreased as the 6.25% Senior Secured Notes were redeemed. Finally, interest expenses on pension liabilities fell by €6.3 million due to lower discount rates.

Profit before tax. As a result of the factors discussed above, the profit before tax for the year ended December 31, 2018 increased by € 70.1 million, or 16.1%, to €506.6 million, as compared to a profit before tax of €436.5 million for the same period in 2017.

Tax charge. Taxation decreased by €11.7 million, or 8.8%, to €121.4 million for the year ended December 31, 2018, as compared to €133.1 million for the same period in 2017. Despite the 16.1% increase in profit before tax, the overall tax charge decreased as a result of a higher proportion of the INOVYN Business's profits being taxed in the United Kingdom and a reduction in the tax rates payable in Belgium. Tax is predominantly chargeable on profits made by INOVYN Business entities in the United Kingdom, Belgium, Norway, France, Germany, Italy and Sweden.

Profit for the year. As a result of the factors discussed above, profit for the year increased by €81.8 million, or 27.0%, to € 385.2 million for the year ended December 31, 2018, as compared to €303.4 million for the year ended December 31, 2017.

EBITDA before exceptional items. EBITDA before exceptional items increased by €23.2 million, or 3.5%, to €691.1 million for the year ended December 31, 2018, as compared to €667.9 million for the same period in 2017. The strong financial performance was driven by record prices of caustic soda in 2018, which more than compensated for lower caustic soda and general purpose SPVC sales volumes and a fall in PVC unitary margins, compared to 2017. The Monthly Contract Price for ethylene averaged €1,100 per ton in 2018, compared to €1,017 per ton in 2017, and average general purpose SPVC margins over ethylene reduced due to lower selling prices. Specialty PVC margins over ethylene were slightly lower than 2017. Caustic soda margins over energy improved significantly, with the surge in caustic soda prices more than offsetting the slightly higher average energy costs of the INOVYN Business versus 2017.

The Aromatics and Acetyls Businesses

The Audited BP Petrochemicals Combined Carve-out Financial Statements included elsewhere in this offering memorandum are prepared in accordance with IFRS, as modified by the principles in the Annexure to SIR 2000—Investment Reporting Standards Applicable to Public Reporting Engagements on Historical Financial Information. The Unaudited BP Petrochemicals Interim Condensed Combined Carve-out Financial Statements have been prepared in accordance with IAS 34 Interim Financial Reporting. The income statement data for the years ended December 31, 2019 and 2018 and for the nine months ended September 30, 2020 and 2019 have been prepared by combining and carving out the assets, liabilities, income and expenses that management has determined relate to the Aromatics and Acetyls Businesses. See "*Presentation of Financial and Other Information—Financial Information of the Aromatics and Acetyls Businesses*" for more information on the preparation of the BP Combined Carve-out Financial Statements.

While the BP Combined Carve-out Financial Statements presents the BP Petrochemicals Business historically on a combined basis and are not presented under IFRS 8, following the BP Acquisition our Aromatics and Acetyls Businesses are now operated as two distinct businesses, which we expect to report as separate operating segments under IFRS 8 "Operating Segments" in the future. In this offering memorandum, we present certain limited historical financial information regarding the Aromatics and Acetyls Businesses on an individual basis.

Description of Key Line Items

Set forth below is a brief description of the composition of the key line items of the BP Petrochemicals Combined Carve-out Financial Statements:

- ***Sales and other operating revenues.*** Sales and other operating revenues represent income arising in the course of ordinary activities. It includes sales of goods to third parties as well as to BP undertakings. Revenue from contracts with customers is recognized when or as the Aromatics and Acetyls Businesses satisfy a performance obligation by transferring control of a promised good or service to a customer. The transfer of control of chemical products and other items usually coincides with title passing to the customer and the customer taking physical possession. The Aromatics and Acetyls Businesses principally satisfy their performance obligations at a point in time, and the amounts of revenue recognized relating to performance obligations satisfied over time are not significant. When, or as, a performance obligation is satisfied, the Aromatics and Acetyls Businesses recognize as revenue the amount of the transaction price that is allocated to that performance obligation. The transaction price is the amount of consideration to which the Aromatics and Acetyls Businesses expect to be entitled. The transaction price is allocated to the performance obligations in the contract based on standalone selling prices of the goods or services promised. Contracts for the sale of chemical products are typically priced by reference to quoted prices. The Aromatics and Acetyls Businesses recognize revenue from the following major sources: (i) contracts for the sale of chemical products and (ii) licence income.

- ***Contracts for the sale of chemical products.*** Revenue from term chemical products contracts is recognized at a point in time based on the contractual pricing provisions for each delivery. Certain of these contracts have pricing terms based on prices at a point in time after delivery has been made. Revenue from such contracts is initially recognized based on relevant prices at the time of delivery and subsequently adjusted as appropriate. All revenue from these contracts, both that recognized at the time of delivery and that from post-delivery price adjustments, is disclosed as revenue from contracts with customers in sales and other operating revenues.

- ***Licence income.*** Licence income (where licences are not distinct and the licence is combined with other goods and services in the contract) is recognized when the single performance obligation is satisfied. All revenue from these contracts, is disclosed in sales and other operating revenues. For certain commercial arrangements, the Aromatics and Acetyls Businesses act as an agent for the sale of chemical products. When providing goods or services to a customer, the Aromatics and Acetyls Businesses determine whether they are acting as a principal or an agent for each specified good or service promised to the customer. The Aromatics and Acetyls Businesses identify the specified goods or services to be provided to the customer and assess whether they control each specified good or service before that good or service is transferred to the customer. The Aromatics and Acetyls Businesses act as an agent when their performance obligation is to arrange for the provision of the specified good or service by another party. Where the Aromatics and Acetyls Businesses act as agent, revenue is recognized at the net amount that is retained for these arrangements.

- ***Earnings from joint ventures—after interest and tax.*** Earnings from joint ventures—after interest and tax represents earnings arising from the Aromatics and Acetyls Businesses' investments in joint ventures, after interest and tax. The results and assets and liabilities of joint ventures are incorporated in the BP Petrochemicals Combined Carve-out Financial Statements using the equity method of accounting. Equity-accounted income consists of the Aromatics and Acetyls Businesses' share of the relevant elements of the equity-accounted entities' results, which include operating profit or loss, interest income, interest and other similar charges and tax charges. Joint ventures excludes entities that are fully consolidated in the BP Petrochemicals Combined Carve-out Financial Statements.

- ***Interest and other income.*** Interest and other income includes interest earned on loans from joint ventures and other interest income on cash and cash equivalents. Other income includes dividend income, government subsidies, research and development credits, cost recoveries, utility income, emission sales, tax related receipts and settlements from legal and insurance claims.

- ***Purchases.*** Purchases represent the cost of raw materials and finished goods purchased for use in processing, refining and manufacturing and/or for eventual onward sale and represent the gross invoiced cost less any rebates and normal trade discounts such as oil products, natural gas and chemicals. Purchases include transactions with third parties as well as related parties.

- ***Production and manufacturing expenses.*** Production and manufacturing expenses represent the cost of producing and manufacturing the Aromatics and Acetyls Businesses' products. Manufacturing expenditure comprises those expenses necessary to convert raw materials into finished products and includes direct costs of operations, *e.g.*, employee remuneration, net realisable value (NRV) provisions relating to supplies inventory and any gains or losses on the disposal of such inventory.

- ***Depreciation, depletion and amortization.*** Depreciation, depletion and amortization is the cost associated with the systematic allocation of the depreciable amount of an asset over its useful life and includes depreciation on property, plant and equipment as well as right-of-use assets.

- ***Distribution and administration expenses.*** Distribution and marketing expenses include advertising and commissions to selling agents and includes the costs of discounting, or factoring, of debt, in cases where the receivable balance has been derecognised. Administration expenses comprise corporate overheads which are all costs resulting from providing information and other services to managements/boards of directors responsible for holding and co-ordinating investments in businesses (corporate management) as opposed to managing individual businesses.

- ***Finance costs.*** Finance costs include external interest and BP related party interest charges comprising interest on debt and borrowings and finance costs payable under lease arrangements. Finance costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets until such time as the assets are substantially ready for their intended use. All other finance costs are recognized in the income statement in the period in which they are incurred.

- ***Taxation.*** Taxation comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that they relate to items recognized directly in equity or in other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods. Current tax payable also includes any tax liability arising from the declaration of dividends. Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Nine Months Ended September 30, 2020 Compared to the Nine Months Ended September 30, 2019

Combined Results of Operations

The following table presents selected combined income statement data of the Aromatics and Acetyls Businesses for the nine months ended September 30, 2020 and 2019, which has been extracted from the Unaudited BP Petrochemicals Interim Condensed Combined Carve-out Financial Statements included elsewhere in this offering memorandum:

	Nine months ended September 30	
	2019	2020
	(US$ million)	
Sales and other operating revenues	4,756	2,983
Earnings from joint ventures—after interest and tax	48	31
Interest and other income	50	27
Total revenues and other income	**4,854**	**3,041**
Purchases	3,586	2,211
Production and manufacturing expenses	615	473
Depreciation, depletion and amortization	147	144
Distribution and administration expenses	205	214
(Loss)/Profit before interest and taxation	**301**	**(1)**
Finance costs	26	19
(Loss)/Profit before tax	**275**	**(20)**
Taxation	54	5
Profit for the period attributable to:	**221**	**(25)**
BP shareholders[(1)]	217	(20)

Non-controlling interests	4	(5)
	221	**(25)**
EBITDA	**443**	**138**

(1) Profit or loss and each component of other comprehensive income are attributed to the BP owners and to the non-controlling interests. Total comprehensive income is attributed to the BP owners and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Sales and other operating revenues. Sales and other operating revenues decreased by $1,773 million, or 37%, to $2,983 million in the nine-month period ended September 30, 2020, from $4,756 million in the same period of 2019. Sales and other operating revenues decreased mainly due to a decrease in sales of Aromatics products of $1,713 million, most notably in the Asia and Americas regions, as a result of lower volumes and lower prices. The weakening of prices is attributable to several factors, including weaker demand for certain products, including fiber, due to COVID-19 impacts.

Earnings from joint ventures—after interest and tax. Earnings from joint ventures—after interest and tax decreased by $17 million, or 35%, to US$ 31 million in the nine-month period ended September 30, 2020, from US$ 48 million in the same period of 2019. Earnings from joint ventures—after interest and tax decreased mainly due to lower earnings at the Atlas Methanol Company limited joint venture largely relating to lower methanol margins and lower sales volumes.

Interest and other income. Interest and other income decreased by $23 million, or 46%, to $27 million in the nine-month period ended September 30, 2020, from $50 million in the same period of 2019. Interest and other income decreased mainly due to a reduction in other income of $16 million, mostly relating to the absence of EU carbon credit sales (the allocation of free CO_2 credits from the EU that are able to be sold to companies that surpass their allocated credits on the ETS), in the first half of 2020, as well as a decrease in dividend income from investments in equity instruments classified as measured at fair value through profit or loss of $7 million.

Purchases. Purchases decreased by $1,375 million, or 38%, to $2,211 million in the nine-month period ended September 30, 2020, from $3,586 million in the same period of 2019. Purchases decreased in line with sales and other operating revenues, and the decrease is mainly due to lower raw material costs and the decline in oil prices and the subsequent reduction in price of oil-based derivatives.

Production and manufacturing expenses. Production and manufacturing expenses decreased by $142 million, or 23%, to $473 million in the nine-month period ended September 30, 2020, from $615 million in the same period of 2019. Production and manufacturing expenses decreased mainly due to lower turnaround activity in the period ended September 30, 2020, which led to a decrease in other operating expenditure relating mostly to maintenance, energy costs from fuels and utilities, purchases of non-oil chemicals and inventory movements on catalysts as a result of lower levels of production.

Depreciation, depletion and amortization. Depreciation, depletion and amortization decreased by $3 million, or 2%, to $144 million in the nine-month period ended September 30, 2020, from $147 million in the same period of 2019. Depreciation, depletion and amortization decreased mainly due to year-on-year reduction of depreciation on plant, machinery and equipment in the normal course of business.

Distribution and administration expenses. Distribution and administration expenses increased by $9 million, or 4%, to $214 million in the nine-month period ended September 30, 2020, compared with $205 million in the same period of 2019. Distribution and administration expenses increased mainly due to tax recharges related to a change in the allocation methodology for income and sales tax recharges, resulting in an increase in corporate overhead charges allocated to the Aromatics and Acetyls Businesses.

Profit/(Loss) before interest and taxation. Profit before interest and taxation decreased by $302 million, or 100%, to a loss of $1 million in the nine-month period ended September 30, 2020, from a profit of $301 million in the same period of 2019, for the reasons stated above.

Finance costs. Finance costs decreased by $7 million, or 27%, to $19 million in the nine-month period ended September 30, 2020, from $26 million in the same period of 2019. Finance costs decreased mainly due to lower third-party loans in China in the period ended September 30, 2020 as a result of repayments of third-party debt during the year ended December 31, 2019.

Profit/(Loss) before tax. Profit before tax decreased by $295 million, or 107%, to a loss of $20 million in the nine-month period ended September 30, 2020, from a profit of $275 million in the same period of 2019, for the reasons stated above.

Taxation. Taxation expense decreased by $49 million, or 91%, to $5 million in the nine-month period ended September 30, 2020, from $54 million in the same period of 2019. Taxation decreased mainly due to the decrease in tax calculated for the period as a result of the loss before tax for the period compared to the profit before tax in the same period of 2019. This was partially offset by the movement relating to the de-recognition of deferred tax assets of $28 million in China related to a decrease in forecast taxable profits for the five-year period during which tax losses may be carried forward under Chinese tax laws as a result of COVID-19 impacts.

Profit/(Loss) after tax for the period. Profit after tax decreased by $246 million, or 111%, to a loss of $25 million in the nine-month period ended September 30, 2020, from a profit of $221 million in the same period of 2019, for the reasons stated above.

EBITDA. EBITDA decreased by $305 million, or 69%, to $138 million in the nine-month period ended September 30, 2020, from $443 million in the same period of 2019. EBITDA decreased mainly due to the increase in the loss for the nine-month period ended September 30, 2020, for the reasons stated above.

Results of Operation by Business Segment

While the BP Combined Carve-out Financial Statements present the BP Petrochemicals Business historically on a combined basis and are not presented under IFRS 8, following the BP Acquisition our Aromatics and Acetyls Businesses are now operated as two distinct businesses. Therefore, certain disaggregated information of the Aromatics and Acetyls Businesses for the nine months ended September 30, 2020 and 2019 is presented below. This analysis is based on information that has been extracted from the underlying books and records of the Aromatics and Acetyls Businesses and includes certain carve-out adjustments and allocations in order to present the results of the Aromatics and Acetyls Businesses separately. The following disaggregation has not historically been presented under IFRS 8 "Operating Segments" as permitted by IFRS; however, for purposes of this offering memorandum, they are presented as separate business segments. While each business segment is presented separately in this offering memorandum, such presentation is not prepared in accordance with IFRS 8.

	Nine months ended September 30,					
	2019			2020		
	(US$ million)					
	Aromatics	Acetyls	Total	Aromatics	Acetyls	Total
Sales and other operating revenues	4,074	682	4,756	2,361	622	2,983
Earnings from joint ventures—after interest and tax	—	48	48	—	31	31
EBITDA	**394**	**49**	**443**	**66**	**72**	**138**

Sales and other operating revenues. Sales and other operating revenues of the Aromatics Business decreased by $1,713 million, or 42%, to $2,361 million in the nine-month period ended September 30, 2020, from $4,074 million in the same period of 2019, most notably in the Asia and Americas regions, as a result of lower volumes and lower prices. The weakening of prices is attributable to several factors, including weaker demand for certain products, including fiber, due to COVID-19 impacts.

Sales and other operating revenues of the Acetyls Business decreased by $60 million, or 9%, to $622 million in the nine-month period ended September 30, 2020, from $682 million in the same period of 2019, mainly as a result of lower prices, most notably in the Asia markets.

Earnings from joint ventures—after interest and tax. Earnings from joint ventures—after interest and tax for the Acetyls Business decreased by $17 million, or 35%, to $31 million in the nine-month period ended September 30, 2020, from $48 million in the same period of 2019. Earnings from joint ventures—after interest and tax decreased mainly due to lower earnings at the Atlas Methanol Company limited joint venture largely relating to lower methanol margins and lower sales volumes.

EBITDA. EBITDA of the Aromatics Business decreased by $328 million, or 83%, to $66 million in the nine-month period ended September 30, 2020, from $394 million in the same period of 2019, mainly as a result of lower demand due to COVID-19 impacts, partly offset by lower turnaround activity and lower costs.

EBITDA. EBITDA of the Acetyls Business increased by $23 million, or 47%, to $72 million in the nine-month period ended September 30, 2020, from $49 million in the same period of 2019, mainly as a result of lower turnaround activity and costs, partly offset by lower margins due to COVID-19 impacts.

Year Ended December 31, 2019 Compared to the Year Ended December 31, 2018

Combined Results of Operations

The following table presents selected combined income statement data of the Aromatics and Acetyls Businesses for the years ended December 31, 2020 and 2019, which has been extracted from the Audited BP Petrochemicals Combined Carve-out Financial Statements included elsewhere in this offering memorandum:

	Year ended December 31	
	2018	2019
	(US$ million)	
Sales and other operating revenues	6,661	6,261
Earnings from joint ventures—after interest and tax	250	74
Interest and other income	53	68
Total revenues and other income	**6,964**	**6,403**
Purchases	5,072	4,774
Production and manufacturing expenses	826	813
Depreciation, depletion and amortization	173	193
Distribution and administration expenses	310	307
Profit before interest and taxation	**583**	**316**
Finance costs	38	32
Profit before tax	**545**	**284**
Taxation	(22)	62
Profit for the year attributable to:	**567**	**222**
BP shareholders[(1)]	552	220
Non-controlling interests	15	2
	567	**222**
EBITDA	**752**	**502**

Sales and other operating revenues. Sales and other operating revenues decreased by $400 million, or 6%, to $6,261 million in the year ended December 31, 2019, from $6,661 million in the year ended December 31, 2018. Sales and other operating revenues decreased mainly due to a decrease in sales of the Aromatics Business of $270 million, largely relating to weaker demand in Europe, the decline in oil prices and the subsequent reduction in price of oil-based derivatives and adverse foreign exchange movements (primarily relating to renminbi/U.S. dollar foreign exchange rates), as well as a decrease in sales of the Acetyls Business of $130 million, mainly as a result of lower prices, predominantly in Asia.

Earnings from joint ventures—after interest and tax. Earnings from joint ventures—after interest and tax decreased by $176 million, or 70%, to $74 million in the year ended December 31, 2019, from $250 million in the year ended December 31, 2018. Earnings from joint ventures—after interest and tax decreased mainly due to lower margins in the Acetyls joint ventures in Asia. Lower prices/margins reduced joint venture gross income and resulted in lower net earnings for each of the joint venture partners.

Interest and other income. Interest and other income increased by $15 million, or 28%, to $68 million in the year ended December 31, 2019, from $53 million in the year ended December 31, 2018. Interest and other income increased mainly due to an increase in dividend income from investments in equity instruments classified as measured at fair value through profit or loss by $10 million in the year ended December 31, 2019, from $nil in the same period of 2018, as well as the presence of emissions credit sales amounting to $13 million in the year ended December 31, 2019, compared to emissions credit sales of $6 million in the year ended December 31, 2018. There was also an increase in interest income of $4 million relating to external interest income in China on bank accounts. This was partially offset by a decrease in other income in China of $12 million due to the absence of a one-off receipt of government subsidies during the year ended December 31, 2018.

Purchases. Purchases decreased by $298 million, or 6%, to $4,774 million in the year ended December 31, 2019, from $5,072 million in the year ended December 31, 2018. This decrease was in line with revenue, and is mainly due to lower raw material costs.

Production and manufacturing expenses. Production and manufacturing expenses decreased by $13 million, or 2%, to $813 million in the year ended December 31, 2019, from $826 million in the year ended December 31, 2018.

Production and manufacturing expenses decreased mainly due to continuous cost improvements and lower levels of turnaround in 2019.

Depreciation, depletion and amortization. Depreciation, depletion and amortization increased by $20 million, or 12%, to $193 million in the year ended December 31, 2019, from $173 million in the year ended December 31, 2018. Depreciation, depletion and amortization increased mainly due to depreciation in an amount of $37 million recognized on right-of-use assets as a result of the first-time application of IFRS 16 starting from January 1, 2019. This was partially offset by the year-on-year reduction of depreciation on plant, machinery and equipment in the normal course of business.

Distribution and administration expenses. Distribution and administration expenses decreased by $3 million, or 1%, to $307 million in the year ended December 31, 2019, from $310 million in the year ended December 31, 2018. Distribution and administration expenses decreased mainly due to the change in accounting treatment of leases under the new accounting standard, IFRS 16. The change in accounting treatment resulted in the recognition of new depreciation expense for the new right-of-use assets and interest expense related to the lease liability in profit or loss in the year ended December 31, 2019, compared to the recognition of the operating lease expense in the year ended December 31, 2018 in this line item.

Profit before interest and taxation for the year. Profit before interest and taxation decreased by $267 million, or 46%, to $316 million in the year ended December 31, 2020, from $583 million in the year ended December 31, 2019, for the reasons stated above.

Finance costs. Finance costs decreased by $6 million, or 16%, to $32 million in the year ended December 31, 2019, from $38 million in the year ended December 31, 2018. Finance costs decreased mainly due to a decrease in finance costs payable on loans from BP undertakings.

Profit before tax for the year. Profit before tax decreased by $261 million, or 48%, to $284 million in the year ended December 31, 2020, from $545 million in the year ended December 31, 2019, for the reasons stated above.

Taxation. Taxation increased by $84 million, or 382%, to a taxation expense of $62 million in the year ended December 31, 2019, from a taxation benefit of $22 million in the year ended December 31, 2018. Taxation increased mainly due to the taxation benefit resulting from recognition of previously unrecognized tax losses in an amount of $90 million in China in the year ended December 31, 2018, as well as a decrease in the tax credit reported in equity-accounted entities by $53 million, to a tax credit of $29 million in the year ended December 31, 2019, from $82 million in the year ended December 31, 2018 relating to an adjustment in the total tax calculation relating to the income tax expense recognized at the joint ventures. This was partially offset by the decrease in tax calculated for the year on the decreased profit for the year.

Profit/(Loss) after tax for the year. Profit after tax decreased by $345 million, or 61%, to $222 million in the year ended December 31, 2020, from $567 million in the year ended December 31, 2019, for the reasons stated above.

EBITDA. EBITDA decreased by $250 million, or 33%, to $502 million in the year ended December 31, 2019, from $752 million in the year ended December 31, 2018. EBITDA decreased mainly due to the decrease in the profit for the year ended December 31, 2019, for the reasons stated above.

Results of Operation by Business Segment

While the BP Combined Carve-out Financial Statements present the BP Petrochemicals Business historically on a combined basis and are not presented under IFRS 8, following the BP Acquisition our Aromatics and Acetyls Businesses are now operated as two distinct businesses. Therefore, certain disaggregated information of the Aromatics and Acetyls Businesses for the years ended December 31, 2019 and 2018 is presented below. This analysis is based on information that has been extracted from the underlying books and records of the Aromatics and Acetyls Businesses and includes certain carve-out adjustments and allocations in order to present the results of the Aromatics and Acetyls Businesses separately. The following disaggregation has not historically been presented under IFRS 8 “Operating Segments” as permitted by IFRS; however, for purposes of this offering memorandum, they are presented as separate business segments. The Group has not completed its assessment on whether the two separate business segments meet the quantitative or qualitative criteria under IFRS 8. While each business segment is presented separately in this offering memorandum, such presentation is not prepared in accordance with IFRS 8.

	Year ended December 31,					
	2018			2019		
	Aromatics	Acetyls	Total	Aromatics	Acetyls	Total
	(US$ million)					
Sales and other operating revenues	5,591	1,070	6,661	5,321	940	6,261
Earnings from joint ventures—after interest and tax	—	250	250	—	74	74
EBITDA	**540**	**212**	**752**	**417**	**85**	**502**

Sales and other operating revenues. Sales and other operating revenues of the Aromatics Business decreased by $270 million, or 5%, to $5,321 million in the year ended December 31, 2019, from $5,591 million in the year ended December 31, 2018, mainly as a result of lower sales volumes and lower prices, predominantly in Europe.

Sales and other operating revenues of the Acetyls Business decreased by $130 million, or 12%, to $940 million in the year ended December 31, 2019, from $1,070 million in the year ended December 31, 2018, mainly as a result of lower sales volumes and lower prices, predominantly in Asia.

Earnings from joint ventures—after interest and tax. Earnings from joint ventures—after interest and tax for the Acetyls Business decreased by $176 million, or 70%, to $74 million in the year ended December 31, 2019, from $250 million in the year ended December 31, 2018. Earnings from joint ventures—after interest and tax decreased mainly due to lower margins in the Acetyls joint ventures in Asia. Lower prices/margins reduced joint venture gross income and resulted in lower net earnings for each of the joint venture partners.

EBITDA. EBITDA of the Aromatics Business decreased by $123 million, or 23%, to $417 million in the year ended December 31, 2019, from $540 million in the year ended December 31, 2018, mainly as a result of the reasons stated above.

EBITDA. EBITDA of the Acetyls Business decreased by $127 million, or 60%, to $85 million in the year ended December 31, 2019, from $212 million in the year ended December 31, 2018, mainly as a result of the reasons stated above.

Liquidity and Capital Resources

Capital Resources

Our historical liquidity requirements have arisen primarily from the need for us to meet our debt service requirements, to fund capital expenditures for the general maintenance and expansion of our production facilities and for new facilities, to fund movements in our working capital and to pay taxes.

Our primary sources of liquidity are cash flows from operations of subsidiaries; borrowings under our Revolving Credit Facility, the Securitization Programs and issuances of debt securities, including the Existing Senior Secured Notes and, upon consummation of the Transactions, the Notes offered hereby. As of December 31, 2020 our Revolving Credit Facility and Securitizations Programs remain undrawn. Our ability to generate cash from our operations depends on future operating performance, which is in turn dependent, to some extent, on general economic, financial, competitive market, legislative, regulatory and other factors, many of which are beyond our control.

We believe that our operating cash flows, together with the cash resources and future borrowings under the Securitization Programs, the Revolving Credit Facility and other future facilities that we are able to incur under of covenants, will be sufficient to fund our working capital requirements, anticipated capital expenditures and debt service requirements as they become due, although this may not be the case. Management estimates that, even in a downturn in the business cycle and weaker market conditions, we would have sufficient liquidity to meet our anticipated liabilities when due without incurring unacceptable losses or risking damage to our reputation. For example, during the COVID-19 pandemic, our Styrolution Business was able to reduce its capital expenditure by approximately €100 million and its fixed costs by approximately €50 million.

Since of September 30, 2020, we have paid cash dividends to our shareholders in a total amount of €154.8 million (including € 54.8 million paid by the Styrolution Business, €50.0 million of which was paid as a transaction advisory fee in connection with the Acquisitions and €100.0 million paid by the INOVYN Business. We may make strategic decisions, including on the payment of dividends in the future, the size of which may change or increase from time to time and may not necessarily be in line with past practice. For example, in connection with the Transactions, we will pay a $1,000.0 million dividend to our shareholder in repayment of the Equity Bridge Contribution, which will

be used to repay the Vendor Loan Note. In addition, we may engage in strategic transactions, including future debt incurrence, inventory financing or similar arrangements, or repurchases of our debt (on the open market or otherwise) with cash on hand or the proceeds of future debt incurrences, which may impact the availability of cash resources.

Financing Arrangements

As of September 30, 2020, on an unaudited pro forma basis to give effect to the Transactions and the application of the proceeds from the Offering as described under "*Use of Proceeds*," our financing arrangements would have included, *inter alia*, the €800.0 million and $500.0 million aggregate principal amount of Senior Secured Notes offered hereby; the €500.0 million aggregate principal amount of Senior Notes offered hereby; the €600.0 million aggregate principal amount of Existing Senior Secured Notes; the €621.5 million outstanding amount of borrowings under the Existing Term Loan B Facilities; $350.0 million of borrowings under the Dollar Term Loan A Facility and € 120.0 million of borrowings under the Euro Term Loan A Facility, which represents the total amount of borrowings available under the Term Loan A Facilities; and $2,000.0 million and €1,500.0 million of dollar and euro borrowings, respectively, under the New Term Loan B Facilities. Our Revolving Credit Facility of $300.0 million under the Term Loan and Revolving Credit Facility Agreement is expected to remain undrawn as of the Issue Date.

Our financing arrangements also include the Styrolution Business's Securitization Program, which has a total capacity of €450.0 million and was undrawn as of September 30, 2020. Following closing of the Acquisitions, our main financing arrangements now also include the € 240.0 million available under the INOVYN Securitization Program, subject to certain borrowing limits that are adjusted periodically based on the amount of eligible trade receivables available at the time of adjustment. As of September 30, 2020, €31.2 million was utilized under the INOVYN Securitization Program.

We have various short-term credit facilities with different local banks to fund our working capital requirements in China, India, Mexico, Singapore, South Korea, Thailand, and UK. As of September 30, 2020, on a pro forma basis after giving effect to the Transactions, the drawn amount under working capital facilities totaled €16.8 million equivalent, and there was €415.3 million equivalent available under such facilities (after taking into account a reduction in the available amounts due to the use of certain bank acceptances in China of €3.2 million). We also have letter of credit facilities in India, Mexico, Singapore, South Korea, Thailand, and UK. As of September 30, 2020, on a pro forma basis after giving effect to the Transactions, the drawn amount under all letter of credit facilities was €11.2 million equivalent. We also use certain bank acceptances in China. Following closing of the Acquisitions, we now also have bank guarantees available under a € 10.0 million cash-backed bank guarantee facility and a € 30.0 million cash-backed bank guarantee facility and the amount provided under these cash-backed bank guarantee facilities was € 7.2 million as of September 30, 2020. See "*Description of Other Indebtedness—Other Financing—Working Capital, Letter of Credit and Bank Guarantee Facilities*".

Capital expenditures

We intend to manage capital expenditures, including those planned or incurred in connection with environmental, health and safety matters, to maintain our well-invested asset base and grow in line with our strategy to focus capital investments on improving returns. Our capital expenditures for the nine months ended September 30, 2020 for our Styrolution Business, our INOVYN Business and our Aromatics and Acetyls Businesses was €257 million, €178 million and $90 million, respectively. We have currently budgeted capital expenditures of approximately €550 million across the Group for the year ending December 31, 2021, including €250 million of capital expenditures in respect of maintenance, regulatory compliance and essential HSSE matters ("**sustenance capital expenditure**").

Our current expansion capital expenditures include continued construction works on the new Styrolution Business 100 kilotonnes ASA polymer plant in Bayport, United States (which is almost 30% complete), with operations currently expected to commence in the second half of 2022, as well as commencing construction on a new greenfield ABS plant in Ningbo, China, with completion expected by end of 2023, subject to review of timing for the various phases of the project in line with our goals of balancing deleveraging and growth projects. The total investment amount for the ABS construction project is currently expected to be approximately $790 million. In respect of the Aromatics and Acetyls Business, consistent with our approach to prudently manage costs at our acquired businesses, all proposed expansion capital expenditure projects will need to be re-approved before going ahead, and the process of examining each of the proposed projects for consistency with the Group's approach to capital expenditure is currently underway.

The Styrolution Business

In the nine months ended September 30, 2020, the Styrolution Business invested €256.6 million (nine months ended September 30, 2019: €155.5 million) in tangible and intangible assets, including € 65 million in sustenance capital expenditure (nine months ended September 20, 2019: €37 million). In the years ended December 31, 2019, 2018 and 2017, the Styrolution Business invested €245.5 million (including €67 million in sustenance capital expenditure), €176.0 million and €147.2 million, respectively, in tangible and intangible assets. These capital expenditures related primarily to maintenance, turnaround activities and new investments in production plants. Investments in property, plant and equipment in 2020 and 2019 mainly include the new ASA Specialties plant in Bayport, United States, land lease payments in China, the styrene monomer de-bottlenecking project in Antwerp, Belgium, and the conversion of a polystyrene line to a mass ABS line in Wingles, France.

The INOVYN Business

In the nine months ended September 30, 2020, the INOVYN Business invested €147.2 million (nine months ended September 30, 2019: €181.8 million) in tangible and intangible assets, including € 58 million in sustenance capital expenditure (nine months ended September 30, 2019: €72 million). In the years ended December 31, 2019, 2018 and 2017, the INOVYN Business invested € 242.1 million (including €106 million in sustenance capital expenditure), €223.0 million and €160.5 million, respectively, in tangible and intangible assets. These capital expenditures related primarily to maintenance, turnaround activities and new investments in production plants. Significant investments in the year ended December 31, 2019 and the nine month period ended September 30, 2020 included the 70 kilotonnes expansion of VCM capacity at Rafnes, Norway and the 200 kiloton expansion of SPVC capacity at Jemeppe, Belgium. In the years ended December 31, 2017 and 2018, the most significant investments consisted of the conversion of a portion of chlor-alkali capacity from caustic soda to caustic potash production at Lillo, Belgium and a mercury cell room conversion project at Stenungsund, Sweden, respectively.

The Aromatics and Acetyls Businesses

In the nine months ended September 30, 2020, the Aromatics and Acetyls Businesses invested $90 million (nine months ended September 30, 2019: $67 million) in Property, Plant and Equipment, including $59 million in sustenance capital expenditure (nine months ended September 30, 2019: $49 million). In the years ended December 31, 2019, the Aromatics and Acetyls Businesses invested $122 million (including $85 million in sustenance capital expenditure) and $96 million, respectively, in Property, Plant and Equipment. These capital expenditures related primarily to maintenance, regulatory compliance and essential HSSE matters. In the year ended December 31, 2019, the Aromatics and Acetyls Businesses also invested cash of $7 million in joint ventures and $2 million on IFRS 16 lease assets (2018: $1 million and $nil, respectively).

Working Capital

We anticipate that our working capital requirements will vary due to changes in raw material and energy costs, which affect inventory, accounts receivable and accounts payable levels as well as sales volumes. Working capital levels typically develop in line with raw material and energy prices, although timing factors can affect flows of capital. We expect to fund our working capital requirements with cash generated from operations and drawings under the Securitization Programs and the Revolving Credit Facility.

Cash Flows

The Styrolution Business

During the years ended December 31, 2019, 2018 and 2017 and in the nine months ended September 30, 2020 and 2019, the Styrolution Business's net cash flows were as follows:

	For the year ended December 31,			For the nine months ended September 30,	
	2017	2018[1]	2019[1][2]	2019	2020
			(in €million)		
Net cash flows generated from operating activities.....	589.2	778.4	617.1	483.4	377.4
Net cash flows generated from/(used in) investing activities	(243.4)	(171.3)	(372.6)	(755.9)	(615.9)
Net cash flows generated from/(used in) financing activities	(360.9)	(337.3)	(523.1)	(7.2)	352.2

(1) The Parent adopted IFRS 15 and IFRS 9 from January 1, 2018 and did not restate comparative financial information presented in our consolidated financial statements. Therefore, the financial information presented for the year ended December 31, 2017 may not be comparable to the financial information presented for each of the years ended December 31, 2018 and 2019. See *"Presentation of Financial and Other Information—Adoption of new accounting standards—IFRS 15—Revenue from Contracts with Customers" and"—IFRS 9—Financial Instruments"*.

(2) The Styrolution Business adopted IFRS 16 from January 1, 2019 using the modified retrospective approach and did not restate comparative financial information. Therefore, the financial information presented for the years ended December 31, 2017 and December 31, 2018 may not be comparable to the financial information presented for the year ended December 31, 2019. See *"Presentation of Financial and Other Information—Adoption of new accounting standards—IFRS 16—Leases"*.

Net cash flows generated from operating activities

Net cash flows from operating activities was an inflow of €377.4 million in the nine months ended September 30, 2020 compared to an inflow of €483.4 million in the nine months ended September 30, 2019. The cash flow performance was due to the net income result of €127.5 million (YTD September 2019: €303.6 million), and the EBITDA before special items result of €408.3 million (YTD September 2019: €580.8 million) plus net working capital inflows (which represents the net movement in trade and other receivables, inventories, and trade and other payables as presented in the statement of cash flows) of €46.3 million (as a consequence of lower raw material prices, lower trade receivable overdue balances and improved customer and supplier terms, compared to September 30, 2019) (YTD September 2019: €31.2 million), provision and employee benefit inflows of €2.0 million (YTD September 2019: outflow €0.9 million), and tax payments of €79.2 million (YTD September 2019: €127.7 million).

Net cash flows from operating activities was an inflow of €617.1 million in the year ended December 31, 2019 compared to €778.4 million in the year ended December 31, 2018. The cash flow performance was due to the net income result of €323.0 million (2018: € 452.5 million) and the EBITDA before special items result of €704.2 million (2018: €812.8 million), plus net working capital inflows (which represents the net movement in trade and other receivables, inventories, and trade and other payables as presented in the statement of cash flows) of €142.5 million (as a consequence of lower raw material prices and improved customer and supplier terms, compared to December 31, 2018) (2018: €59.5 million), provision and employee benefit outflows of €2.9 million (2018: €10.8 million), and tax payments of €220.4 million (2018: €83.1 million).

Net cash flows from operating activities was an inflow of €778.4 million in the year ended December 31, 2018 compared to €589.2 million in the year ended December 31, 2017. The cash flow performance was due to the EBITDA before special items result of €812.8 million (2017: €872.2 million), plus net working capital inflows (which represents the net movement in trade and other receivables, inventories, and trade and other payables as presented in the statement of cash flows) of €59.5 million (as a consequence of lower raw material prices and lower trade receivable overdue balances, lower stock holdings and improved supplier terms, compared to December 31, 2017) (2017: outflow of € 124.1 million), provision and employee benefit outflows of € 10.8 million (2017: inflow of €24.7 million), and tax payments of €83.1 million (2017: €145.3 million).

The Styrolution Business made taxation payments of €220.4 million in the year ended December 31, 2019 (2018: €83.1 million, 2017: €145.3 million). These payments primarily reflected payments made in the tax jurisdictions where the Styrolution Business has most of its trading activities. The largest payments were made in Germany, Switzerland and the United States.

Net cash flows generated from/(used in) investing activities

The total cash outflow for investing activities in the first nine months of 2020 was €615.9 million compared to €755.9 million in the same period in 2019. Thereof, cash used for investments in property, plant and equipment as well as intangible assets was €256.6 million. That is 65.0% higher than the amount spent in the same period of the prior year (€155.5 million). Investments in property, plant and equipment in 2020 mainly include the new ASA Specialties plant in Houston, land lease payments in China and the conversion of a Polystyrene line to a mass ABS line in France. On June 29, 2020, INEOS 226 Limited made a $400 million deposit payment in connection with the BP Acquisition.

The total cash outflow for investing activities in the year ended December 31, 2019 was €372.6 million. In February 2019, we paid €186.2 million for the acquisition of the Total S.A. PS business in China. The acquired business had a cash balance of €52.6 million, which led to a net cash outflow from this business acquisition of €133.6 million. In 2019, the Parent granted a loan of €463.3 million to INEOS Industries Holdings Limited, resulting in a cash outflow from the Styrolution Group in a corresponding amount during the period. Also in 2019, the Styrolution Group declared a dividend to INEOS Industries Holdings Limited in the amount of €470.8 million. INEOS Industries Holdings Limited

directed the Styrolution Group to apply €470.6 million of the interim dividend in immediate repayment and discharge of the full amount of principal and interest owed by INEOS Industries Holdings Limited to the Styrolution Group, and the net cash effect of such transactions was a €0.2 million outflow. Cash flows used in investing activities in 2019 contain the acquisition of property, plant and equipment, which mainly includes the planned maintenance turnaround at our Bayport, Texas, United States, SM site, as well as the compounding expansion investment in Moxi, India, and the new ASA Specialties plant in Houston, United States.

Net cash flows used in investing activities in the years ended December 31, 2018 and 2017 mainly contain the acquisition of property, plant and equipment (see "—*Capital expenditures*" above). In 2017, the Styrolution Business paid €113.2 million for the acquisition of the K-Resin Business. The acquired business had a cash balance of €14.3 million and that led to a net cash outflow from investing activities of €98.9 million.

Net cash flows generated from/(used in) financing activities

Net cash inflow for financing activities in the nine-month period ended September 30, 2020 was €352.2 million. On January 31, 2020, the Parent successfully completed an amend-and-extend transaction of the Existing Term Loan B Facilities increasing the principal amount of the EUR tranche to €450 million while keeping the USD tranche at $202 million. In addition, INEOS Styrolution Group GmbH issued the Existing Senior Secured Notes due 2027 in an aggregate principal amount of €600 million. Investing activities in the first nine months of 2020 also included dividend payments of €364.5 million, the repayment of €190 million drawn under the Styrolution Business's Securitization Program and the drawing of a loan facility of $400 million in connection with the deposit for the BP Acquisition.

Net cash flows used in financing activities in the year ended December 31, 2019 was €523.1 million and included a loan of €471.6 million to INEOS Industries Holdings Limited resulting in a cash outflow from the Parent in a corresponding amount during the period. In the same period, the Parent declared a dividend to INEOS Industries Holdings Limited in the amount of €470.8 million. INEOS Industries Holdings Limited directed the Parent to apply €470.6 million of the interim dividend in immediate repayment and discharge of the full amount of principal and interest owed by INEOS Industries Holdings Limited to the Styrolution Group. The cash impact resulting from the settlement of the loan and the settlement of the dividend was therefore limited.

Net cash flows used in financing activities in the year ended December 31, 2018 included the repayment of the Styrolution Business's external borrowings from its then-existing dollar term loan B facility of $120.0 million and a reduction of the drawn amount under the Styrolution Business's Securitization Program from €100.0 million to €50.0 million.

Net cash flows used in financing activities in the year ended December 31, 2017 mainly consist of a repayment of the Styrolution Business's related party borrowings from the euro tranche of the institutional term loan facility with INEOS Holdings Limited of €248.1 million.

The Parent made dividend payments of €574.9 million in the year ended December 31, 2019, (December 31, 2018: €165.5 million; December 31, 2017: €55.0 million).

The INOVYN Business

During the years ended December 31, 2019, 2018 and 2017 and in the nine months ended September 30, 2020 and 2019, the INOVYN Business's net cash flows were as follows:

	For the year ended December 31,			For the nine months ended September 30,	
	2017	2018[1]	2019	2019	2020
			(in €million)		
Net cash flows generated from operating activities	467.1	544.7	429.0	324.8	399.7
Net cash used in investing activities	(72.5)	(219.8)	(264.8)	(180.4)	(176.8)
Net cash used in financing activities	(339.9)	(240.6)	(308.9)	(291.5)	(71.6)

(1) INOVYN adopted IFRS 15 and IFRS 9 from January 1, 2018 and did not restate comparative financial information presented in our consolidated financial statements. Therefore, the financial information presented for the year ended December 31, 2017 may not be comparable to the financial information presented for each of the years ended December 31, 2018 and 2019. See *"Presentation of Financial and Other Information—Adoption of new accounting standards—IFRS 15—Revenue from Contracts with Customers" and"—IFRS 9—Financial Instruments"*.

Net cash flows generated from operating activities

Net cash flows from operating activities were €399.7 million in the nine months ended September 30, 2020 compared to €324.8 million in the nine months ended September 30, 2019. Profit for the period was €224.8 million in the nine months ended September 30, 2020 compared to €275.2 million in the nine months ended September 30, 2019. EBITDA before exceptional items of €434.7 million was reduced by €13.8 million of corporate tax payments and €55.2 million of pension, provisions and exceptional outflows. Net working capital inflows (which represents the net movement in trade and other receivables, inventories, and trade and other payables as presented in the statement of cash flows) were €34.0 million over the period.

Net cash flows from operating activities were €429.0 million in the year ended December 31, 2019, as compared to €544.7 million in the year ended December 31, 2018. Profit for the year was €301.9 million in the year ended December 31, 2019, as compared to €385.2 million in the year ended December 31, 2018. EBITDA before exceptional items of €606.1 million in 2019 was reduced by € 129.4 million of corporate tax payments (of which €71.0 million related to the settlement of prior year liabilities) and € 72.3 million of pension provisions and exceptional outflows. Net working capital inflows (which represents the net movement in trade and other receivables, inventories, and trade and other payables as presented in the statement of cash flows) were €24.6 million due to lower trade receivable overdue balances, lower stock holdings and improved customer and supplier terms, compared to December 31, 2018.

Net cash flows from operating activities were €544.7 million in the year ended December 31, 2018, as compared to €467.1 million in the year ended December 31, 2017. The strong cash flow performance was due to the EBITDA before exceptional items result of € 691.1 million (2017: €667.9 million), plus net working capital inflows (which represents the net movement in trade and other receivables, inventories, and trade and other payables as presented in the statement of cash flows) of €106.2 million (consequence of lower trade receivable overdue balances, lower stock holdings and improved customer and supplier terms, compared to December 31, 2017) (2017: outflow of € 69.7 million), provision, employee benefit and exceptional outflows of €74.4 million 55 (2017: €73.1 million), and tax payments of €178.2 million (2017: €58.0 million). The significant rise in tax outflows was due to a number of factors. Firstly, the current year included roughly €64.0 million of payments that related to tax years 2016 and prior, with most of this being caused by the timing of assessment notices received. Secondly, in some countries the INOVYN Business started making tax prepayments for the first time during 2018, instead of settling the total liability in the following year. In addition, for those countries in which the INOVYN Business had always been making tax prepayments, the level of those payments increased in 2018 compared with 2017, since they were based on 2017 profitability which was much higher than 2016.

Net cash flows from operating activities were €467.1 million in the year ended December 31, 2017. The strong cash flow performance was due to the EBITDA before exceptional items result of €667.9 million offset by net working capital outflows (which represents the net movement in trade and other receivables, inventories, and trade and other payables as presented in the statement of cash flows) of €69.7 million (consequence of higher margins in 2017 and higher VAT receivables following the change in operational model of the INOVYN Business which started on October 1, 2017) (2016: inflow of €28.0 million), provision, employee benefit and exceptional outflows of €73.1 million, and tax payments of €58.0 million. The tax payments relate to the INOVYN Business's Belgian, French, German, Norwegian and Swedish operations.

Net cash flows used in investing activities

Net cash used in investing activities in the first nine months of 2020 was €176.8 million, as compared to €180.4 million in the same period in 2019. This outflow related primarily to the acquisition of property, plant and equipment for the nine months ended September 30, 2020 in the amount of €147.2 million and investments in intangible assets (mainly EU emission allowances) for the nine months ended September 30, 2020 in the amount of €31.2 million.

Net cash used in investing activities was €264.8 million in the year ended December 31, 2019, as compared to €219.8 million in the year ended December 31, 2018. In 2019, the INOVYN Business became a 7.3% shareholder in Energy For Growth Societá Consortile A Responsabilitá Limitata, a consortium of Italian chemical companies which contributes to the funding of new interconnector construction projects between Italy and neighboring countries. A payment of €4.8 million was made during the year towards new interconnector projects. In 2018 and 2019, the INOVYN Business embarked on plans for a joint investment with INEOS Oxide in a new membrane cell room at Cologne, Germany with the aim of producing 280 kilotonnes of electrolysis capacity. In 2019, this project was cancelled following a review of the project economics and predicted return on investment. In addition, a project to expand the capacity of the cell room in Lillo, Belgium was also cancelled in 2019. Total cash outflows of €20.7 million were made in relation to these two aborted projects in 2019.

Net cash used in investing activities was €219.8 million in the year ended December 31, 2018, as compared to €72.5 million in the year ended December 31, 2017. This outflow related primarily to the acquisition of property, plant and equipment and intangible assets for the year ended December 31, 2018 in the amount of €223.0 million.

Net cash used in investing activities was €72.5 million in the year ended December 31, 2017. This outflow related primarily to the acquisition of property, plant and equipment and intangible assets for the year ended December 31, 2017 in the amount of €160.5 million. This was offset by the receipt by the INOVYN Business of an €83.6 million payment from Solvay, being the 'completion accounts' settlement in respect of their contribution into the joint venture on July 1, 2015.

Net cash flows used in financing activities

Net cash flows used in financing activities in the nine-month period ended September 30, 2020 were €71.6 million, compared to net cash flows used in financing activities in the nine-month period ended September 30, 2019 of €291.5 million. Net cash flows used in financing activities in the nine-month period ended September 30, 2020 related primarily to interest payments of €22.4 million, debt issuance costs of €6.4 million in respect of the additional borrowings under the INOVYN Senior Secured Term Loan B Facility, a net repayment of €24.0 million under the INOVYN Securitization Program and capital payments associated with lease obligations totaling €18.8 million. The €250 million of additional borrowings under the INOVYN Senior Secured Term Loan B Facility in the nine-month period ended September 30, 2020 were offset by the on-lending in full of the proceeds to INEOS Industries. Net cash flows used in financing activities in the nine-month period ended September 30, 2019 primarily related to a loan of €300.0 million granted by the INOVYN Business to INEOS Limited, interest payments of €22.0 million, drawdowns of €55.3 million under the INOVYN Securitization Program, capital payments associated with lease obligations of €17.3 million, amortization payments of €6.2 million under Term Loan B and debt issuance costs of €1.3 million.

Net cash used in financing activities in the year ended December 31, 2019 was €308.9 million and related primarily to a loan of €300.0 million granted by the INOVYN Business to INEOS Limited. Net cash flows used in financing activities in the year ended December 31, 2019 also included interest payments of €28.3 million, capital payments associated with lease obligations totaling €23.5 million and a repayment of INOVYN's then outstanding senior secured term loans in an amount of €8.3 million, partially offset by a net draw-down under the INOVYN Securitization Program of €53.9 million.

Net cash used in financing activities in the year ended December 31, 2018 was €240.6 million and included €107.3 million of payments in relation to INOVYN's term loan facilities, consisting of a voluntary prepayment of INOVYN's then outstanding term loan A in an amount of €87.6 million and quarterly amortization of INOVYN's then outstanding term loan facilities of €19.7 million, as well as interest payments of €28.8 million and a dividend of €100.0 million paid to INEOS Group Investments Limited.

Net cash used in financing activities for the year ended December 31, 2017 was €339.9 million and included the redemption of INOVYN's then-outstanding senior secured notes, which was partially offset by funds raised from INOVYN's then outstanding senior secured term loan A due 2021 and the INOVYN Senior Secured Term Loan B Facility. INOVYN also made €31.8 million of quarterly amortization payments and a net repayment of €117.0 million under the INOVYN Securitization Program. Net cash used in financing activities also included interest payments of €51.1 million and a dividend of €25.4 million paid to INEOS Group Investments Limited.

The Aromatics and Acetyls Businesses

During the years ended December 31, 2019 and 2018 and in the nine months ended September 30, 2020 and 2019, the Aromatics and Acetyls Businesses' net cash flows were as follows:

	For the year ended December 31,		For the nine months ended September 30,	
	2018	2019	2019	2020
	(in $million)			
Net cash flows from operating activities	592	536	407	18
Net cash used in investing activities	(97)	(131)	(67)	(90)
Net cash used in financing activities	(294)	(407)	(336)	(10)

Net cash flows from operating activities

Net cash flows from operating activities were $18 million in the nine months ended September 30, 2020, as compared to $407 million in the nine months ended September 30, 2019. The decrease in net cash flows from operating activities was primarily attributable to decrease in profit before taxation for the nine-month period ended September 30, 2020. This was partially offset by an increase in net cash inflow from joint ventures as dividends received exceeded earnings and income taxes paid.

Net cash flows from operating activities were $536 million in the year ended December 31, 2019, as compared to $592 million in the year ended December 31, 2018. The decrease in net cash flows from operating activities was primarily attributable to a decrease in profit before taxation and a net decrease in working capital. This was partially offset by an increase in net cash inflow from joint ventures as dividends received exceeded earnings.

Net cash used in investing activities

Net cash used in investing activities for the first nine months of 2020 was $90 million, as compared to $67 million in the same period in 2019. The increase in net cash flows from investing activities was primarily attributable to an increase in the expenditure on property, plant and equipment.

Net cash used in investing activities was $131 million in the year ended December 31, 2019, as compared to $97 million in the year ended December 31, 2018. The increase in net cash used in investing activities was primarily attributable to expenditure on property, plant and equipment and an increase in investments in joint ventures.

Net cash used in financing activities

Net cash used in financing activities in the nine-month period ended September 30, 2020 was $10 million, as compared to net cash used in financing activities in the nine-month period ended September 30, 2019 of $336 million. The decrease in net cash used in financing activities was primarily attributable to transactions with BP owners, which relate mostly to an increase in the dividends received from BP owners and an increase in cash inflows resulting from branch transfers, partially offset by an increase in cash outflows related to an increase in cash outflows to the BP Group to settle finance balances outstanding under BP Group cash pooling arrangements. Also included in this development is a decrease of $46 million in repayments of financing debt in the nine-month period ended September 30, 2020.

Net cash used in financing activities in the year ended December 31, 2019 was $407 million as compared to $294 million in the year ended December 31, 2018. The increase in net cash used in financing activities was primarily attributable to transactions with BP owners, which relate mostly to an increase in cash outflows to the BP Group to settle finance balances outstanding under BP Group cash pooling arrangements, partially offset by a decrease in the net dividends paid to BP owners, a decrease in shares issued in the year ended December 31, 2019 and an increase in cash outflows resulting from branch transfers, as well as a decrease of $275 million in repayments of financing debt in the year ended December 31, 2019 compared to the prior year.

Off-Balance Sheet Arrangements

The Styrolution Business

The Styrolution Business uses various customary off-balance sheet arrangements. Since January 1, 2019, the Styrolution Business presents lease contracts within the scope of IFRS 16 as a right-of-use asset and liability on-balance sheet. Until December 31, 2018, operating lease arrangements for a number of warehouse, factory and logistical facilities, as well as certain administrative buildings and railcars, were accounted for as off-balance sheet arrangements. The Styrolution Business also has long-term raw materials, primarily feedstock, and other purchase commitments. None of these arrangements has or is likely to have a material effect on the Styrolution Business's results of operations, financial condition or liquidity.

The INOVYN Business

The INOVYN Business uses various customary off-balance sheet arrangements, such as operating leases, to finance our business. None of these arrangements has had or is likely to have a material effect on the INOVYN Business's results of operations, financial condition or liquidity.

The Aromatics and Acetyls Businesses

The Aromatics and Acetyls Businesses do not have any material off-balance sheet arrangements with any of their affiliates or with any external entities

Quantitative and Qualitative Disclosures About Market and Operating Risks

See Note 21 to the 2019 Audited Parent Consolidated Financial Statements, Note 26 to the 2019 Audited INOVYN Consolidated Financial Statements and Note 19 to the Audited BP Petrochemicals Combined Carve-out Financial Statements for more information about market and operating risks affecting the Group's Businesses.

Commodity price risk

In the ordinary course of our business, we are exposed to a variety of market risks arising from movements in the prices of the feedstock we require to make our products. To manage this exposure, we generally acquire raw materials and sell finished products at posted or market-related prices, which (i) in the case of the Styrolution Business are typically set on a quarterly (for Specialties), monthly (for PS and ABS Specialties) or more frequent basis (for SM) in line with industry practice, (ii) in the case of the INOVYN Business, are typically set on a monthly (for PVC) and quarterly (for caustic soda) basis, and (iii) in the case of the Aromatics and Acetyls Businesses, are typically set on a quarterly or monthly basis for methanol and acetic acid, and quarterly, monthly or more frequently for natural gas. We seek to minimize reductions in our margins by passing feedstock cost increases to our customers through higher prices for our products. In general, we do not enter into hedging instruments to mitigate our exposure.

Currency risk

We are exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities, primarily the EUR, but also U.S. dollars. The currencies in which these transactions primarily are denominated are (i) USD, EUR, Indian rupee and Korean won (in the case of the Styrolution Business), (ii) USD, Sterling, Norwegian Krone and Swedish Krona (in the case of the INOVYN Business) and (iii) USD, EUR, pound sterling, China RMB, Indonesian rupiah, Malaysian ringgit (in the case of the Aromatics and Acetyls Businesses).

The Group has established a currency risk policy under which material currency flows are analyzed and if management considers it needed the risks are mitigated. The Group looks at transactional and translation currency risks.

Credit risk

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 our receivables from customers and INEOS, its ultimate owner, and cash and cash equivalents. The carrying amount of financial assets represents the maximum credit exposure.

Liquidity risk

Liquidity risk is the risk that we will encounter difficulty in meeting the obligations associated with working capital requirements, capital expenditure or our financial liabilities that are settled by delivering cash or another financial asset. Our approach to managing liquidity is to ensure, as far as possible, that we will have sufficient liquidity to meet our liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to our reputation.

We aim to maintain the level of our cash and cash equivalents and other highly marketable investments at an amount in excess of expected cash outflows on financial liabilities over the succeeding 60 days. We also monitor the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables.

Accounting Estimates and Judgements

The preparation of our consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying

assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in our consolidated financial statements is included in (i) goodwill allocation to cash generating units and (ii) impairment tests for goodwill and other non-financial assets. For more details, please refer to Note 1 of the Audited Parent Consolidated Financial Statements, Note 28 of the Audited INOVYN Consolidated Financial Statements and Note 32 of the Audited BP Petrochemicals Combined Carve-out Financial Statements included elsewhere in this offering memorandum.

Impairment

Non-derivative 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. For the Group, trade receivables are the only significant type of financial assets that are impacted by the expected credit loss model of IFRS 9. For these financial assets, the Group applies a simplified approach to measuring expected credit losses following the requirements of IFRS 9, the so called lifetime expected credit loss model. That means that, besides considering objective evidence (*e.g.*, default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuers will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security), the Group takes into account a forecast of future economic conditions in the calculation of the expected loss, which requires a greater extent of judgement. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount is the higher of value in use and fair value less costs to sell. Goodwill is tested annually for impairment. An impairment loss is recognized if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, 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 amortization, if no impairment loss had been recognized.

Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. The contributions are recognized as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that will be due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

Defined benefit plans

We operate defined benefit pension plans in the countries in which we have production facilities or distribution activities. The Group's net obligation in respect of defined benefit plans 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. Such benefit is discounted to determine its present value. The discount rate is based on the yield at the reporting date on AA credit-rated bonds that have maturity dates in line with the terms of the Group's obligations and that are

denominated in the currency in which the benefits are expected to be paid. The Styrolution Business's defined benefit obligation increased to €244.5 million as of December 31, 2019 from €202.9 million as of December 31, 2018, primarily due to the lower discount rate used to determine the present value of such obligations as of December 31, 2019. The INOVYN Business's defined benefit obligation decreased to € 247.0 million as of December 31, 2019 from €258.5 million as of December 31, 2018, primarily due to positive asset returns, lower inflation assumptions and deficit repair contributions, partially offset by the lower discount rate used to determine the present value of such obligations as of December 31, 2019. The Aromatics and Acetyls Businesses' defined benefit obligation increased to €62 million as of December 31, 2019 from €53 million as of December 31, 2018, primarily due to the lower discount rate used to determine the present value of such obligations as of December 31, 2018.

Remeasurements of the net defined benefit liability from actuarial gains and losses and returns on plan assets greater than the discount rate are recognized immediately in other comprehensive income. The Group determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense is included in finance cost. All other components of employee benefit costs related to defined benefit plans are recognized as personnel expenses in the income statement.

The calculation is performed annually on the basis of an actuarial report using the projected unit credit method. When the calculation results in a defined benefit asset to the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to the plan. An economic benefit is available to the Group if it is realizable during the life of the plan, or on settlement of the plan liabilities. The change in the present value of the future benefits resulting from a plan change or a curtailment is recognized as past service cost in comprehensive income in the year in which they occur.

We recognize gains and losses from a settlement of a defined benefit plan in profit or loss when the settlement occurs. The gain or loss on settlement is the difference between the present value of the defined benefit obligation to be settled and the settlement price including payments made directly by us in connection with the settlement.

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 recognized for the amount expected to be paid under short or medium-term cash bonus 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.

Provisions

A provision is recognized 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. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized in finance cost.

Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

- temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and

- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, we take into account the impact of uncertain tax positions and whether additional taxes and interest may be due. We believe that our accruals for tax liabilities are adequate for all open tax periods based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes us to change our judgment regarding the adequacy of existing tax liabilities. Such changes to tax liabilities will impact tax expense in the period that such a determination is made.

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 realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

INDUSTRY AND MARKET OVERVIEW

This section presents certain market ranking information relating to Styrolution, INOVYN and our Aromatics and Acetyls Businesses. Industry data relating to the styrenics industry has been prepared by NexantECA on the basis of capacity by owner. Such rankings treat joint ventures as separate owners from their joint venture partners. Historical and current market and industry data used in this section and relating to the Chlor-vinyls industry were obtained from internal company analyses, consultants' reports and industry publications. In particular, information relating to the Chlor-vinyls industry has been provided by IHS Markit or its affiliates. Industry data relating to the Aromatics industry has been prepared by Wood Mackenzie and industry data relating to the Acetyls Business has been provided by IHS Markit or its affiliates. Industry surveys and publications generally state that the information contained therein has been obtained from sources believed to be reliable, but the accuracy and completeness of information contained therein is not guaranteed. We have not independently verified this market data and cannot guarantee its accuracy or completeness. In addition, certain statements in this section regarding the PVC, caustic soda and chlorine derivatives (including epichlorohydrin) industries, our position in those industries and our market share are based on internal company estimates, our experience and investigations of market conditions and our review of industry positions. We cannot assure you that any of the assumptions underlying those statements are accurate or correctly reflect our position in the industry. Similarly, internal company analyses, while believed by us to be reliable, have not been verified by any independent sources, and neither we nor any of the Initial Purchasers or their affiliates makes any representation as to the accuracy or completeness of such information. While we are not aware of any misstatements regarding any industry or similar data presented herein, such data involve risks and uncertainties and are subject to change based on various factors, including those discussed under the "Risk Factors" section in this offering memorandum.

Overview of Our Principal Industries

The Styrenics Industry

Our Styrolution Business operates in the styrenics industry. Our core products are (i) styrene monomer ("**SM**"), (ii) polystyrene ("**PS**"), (iii) acrylonitrile butadiene styrene ("**ABS**") Standard and (iv) Specialties, consisting of ABS Specialty and various other copolymers.

Styrene monomer is an important intermediate material used in the production of a variety of plastic and synthetic rubber products with key applications in the electronics, healthcare, household, automotive, construction and packaging sectors. SM is primarily used as feedstock in PS, ABS and Specialties product manufacturing. NexantECA estimates that SM capacity was 36,800 kilotonnes in 2020, with 35% of SM demand stemming from the production of polystyrene and 21% of demand from expandable polystyrene.

Polystyrene is a thermoplastic resin obtained from the polymerization of SM. Due to its easy processability, PS has many applications, including construction, electronics, household appliances, toys, disposables and packaging (see table below for examples of key applications). There are two basic types of PS: (i) crystal PS (straight, or general purpose PS ("**GPPS**")) and (ii) high impact PS ("**HIPS**"). GPPS is used in sectors like food packaging, while HIPS is a more durable plastic used in household appliances such as refrigerators. NexantECA estimates that global PS (GPPS/HIPS) capacity was 14,400 kilotonnes MT in 2020.

ABS is a high volume engineering plastic, favored for its strength, scratch resistance and attractive finish. Traditionally, ABS producers would offer customers numerous grades and color options. Today, following the emergence of very large plants and production lines in the industry, most ABS producers focus production on either (i) standard ABS, which is uncolored, (ABS Standard) or (ii) pre-colored ABS (ABS Specialty). ABS resin is made into a wide range of components via injection molding and extrusion. Primary uses are in the production of automotive parts, consumer electronics and household appliances. NexantECA estimates that global ABS capacity was 11,500 kilotonnes in 2020, with 9,500 kilotonnes coming from Asia.

Specialties consist of ABS Specialties, such as high heat resistance ABS and pre-colored ABS, and copolymers such as styrene-acrylonitrile ("**SAN**"), acrylonitrile styrene acrylate ("**ASA**"), methyl methacrylate acrylonitrile butadiene styrene ("**MABS**") and SAN styrene butadiene block copolymers ("**SBCs**"). They form a small portion of the styrene derivatives market, representing 10% of the overall market in 2020 according to NexantECA estimates, but are high-margin products that are customized to end user needs.

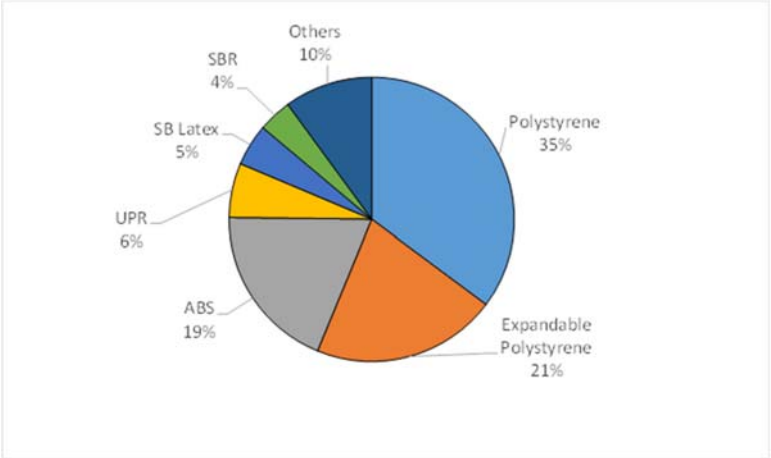
The prices of SM and its derivatives PS and ABS have historically been volatile, with underlying margins going through long-term cycles. Pricing for Specialties tends to be less cyclical and more dependent on the unique value proposition of each product. In recent years, the SM market had become tighter, however, operating rates in 2020 are

expected to decline due to weak markets for styrene derivatives as a result of the ongoing COVID-19 pandemic and increased capacity in China. Based on NexantECA estimates, we expect that operating rates will be impacted due to the ongoing addition of new capacity in China in the short to medium term.

The Styrene Monomer Market

SM is a global commodity. As it exists in liquid form and is relatively inexpensive to transport, SM is widely traded and exchanged between different regions. Demand for SM is driven by the demand for styrene derivatives and end use applications. The chart below provides an overview of the key products for which styrene is an input, as well as estimated global styrene consumption for such products.

Global SM demand (2020) 30mn MT



Source: NexantECA

Downstream products	Key applications
Polystyrene	Electronics, household appliances, toys, disposables (cups, cutlery), packaging
Expandable Polystyrene	Insulation, vending cups, protective packaging
ABS	Automotive, pipes, fittings, electronics (TVs) and household appliances
Styrene-Butadiene Latex	Carpet backing, paper
Unsaturated Polyester Resins (UPR)	Automotive, construction, pipes and tanks, electronics, marine accessories
Styrene-Butadiene Rubber	Tires, hosing and tube, seals, footwear
Copolymers (e.g., SAN, ASA, MABS, SBC, SMMA)	SAN: ABS, medical devices, household appliances ASA: Automotive, transportation, construction MABS: Medical devices, electronics, household appliances SBC: Injection molded parts, shrink sleeves, displays and appliance housings, sheet and film production, toys and food and non-food packaging SMMA: Medical devices, electronics and household appliances
ABS Specialty	Automotive

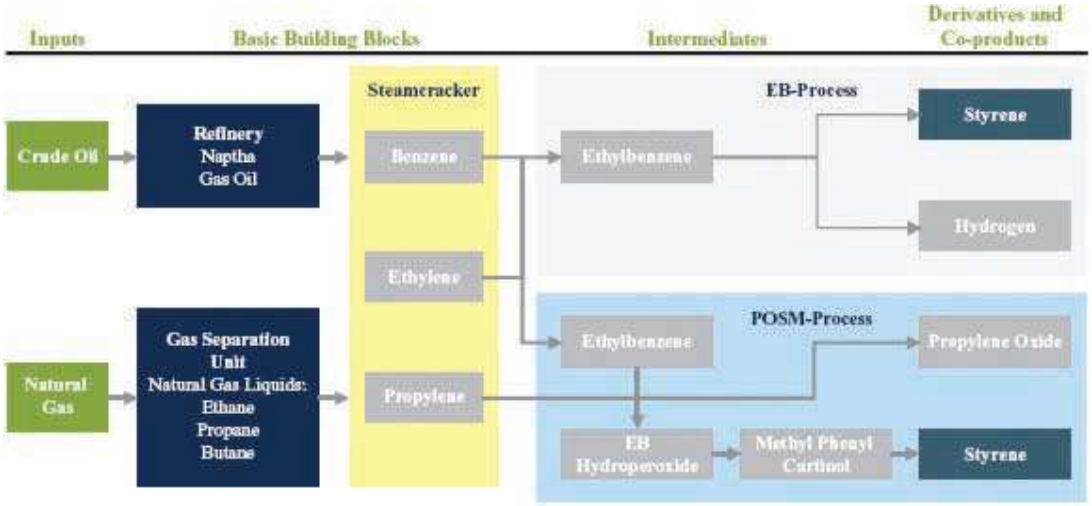
As end markets for most plastic and synthetic rubber products are mature, GDP growth is the key volume driver in the styrenics industry. Higher growth rates can be achieved in some faster-growing downstream sectors, such as the electronics, healthcare, household, automotive and construction sectors, as well as in geographical regions experiencing faster growth such as emerging markets, including Eastern Europe, Latin America and Asia.

Production

SM can be produced in two ways: (i) through the ethylbenzene dehydrogenation ("**EB**") process (on-purpose production) or (ii) through the propylene oxide ("**PO**") styrene monomer ("**POSM**") process. In the POSM process, styrene is produced only as a by-product. As a result, PO demand has a direct impact on SM production by means of the POSM process.

The two SM production processes yield the same purity or quality levels or grades of SM. According to NexantECA, an estimated 82.4% of SM was produced through the EB process and an estimated 17.6% of SM was produced through the POSM process in 2020.

SM production flow



Source: Company information.

Most SM producers use an operational model that forward integrates into PS, the most common application for SM. This forward integration allows them to consume the SM that they produce on site instead of having to sell it to third parties. Other producers, including many in the Middle East, currently have no forward integration. As a result, Middle East producers tend to sell the SM that they produce to third parties. According to NexantECA, approximately 15% of SM production was traded in 2020. Margins achievable through SM production are cyclical and are subject to regional short-term volatility.

Competition in the SM Market

SM markets are highly competitive, with competition based primarily on producers' product pricing and reliability of supply. Our primary competitors are:

in Europe, LyondellBasell/Covestro JV, Total Petrochemicals S.A., Versalis, BASF, Shell and Ellba (BASF / Shell joint venture);

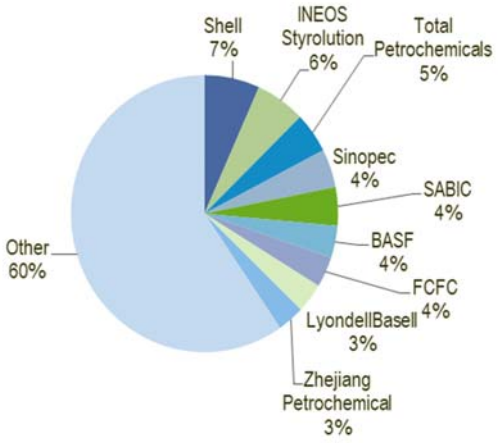
in the Middle East, SADAF, Chevron Phillips, TKSC;

in North America, LyondellBasell, Cosmar (Total Petrochemicals S.A. and SABIC joint venture), Americas Styrenics, Shell, and Westlake; and

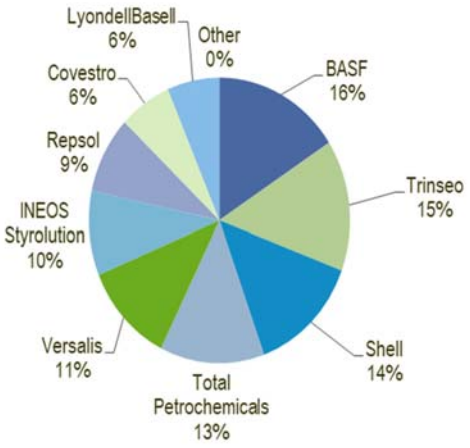
in Northeast Asia, FCFC, Lotte, Asahi, Idemitsu, LG Chem, Shell, CNOOC, Lyondell/Sinopec JV and Hengli.

The following charts set forth the major SM producers and their global shares of the market in 2020 by owner. According to NexantECA data, we were the second largest global player in SM production in 2020.

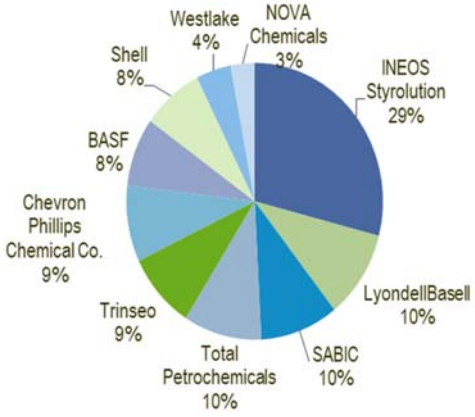
Top global SM producers capacity by owner (2020)
Global SM capacity (2020) 36.8mn MT



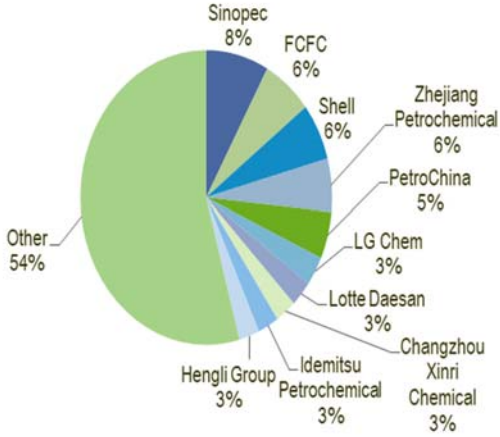
Top Western European SM producers capacity by owner (2020)
Western European SM capacity (2020) 5.3mn MT



Top North American SM producers capacity by owner (2020)
North American SM capacity (2020) 5.9mn MT



Top Asia SM producers by capacity (2020)
Asian SM capacity (2020) 20.5mn MT



Source: NexantECA

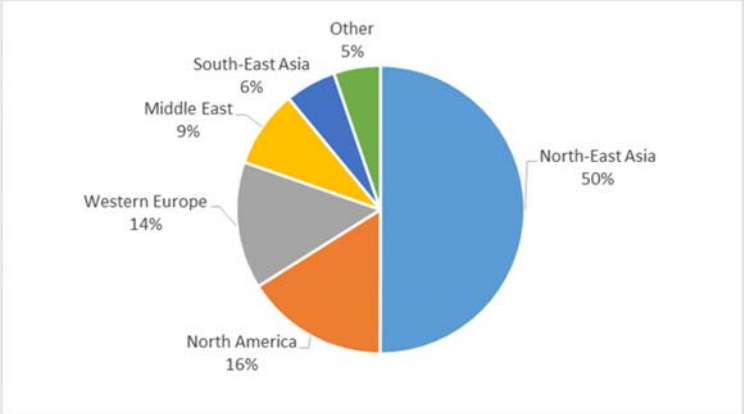
Middle Eastern and North American producers benefit from access to low-cost feedstock. The increase in shale gas production in the United States has resulted in significantly lower energy costs and ethylene prices. Western Europe and Japan continue to have higher-cost feedstock, which has placed them at a relative disadvantage in SM production.

Supply, Demand and Utilization Rates for Styrene Monomer

Global SM capacity is distributed among the three major regions. According to NexantECA, SM capacity in 2020 totaled approximately 36.8mn MT. The top three regions by capacity share were Northeast Asia (50%), North America (16%) and Western Europe (14%).

Regional SM Capacity Share 2020

Global SM Capacity (2020) 36.8mn MT



Source: NexantECA

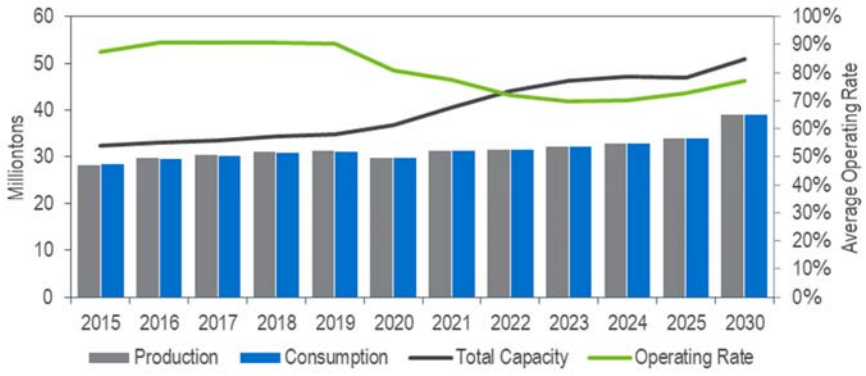
According to NexantECA data, between 2015 and 2019, global capacity in the SM market increased steadily, posting 0.8% CAGR over the period. Demand in the SM market contracted by around 4% percent in 2020 due to the impact if the COVID-19 pandemic. Operating rates will remain in the low 70% range before beginning to recover post 2025.

NexantECA data shows that between 2015 and 2019, global SM utilization rates stood around 90% before falling in 2020 due to capacity additions in mainland China.

According to NexantECA, future capacity additions will be concentrated in Asia Pacific. Capacity addition will be focused in China as part of new steam cracker complexes, which provide both ethylene and benzene feedstock. Asia will continue to support global demand growth due to manufacture of a wide range of products consuming styrene derivatives (including mainly EPS, PS and ABS).

Based on industry experience and views from various third party data providers, management expects that supply and demand balances will lengthen in the next years as new capacity in China comes on stream and utilization rates will drop below 80%. Demand is expected to grow consistently and operating rates are expected to recover in 2025.

Global Supply, Demand and Trade ("SDT") for SM (2015-2025, 2030)

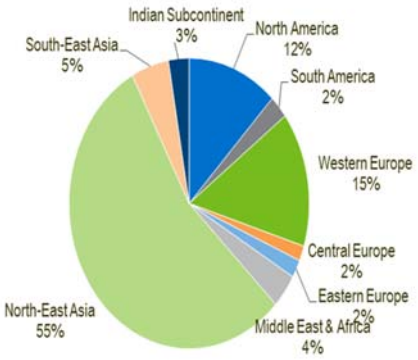


Source: NexantECA

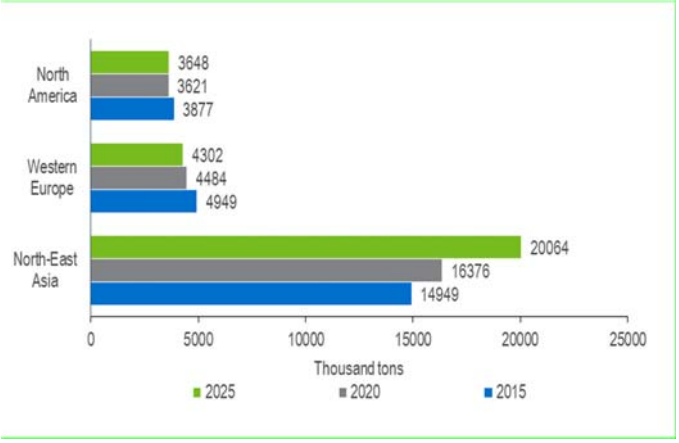
We believe that the risk of substitution of SM as an input is low. However, certain styrene derivatives and end products can be replaced by other products, in many cases with low switching costs. As a result, SM demand is also affected by the availability of substitutes for styrene-based plastics and synthetic rubber products. NexantECA forecasts a SM demand CAGR of approximately 2.7% for the 2020-2025 period. The chart below illustrates historical and forecast styrene demand growth by region.

SM demand and growth by region

Styrene Monomer demand (2020) 29.8mn MT



Styrene (SM) demand growth by region (2015, 2020, 2025)

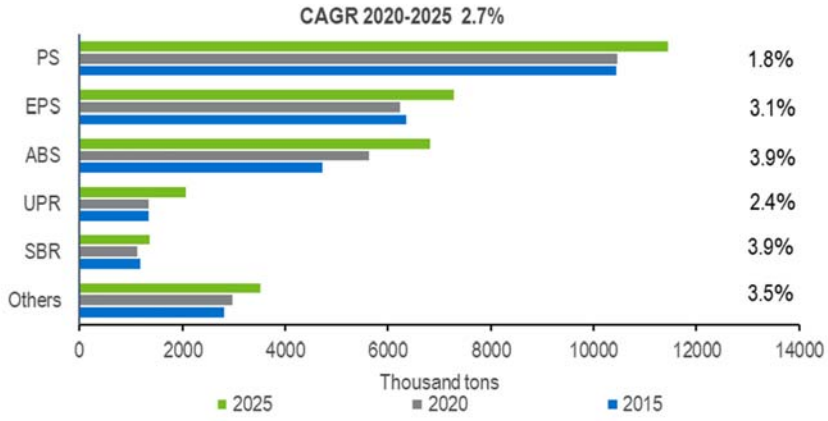


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Source: NexantECA

The chart below illustrates historical and forecast SM demand growth by product.

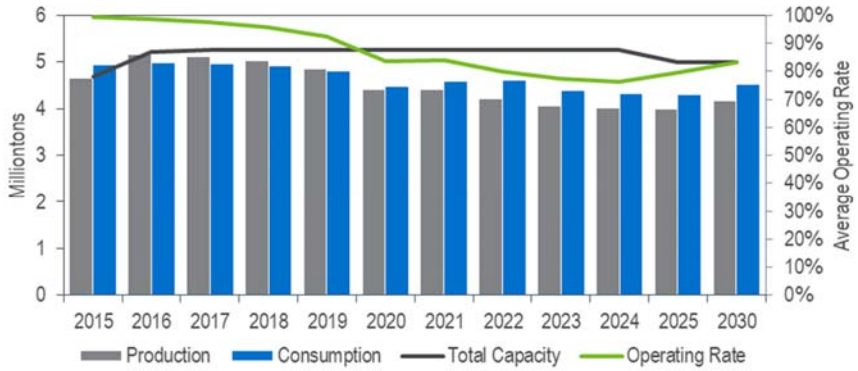
Styrene demand and growth rates by application (2015, 2020, 2025)



Source: NexantECA

Below is a discussion of SM supply, demand and utilization rates in the three major regions.

Western European SM SDT (2015-2025, 2030)

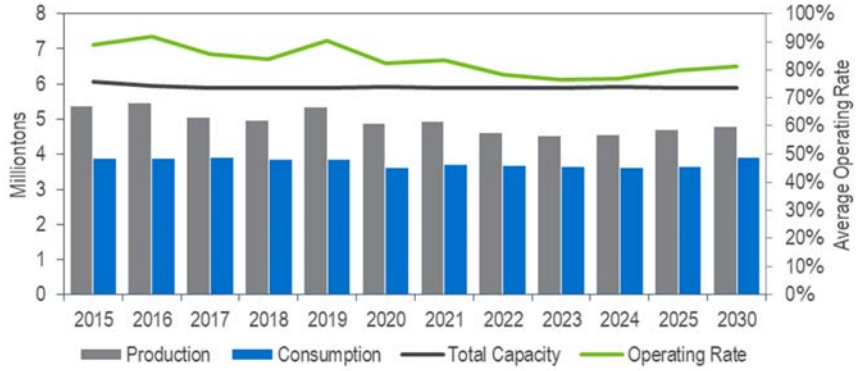


Source: NexantECA

Western Europe. According to NexantECA, in 2020, Western Europe accounted for approximately 15% of global SM demand. The supply of SM in Western Europe is typically affected by the level of SM production from POSM and EB units. NexantECA data shows that while between 2013 and 2020, following a period of rationalization in the region, SM capacity has remained consistent. Reduced capacity in 2014 and 2015 was due to prolonged outage of styrene production at a plant owned by Ellba, a joint venture of BASF and Shell, in Moerdijk, the Netherlands.

Overall, NexantECA data shows that demand for SM in Western Europe also decreased slightly between 2015 and 2018, before more substantial decreases in 2019 and 2020 due to the impact from the COVID-19 pandemic.

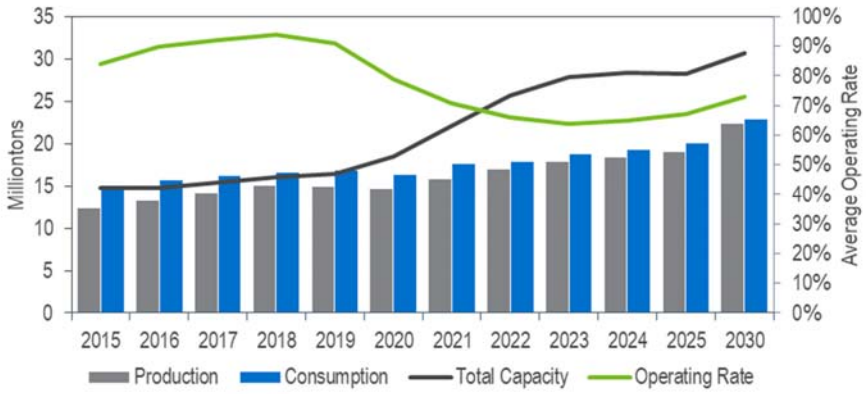
North American SM SDT (2015-2025, 2030)



Source: NexantECA

North America. In 2020, North America accounted for approximately 12% of global SM demand, with the United States accounting for over 81% of the region's demand according to NexantECA. The increase in shale gas production has significantly improved the cost positions of North American SM producers. Energy costs and the price of ethylene, one of the raw materials used in the production of SM have decreased. Because it is costly to transport ethylene over long distances, production cost improvements relating to an increase in shale gas production have improved North American producers' position compared to producers in Europe and Northeast Asia. Between 2017 and 2020, operating rates hovered around 85 percent with excess capacity exported to Asia and Europe. In light the ongoing build cycle for Styrene assets in China, operating rates for the forecast period are expected to decline while the competitive cost advantage of North American Styrene assets is expected to remain in place and North America remaining a net exporter.

Northeast Asian SM SDT (2015-2025, 2030)



Source: NexantECA.

Northeast Asia. According to NexantECA estimates, in 2020, Northeast Asia accounted for 54% of global SM demand, with China accounting for 66% thereof. Historically, the region has had a limited SM supply. Styrene demand grew by two percent in Northeast Asia in 2019 as a combination of pressure on the production of manufactured goods due to the trade dispute between China and the United States, negative growth in automotive production in all regions, and limited downstream capacity addition. The slowdown in economic activity brought about by the efforts to control the spread of COVID-19 reduced downstream production, resulting in styrene demand contraction in 2020. Future growth for styrene is expected to recover at over 4.1% per year as Chinese demand growth will compensate for contraction in other North-East Asian markets, continued growth in the packaging and consumer goods segment as well as a rebound in demand in the automotive and construction sectors will support this growth.

According to NexantECA, in the short term projected capacity additions will likely outpace demand. The Asian styrene market is expected to grow below regional GDP over the forecast, primarily driven by the addition of styrene derivatives capacity in China, India and South-East Asia. Capacity additions in the medium to long term are most likely to stem from China with large increases in capacity expected by 2023.

There are significant intra-region disparities in SM utilization rates. According to NexantECA, domestic Chinese utilization rates were approximately 72% in 2020. In contrast, more export-oriented markets like South Korea, Japan and Taiwan operated with utilization rates versus nameplate capacity of 89%, 88% and 95%, respectively, in 2020.

The Polystyrene Market

Due to relatively high transportation costs, PS is a regionally traded commodity with low profitability. Global demand grew significantly from the 1960s to the 1990s. It then decreased when PS prices rose and polypropylene ("**PP**") and polyethylene terephthalate ("**PET**") were substituted in for PS. The rise in PS prices was due to a spike in benzene feedstock prices. Furthermore, changes in consumer demand for certain end products, such as the decline in popularity of audio and video cassettes and the reduction in packaging required in the consumer electronics industry (*e.g.,* fewer materials required to ship a flat-screen TV) led to an oversupply of PS in the late 1990s and early 2000s.

The PS industry has consolidated through M&A activity, joint venture formations (including our business), rationalization efforts and divestments. This has helped sustain an industry that has otherwise experienced weak demand and high raw material costs in recent years. The COVID-19 pandemic has resulted in a decline in consumption across the world in 2020. Global polystyrene consumption demand growth has been limited to around one percent in the last three years partly due to competition from other polymers and feedstock costs. The polystyrene market is mature and is heavily exposed to price sensitive end-uses with a number of competitive pressures from alternative materials, both natural and synthetic.

Looking ahead, based on NexantECA estimates, we expect further rationalization and consolidation to take place in mature markets due to soft domestic demand and exports hampered by a lack of competitiveness. We have taken part in this trend by rationalizing capacity in our Styrolution Business portfolio (*e.g.,* with the conversion of one of our

PS lines in France to produce ABS). Meanwhile, emerging markets, such as Northeast Asia (in particular China), are adding and expanding PS capacities, and have maintained utilization rates ranging between 68% and nearly 100% according to NexantECA between 2015 and 2020.

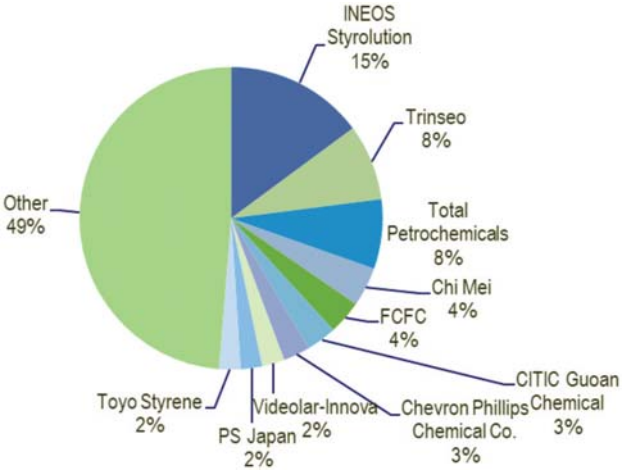
PS demand growth has been around one percent in recent years as polystyrene faces ongoing competitive pressures from alternative materials. According to NexantECA, consumption declined across all regions, including China, in 2020. The COVID-19 pandemic has resulted in a decline in the consumption across the world in 2020. The largest decline is expected to be in the construction sector as the lockdown halted activity at many sites. NexantECA estimates indicate that global demand growth contracted by 5.7% in 2020. From 2015 to 2020, NexantECA global PS demand increased by only 0.1% and forecasts a global PS demand CAGR of 1.8%. PS prices are generally expected to remain higher than prices of substitutes such as PP and PET due to high benzene prices. We expect, based on NexantECA forecasts, that this will continue to affect PS demand.

Competition in the Polystyrene Market

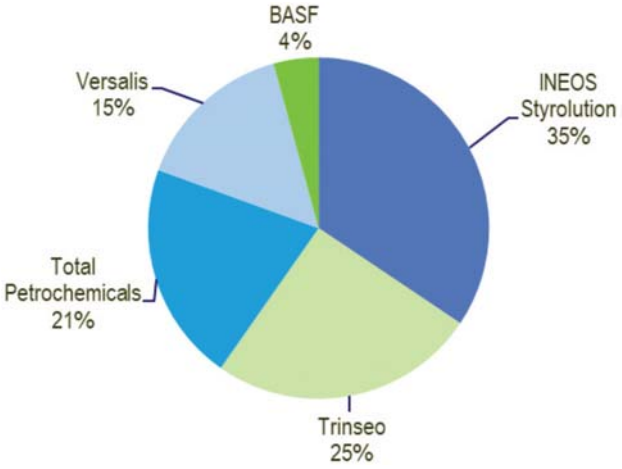
The PS markets in which we operate are highly competitive, with competition based primarily on producers' product pricing and supply reliability. PS pricing tends to track SM pricing very closely, as PS producers are usually able to pass through higher SM costs (as well as cost savings) to end users, albeit with occasional slight delays.

The North American and Western European PS markets have a few major producers as well as smaller-scale, regional players. Few PS producers have operations in more than one region. Apart from our own operations, only Total Petrochemicals S.A. and Trinseo (which has an ownership interest in Americas Styrenics in North America) have global footprints. Our main competitors are: in Europe, Trinseo, Total Petrochemicals S.A. and Versalis S.p.A.; in North America, Americas Styrenics, Total Petrochemicals S.A. and Resirene; and in Asia, a large number of smaller players, all with market shares under 5% in 2020 according to NexantECA.

Top global PS producers capacity by owner (2020)
Global PS capacity (2020) 14.4mn MT

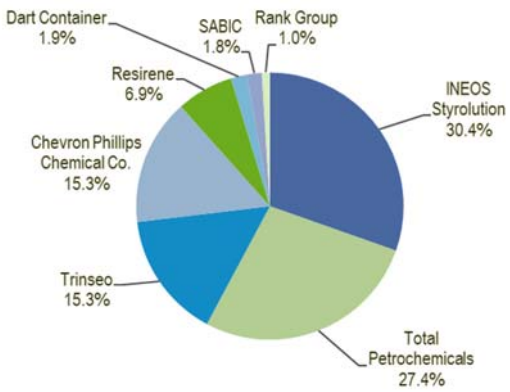


Top Western European PS producers by owner (2020)
Western European PS capacity (2020) 1.9mn MT

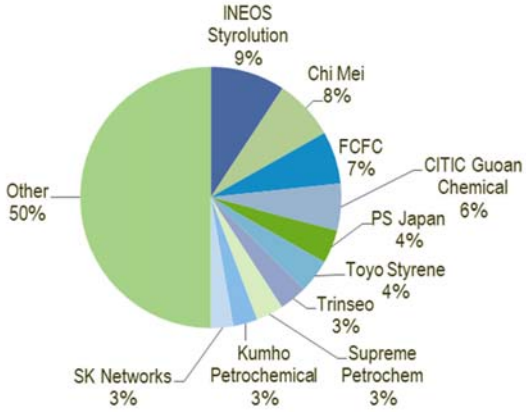


Source: NexantECA.

Top North American PS producers capacity by owner (2020)
North American PS capacity (2020) 2.5mn MT



Top Asian PS producers capacity by owner (2020)
Asian PS capacity (2020) 8.0mn MT



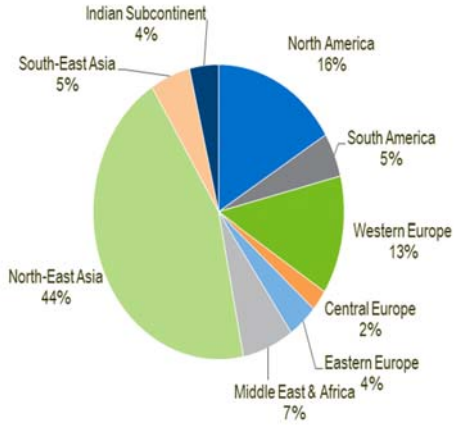
Source: NexantECA.

Supply, Demand and Utilization rates for PS

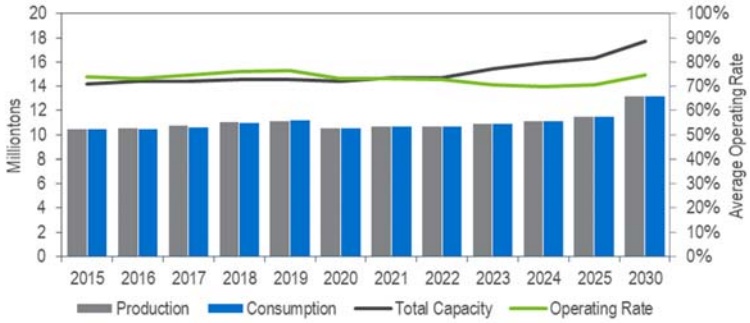
PS is supplied on a global basis, with greatest demand coming from Northeast Asia, North America and Western Europe. Global operating rates have remained in the mid-70s over the past five years as demand has grown in line with limited capacity growth, mainly in Asia. The reduction in demand in 2020 following the economic slowdown prompted by the COVID-19 pandemic will see rates fall in to the low 70s. Asia will heavily influence global operating rates, with China accounting for almost 30 percent of global polystyrene demand.

Global PS demand by region (2020)

Global PS demand (2020) 10.6mn MT

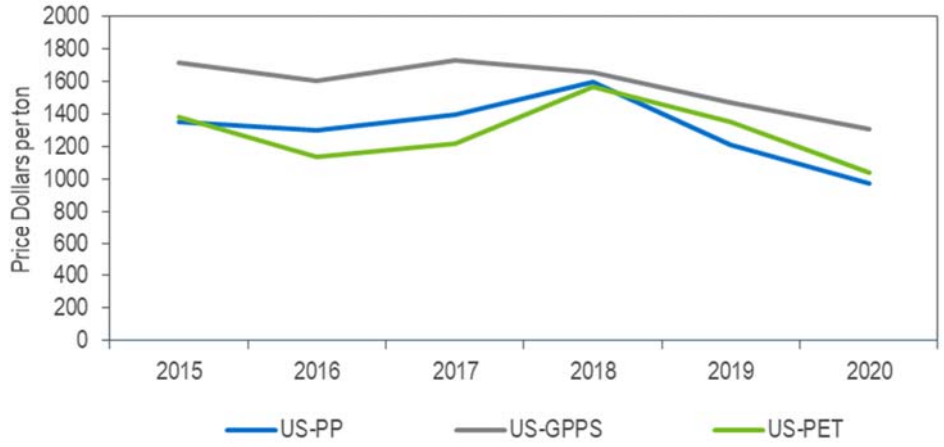


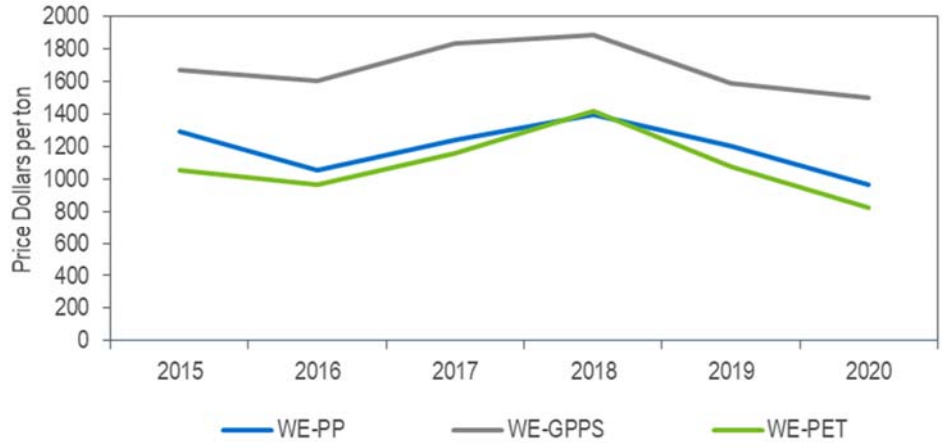
Global PS supply, demand, capacity and utilization rates (2015-2025, 2030)
Global PS Supply and Demand

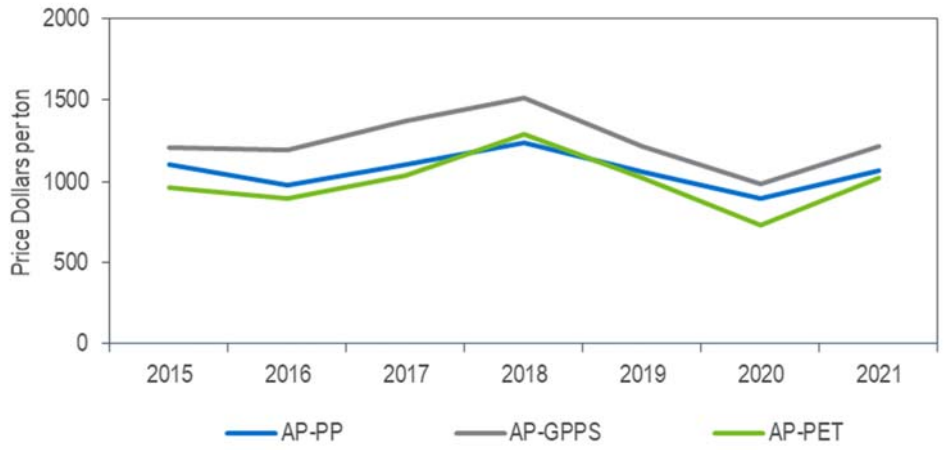


Source: NexantECA.

Price comparison: PS (GPPS) vs. PP / PET







Source: NexantECA.

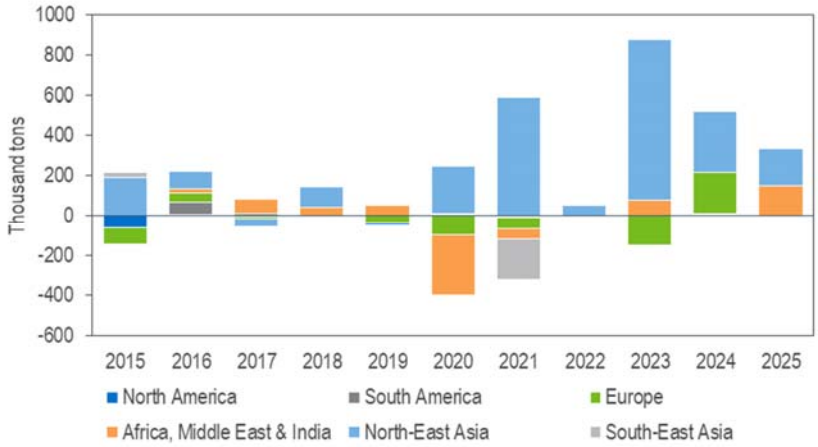
The polystyrene industry has been under pressure due to changing consumer behavior, rising raw material costs, product substitution and environmental concerns. Polystyrene producers have been suffering margin pressure for many years, such that capacity rationalization, industry consolidation and delays to new projects have been inevitable. The moderate demand outlook for polystyrene has resulted in several producers moving to convert polystyrene facilities to produce ABS, which has a higher demand outlook.

According to NexantECA, Northeast Asia accounted for 45.3% of global PS capacity in 2020, which totaled 14.4mn MT, while North America accounted for 17.2% and Western Europe accounted for 13.0%.

North American and Western European producers have responded to the decline in demand by reducing inefficiencies, closing plants and consolidating businesses, resulting in significant capacity reductions. For example, in 2019, Total Petrochemicals closed its El Prat site in Spain and the Styrolution Business is converting a polystyrene line in France to produce ABS. The vast majority of what capacity growth is expected to come in the future will be in Asia.

Global PS capacity growth by region (net annual change, 2015-2025)

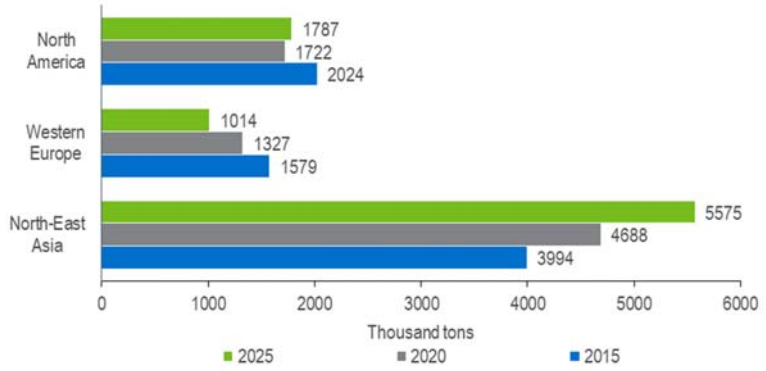
Majority of PS capacity growth to come from emerging markets



Source: NexantECA.

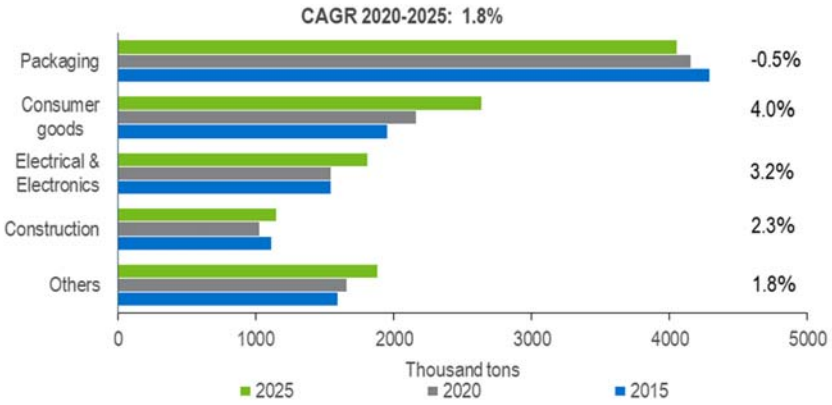
PS demand continues to grow, but the decline in demand from packaging producers is increasingly pronounced in some regions (Europe and North America, for example) due to the increasingly negative public perception towards styrene derivatives stemming from environmental and health-related concerns. Polystyrene is also used in the electrical/electronics sector for applications such as media closures. Smaller volumes of polystyrene are also consumed in the construction sector for drainage boards, displays, prefabricated walls, decorative gables and facades.

PS demand growth by region (2015, 2020, 2025)



Source: NexantECA.

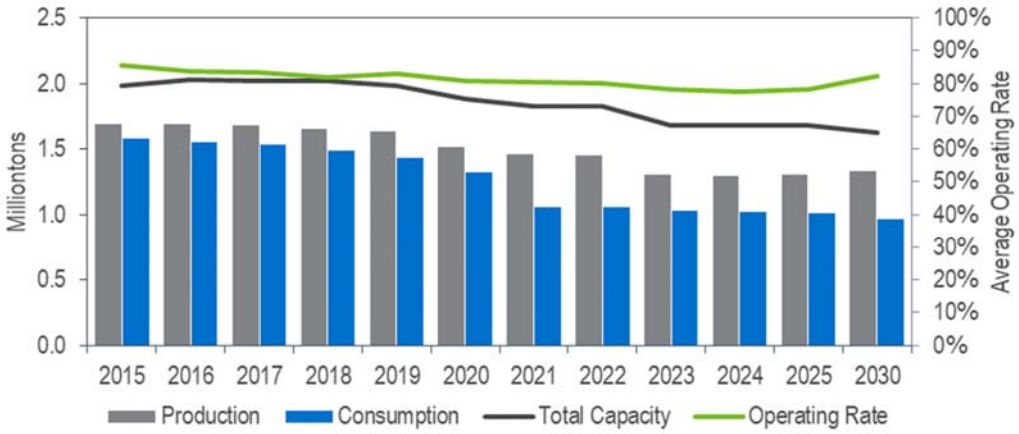
Global PS demand and growth rates (2015, 2020, 2025)



Source: NexantECA.

Below is a discussion of supply and demand for PS in the three major regions.

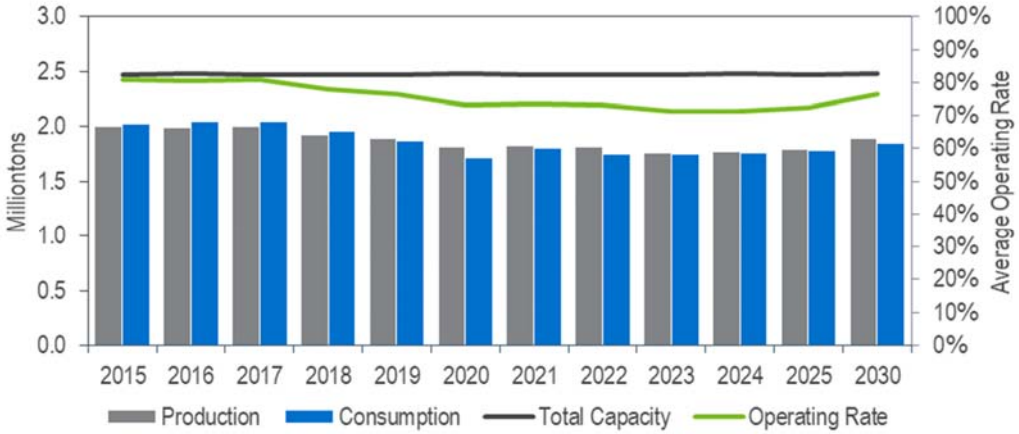
Western European PS SDT (2015-2025, 2030)



Source: NexantECA.

Western Europe. In 2020, Western Europe accounted for approximately 13% of global PS demand according to NexantECA. In recent years, PS production in Western Europe has undergone significant production rationalization due to weak demand, which decreased by approximately 6% in 2020 (year on year). According to NexantECA, there are no PS capacity expansions planned for the short term. Further capacity rationalization is expected in the medium term, with the goal of maintaining utilization rates above 80%. Western Europe will continue to export to the CEE and MEA regions. Long-term demand of polystyrene in Western Europe faces on-going pressure from activist groups recommending companies to actively explore replacing polystyrene as packing material.

North American PS SDT (2015-2025, 2030)



Source: NexantECA.

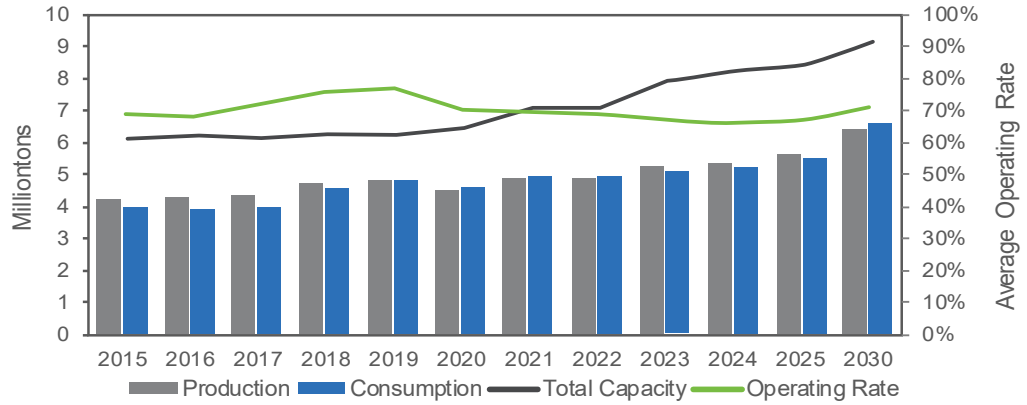
North America. In 2020, North America accounted for 16% of global PS demand, with the United States accounting for over 80% thereof according to NexantECA. Between 2015 and 2020, NexantECA data shows that PS demand decreased by 3.2% on average per year, recovering slightly to increase to 0.7% from 2020 to 2025. Demand for polystyrene in North America declined by −5% in 2018 - 2019 and −8% in 2020. While some recovery from the low 2020 is projected for 2021, the underlying demand decline is expected to remain in place*, mainly due to* contracting demand into packaging. Single use plastics bans and concerns are rising and are placing downward pressure on the consumption of polystyrene into packaging. Contraction in packaging has been partially offset by increased use in

construction and consumer goods. The United States housing sector remained resilient in 2020 as residential housing starts were strong and offset a reduction in commercial construction.

Lower demand growth and lower margins have led to consolidation and rationalization efforts in connection with U.S. PS capacity.

According to NexantECA, demand for packaging accounted for 63% of the North American domestic PS market in 2020. It continues to decline due to environmental concerns and competition from alternative materials. We believe, based on NexantECA forecasts, that demand growth will be flat to slightly positive in the near future, with a CAGR of approximately 0.7% between 2020-2025. Demand from the packaging sector is forecast to continue to foster competition and substitution effects. Meanwhile, slight improvements are expected in consumer products, construction and electronics.

Northeast Asian PS SDT (2015-2025, 2030)



Source: NexantECA.

Northeast Asia. According to NexantECA, in 2020, Northeast Asia accounted for 44.4% of global PS demand, with China accounting for 80% of regional demand. Historically, demand growth has been volatile in Northeast Asia. Polystyrene consumption recorded a close-to-GDP growth rate in 2018 after growing below GDP for several years. China was the main demand growth contribution because the recent bans of foreign plastic waste stimulated demand for virgin material, coupled with its strong end-use sector growth, such as in consumer goods including home appliances.

According to NexantECA, it is expected that future demand will grow moderately in the short term. Demand growth is expected to be concentrated in China. The operating rates in China will recover in the medium term driven by local demand growth but will be limited by capacity expansion over the next few years. Future capacity addition will be restricted to China where the market will continue to grow along with the country's economy. Demand growth will be driven mainly by consumer goods including home appliances, electrical & electronics and packaging. Consumption has been slowing down in Taiwan, Japan, and South Korea.

The ABS Markets

ABS Standard prices tend to track feedstock prices very closely, as ABS producers are usually able to pass through higher costs (as well as cost savings) to end users, albeit with occasional slight delays. Prices are also affected by import pressures from large Asian producers.

ABS technology is mature. No significant new innovation is expected to come to market within the next five years. Demand for ABS is driven by the demand for its end-use applications, including automotive parts, consumer electronics, electricals and household appliances, which together accounted for approximately 87% of ABS demand in 2020 according to NexantECA.

ABS consumption (globally) has grown steadily in the years 2018-2019 in the range of 3% per year, despite a decline in automobile production and continued tensions between China and the United States. 2020 was down 3% due to COVID but saw a resurgence of demand for household and electronics durables as 2020 progressed, that

overcompensated the weakness of the automotive industry. Global ABS demand is expected to grow moderately in the 2-3% range after a strong COVID recovery in 2021 (8%), with China leading growth at 4-5%.

Competition in the ABS Markets

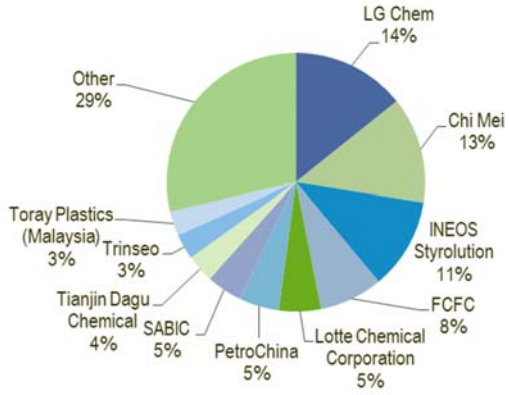
The ABS markets in which we operate are global and highly competitive, with competition based primarily on producers' product prices and reliability of supply, as well as (for some products) grade, color options and customer service. Competition in ABS markets largely depends on whether the customer desires a natural or pre-colored ABS product and whether the end product requires any special attributes or characteristics.

Our primary competitors in the ABS Standard market include Chi Mei, LG, Lotte, Formosa and Trinseo. Our main competitors in the pre colored ABS market include LG, Lotte, Trinseo and Sabic. Geographically, we compete with Trinseo, Elix Polymers and Versalis in Western Europe, Trinseo and Sabic in North America and with Chi Mei, LG Chem, FCFC and Lotte in Asia.

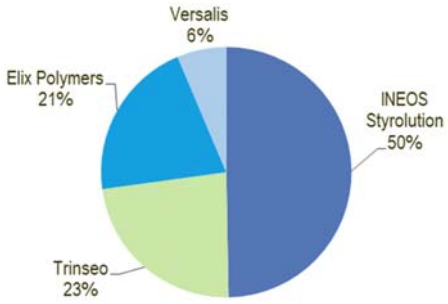
We also compete with compounders, who comprise approximately half of the global pre-colored ABS market. Key compounders active in Western Europe include Ravago, Schulman, Nord Color and Albis.

Top global and Western European ABS producers by capacity (2020)

Global ABS capacity (2020) 11.5mn MT



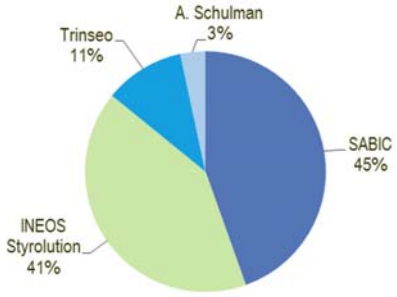
Western European ABS Capacity (2020) 0.865mn MT



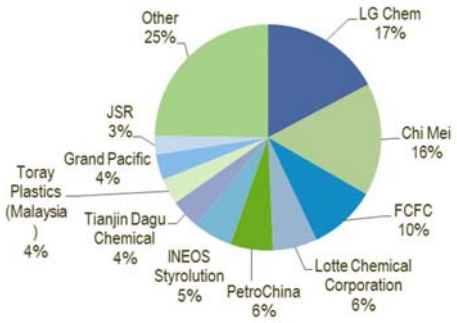
Source: NexantECA.

Top North American and Asian ABS producers by capacity (2020)

North American ABS capacity (2020) 0.835mn MT



Asian ABS capacity (2020) 9.5mn MT

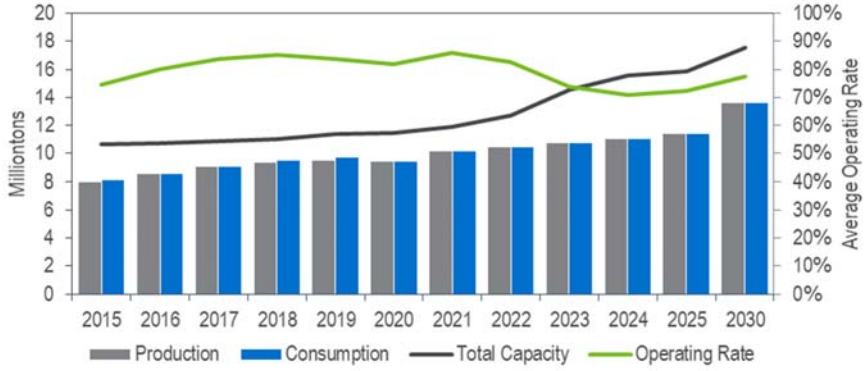


Source: NexantECA.

Supply, Demand and Utilization Rates for ABS

ABS is supplied on a global basis. Northeast Asia, North America and Western Europe are the largest regions for both demand for and production of ABS. According to NexantECA estimates, global ABS capacity was 11.5mn MT in 2020, of which 73.7% was located in Northeast Asia, 7.6% in Western Europe and 7.3% in North America.

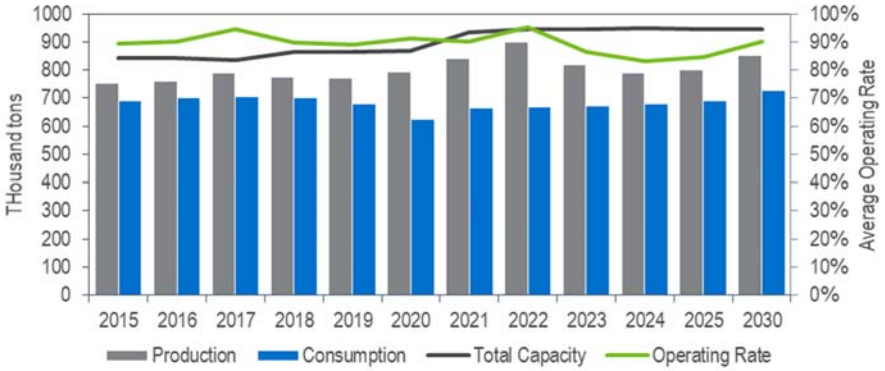
Global Supply, Demand, Capacity and Utilisation Rates for ABS (2015-2025, 2030)



Source: NexantECA.

Global ABS demand is expected to grow at an estimated CAGR of 3.5% between 2015 and 2025, with capacity expected to increase by an estimated CAGR of 4.0% over the same period according to NexantECA.

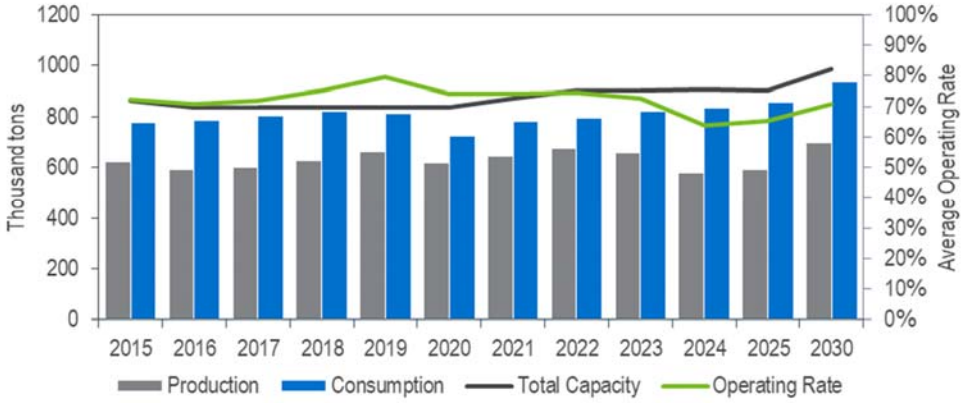
Western Europe ABS SDT (2015-2025, 2030)



Source: NexantECA.

Western Europe. Domestic demand in Western Europe is forecast to grow at an estimated CAGR of 2.1% between 2020 and 2025 according to NexantECA. Recovery of ABS demand post COVID-19 is expected as regional governments seek to reinvigorate economic growth, however demand is not expected to reach 2019 levels for two to three years, primarily due to the exposure of ABS to conditions in the automotive sector. Although it has enough capacity to meet regional demand, Western Europe imports some ABS. An increasing amount of imports are coming from South Korea and Taiwan, a trend which is expected to continue, based on NexantECA forecasts. As a result, Western European producers have been forced to scale back production and concentrate on higher margin products. After a period of consolidation the market is concentrated, dominated by INEOS Styrolution and Trinseo; with Versalis and Elix Polymers owning the remaining capacity. INEOS Styrolution is converting one of its polystyrene lines at its Wingles, France site, to manufacture ABS. The converted line is expected to have a production capacity of around 46,000 tons per year and was scheduled to be operational in 2020. The new ABS line start up was delayed due to market conditions and the impact of the COVID-19 pandemic. Versalis has also announced plans to increase ABS capacity in Mantova, Italy to 95,000 tons per year by the fourth quarter of 2021.

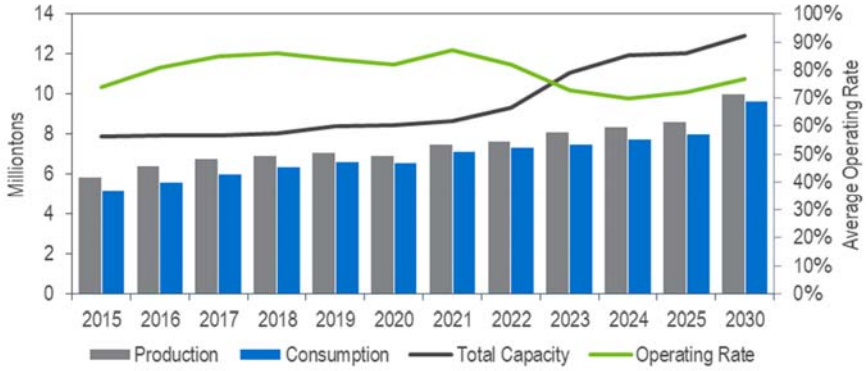
North American ABS SDT (2015-2025, 2030)



Source: NexantECA.

North America. Demand for ABS in North America was 724 000 tons in 2020, a contraction of around 10% in 2020. ABS demand in 2020 contracted considerably due to the heavy exposure of ABS end-uses to industries currently being impacted by the ongoing COVID-19 pandemic. However, the industry will recover with an estimated domestic demand CAGR of 3.4% between 2020 and 2025, according to NexantECA forecasts. North America is a net importer of ABS resin. A significant portion of the U.S. market is supplied by Asian producers. Operating rates increased to meet strong demand growth, and were maintained at this level by closure of the SABIC plant in Washington, West Virginia in 2015. Capacity in the region will increase in the near term when we expand capacity at our 130 000 tons per year swing ABS/ASA (acrylonitrile styrene acrylate) in Altamira, Mexico. Operating rates will face some pressure in 2020 due to COVID-19 related factors, however, operating rates are estimated to demonstrate some recovery post-2020.

Northeast Asian ABS SDT (2015-2025, 2030)



Source: NexantECA.

Asia. The majority of the world's demand for ABS comes from Asia. In 2020, Asia also accounted for an estimated 82.6% of global ABS capacity according to NexantECA. Five out of the six largest ABS producers are based in Asia and they accounted for a combined market share of over 45% in 2020 according to NexantECA. Future capacity additions are expected to take place in Asia (in particular, in China).

In 2019, operating rates in the region declined despite increased production as capacity expansion in the region was accompanied by a further reduction in net export volume. Operating rates in 2018 remained in the mid-80s as a moderate increase in demand was offset by lower net exports. Operating rates had improved in the four previous years, driven by an increase in ABS exports, strong downstream demand and slowdown in capacity addition. Devaluation and increased volatility of Asia's major currencies against the U.S. Dollar and Euro has generally improved the

competitiveness of Asian ABS exports. The contraction in demand in 2020 will see a further reduction in rates. In the medium term operating rates will fall from current levels into the 70s due to extensive capacity addition in China outpacing medium term demand growth.

Specialties

The primary market for Specialties remains developed economies (EMEA, North America), but growth is strongest in emerging markets. Specialties form a core pillar of our portfolio. The following is an illustrative selection of four Specialties products out of a total of over 1,500 Specialties products we produced as of 2020.

Styrene-acrylonitrile (SAN). SAN is a rigid and transparent copolymer made from styrene. Over 60% of SAN produced globally is used in the production of ABS. In addition, SAN has some commercial end uses as a translucent polymer in its own right, including in kitchenware, computer products and plastic optical fibers. SAN is also used in faster-growing and often higher-margin sectors such as medical devices, which benefit from the chemical- and UV-resistant properties of SAN that allow end products to withstand sterilization processes.

The primary merchant marketers of SAN in Europe are Versalis, Trinseo and INEOS Styrolution. According to NexantECA, we are the third largest merchant marketer of SAN in Europe. Together with Trinseo, we are the main domestic marketers of SAN in North America, the remainder primarily served by imports from Asia. In Asia, Chimei, LG and Formosa are the largest SAN players, followed by the Styrolution Business.

Acrylonitrile styrene acrylate (ASA). ASA is characterized by its resilience and rigidity, good chemical resistance and thermal stability, outstanding resistance to weather, aging and yellowing, as well as its high gloss. It is used primarily for outdoor application and in the automotive industry.

ASA growth in Europe has been linked to automotive applications, while in North America, it has been linked to the household and automotive industries. In contrast, in Northeast Asia, ASA growth has been driven by growth in the construction sector, where ASA is used primarily in side panels for houses, as well as in pools and spas.

In 2020, we were the primary producer of ASA in Europe and the Americas. The competitive landscape was more varied in Asia, where there are four large players. We do not consider ASA capacity to be truly fixed because ABS production facilities can shift to ASA production where appropriate technology is available. Given its more specialized properties, ASA tends to generate higher margins than ABS.

Methyl methacrylate acrylonitrile butadiene styrene (MABS). MABS is a niche product used primarily in medical device parts and electronics and household appliances. MABS is sold on the basis of its transparency and color design flexibility, combined with impact strength and stress crack resistance. There has been strong growth in MABS from new applications, as MABS can compete on the basis of price with other high-impact strength products such as polycarbonate ("**PC**").

In 2020, we were the primary MABS producer in Europe and there were four large players in Asia. The Americas were net MABS importers.

Like ASA, MABS has higher margins than SAN due to its more specialized attributes.

Styrene butadiene block copolymers (SBCs). Styrene-Butadiene Copolymers ("**SBCs**") are copolymers of SM and butadiene rubber. SBCs can be blended readily and easily with general purpose or high impact PS to achieve the desired characteristics, and can be processed in thermoforming, injection molding and extrusion applications. SBCs are produced in dedicated plants due to the requirements of the SBC polymerization process. Over the last few years, North American and European demand has declined as a result of the economic downturn and some inter-polymer substitution with PET. Chinese demand for SBCs has remained strong despite the economic downturn, with increasing domestic demand and continued movement of downstream manufacturing from other regions to China. In 2019, the main end-uses of SBCs in China were footwear production, bitumen modification, toy and household products manufacturing and food and non-food packaging. In Japan, end uses mirror those in Western Europe and North America, with main applications including bitumen modification, adhesives and coatings.

According to internal estimates, in 2020, we had a leading position in North America and Europe in the production of high styrene content SBCs. The competitive landscape was more varied in Asia, where there were three large players producing SBCs.

The Chlor-vinyls Industry

Our INOVYN Business operates in the Western European chlor-alkali and PVC industries. Our core sales products are PVC, caustic soda, caustic potash, chlorinated paraffins and epichlorohydrin ("**ECH**"). We also sell chlorine and chlorine derivatives and products for the salt and brine markets.

PVC is heavily traded around the world. In terms of revenue generated, PVC is one of the most valuable products of the chemical industry. IHS Markit estimates that global demand for PVC reached approximately 43.5 million tonnes in 2020, yielding an average growth rate of 2.8% per year since 2011. The global construction industry accounts for the majority of global PVC demand, with 45% of the resin consumed in 2020 being used for pipe and fittings together with a significant proportion of the 16% consumed by Profiles & Tube as rigid profiles. PVC can be used in a variety of products, including pipes, cables, window frames, insulating materials, packaging and medical devices. PVC products are lighter than traditional materials, such as wood, metal and glass, and carry low maintenance and repair costs because PVC is durable and weatherproof.

Caustic soda, a by-product of the chlor-alkali production process, is used as a neutralizing agent and reactant in a wide range of chemical processes. It is mostly sold as a 50% aqueous solution, sometimes referred to as liquor, but solid caustic soda is also sold on a smaller scale. IHS Markit estimates that global demand for caustic soda is 73.7 million dmt in 2020, up from 71.9 million dmt in 2015. The main users of caustic soda are the pulp and paper, alumina, organic and inorganic chemicals and textile industries. Globally, these industries together accounted for 58% of caustic soda consumption in 2020.

Chlorine derivatives, such as hydrochloric acid ("**HCl**"), sodium hypochlorite, chlorinated paraffins, chloromethanes and ECH, are used in a variety of chemical industry applications, such as solvents, plasticization, general-purpose reactions and the production of refrigerants. Chloroform is a chloromethane and the main precursor for the production of PTFE polymers. Sodium hypochlorite is used by businesses and household consumers as a cleaning agent and disinfectant. ECH is mainly dedicated to the manufacturing of epoxy resins used in paints and coatings, composites, adhesives and electronics. It is also used in non-epoxy applications, such as pulp and paper chemicals, water treatment and healthcare products. Global demand for ECH was about 1.8 million tonnes in 2017, up from approximately 1.5 million tonnes in 2013, according to IHS Markit; most of the current demand is related to the production of epoxy resins.

We also participate in the brine and salt markets. Brine is used in the manufacture of chlor-alkali, salt and soda ash, while salt is used in the manufacture of chlor-alkali products, in water softening and in the food industry.

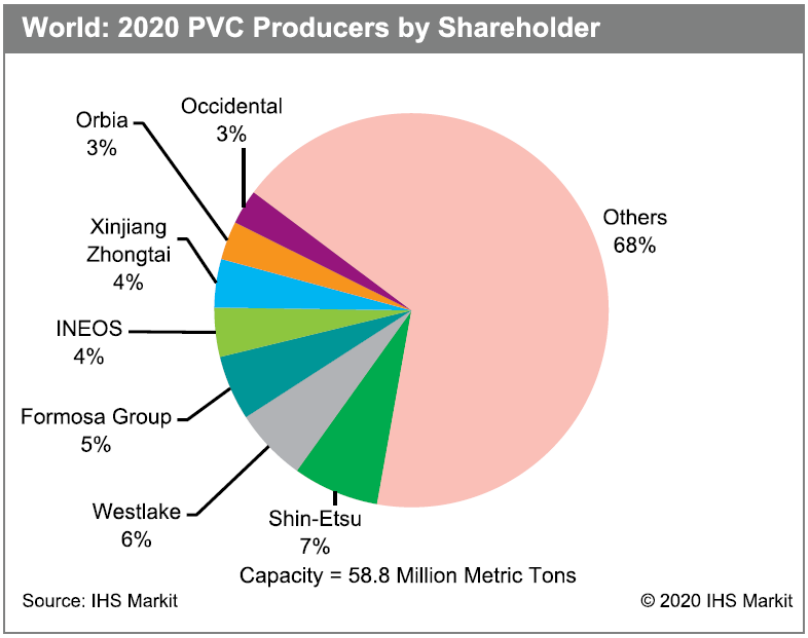
The PVC Market

PVC products can be produced according to two broad polymerization techniques: suspension and emulsion. The PVC market, however, is generally split into general purpose PVC and specialty PVC. General purpose PVC is produced using suspension polymerization, and specialty PVC is produced using both techniques.

Competition in the PVC Market

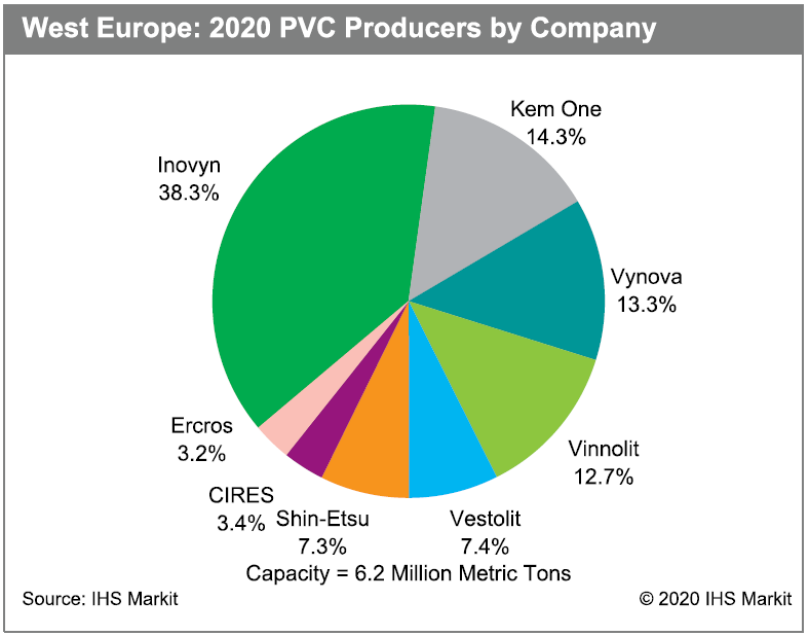
Global production is relatively fragmented, with the top five PVC producers, in terms of capacity, holding an aggregate global market share by capacity of approximately 22%, as of December 31, 2020, according to IHS Markit.

We were the largest producer of PVC in Western Europe (and the fourth-largest globally) and had an estimated market share by capacity in Western Europe of approximately 38.3% as of December 31, 2020.



Source: IHS Markit.

Due to high transportation and capital costs and the importance of exploiting economies of scale in production, markets for general purpose PVC are mostly regional; specialty PVC markets are more global in nature as a result of specialty PVC's higher margins and the difficulty for customers in finding substitutable products. We mainly compete with all the major European PVC producers (some of which are subsidiaries or divisions of large chemical companies), including Kem One, VYNOVA, Westlake (Vinnolit GmbH & Co. KG), BorsodChem Zrt, Orbia (Vestolit GmbH & Co. KG) Shin-Etsu Chemical Co., Ltd, Anwil SA, Ercros SA and Fortischem. Western Europe has historically been a net exporter of PVC, exporting over 1 million tonnes annually, and IHS Markit expects this to remain the case through at least 2025.



Source: IHS Markit.

The top six producers in Europe (i.e. Western Europe and Central Europe) are located in Western Europe and account for approximately 81% of capacity in 2020. In 2020, Central Europe had less than 1 million tonnes PVC production capacity compared to over 6 million tonnes in Western Europe. A trend towards consolidation has emerged in Western Europe over the past decade, and we believe that a number of larger companies operating smaller PVC production businesses are actively seeking to sell their PVC assets, providing opportunities for further industry consolidation.

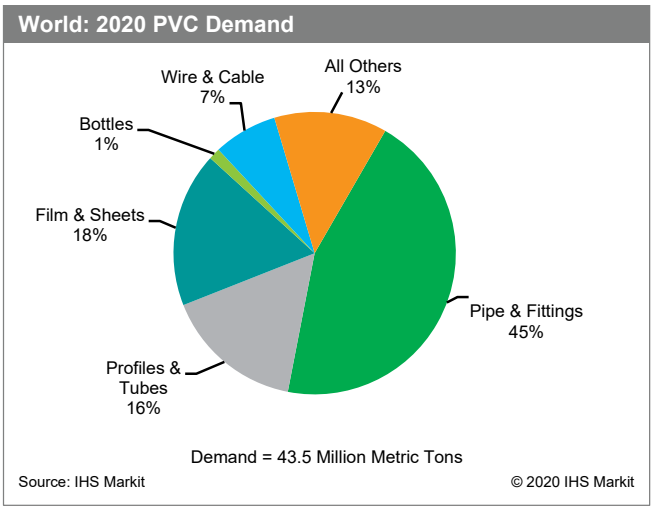
Given the hazardous nature of many of the other materials that we produce, there are additional precautionary measures that must be taken during delivery, which increases the expenses associated with transporting these products. However, because we are a low-cost producer and have historically benefited from low transportation costs given the close proximity of our production factories to the markets we serve most, we believe we are well-positioned to capitalize on increasing demand in global export markets (including emerging markets) during periods of weakening demand in our regional home markets. We believe the threat to the European PVC market from exports from the United States in the near-term to be limited because transportation to Europe is expensive and requires investments in palletization, which have generally not been made by our U.S. competitors to date.

PVC competes with other polymers, including high-density polyethylene ("**HDPE**"), in certain end-use applications. Historically, the prices of the two products were closely related, with PVC prices typically being lower than HDPE prices. While substitution has largely taken place for non-durable applications, we expect PVC to remain the more widely used polymer for durable applications.

PVC prices are cyclical, particularly general purpose PVC prices, whereas specialty PVC prices tend to experience less cyclicality. The cycles are generally characterized by periods of tight supply, leading to high operating rates and margins, followed by periods of oversupply resulting from a combination of significant capacity additions or demand reductions in periods of general economic contraction or recession, leading in turn to reduced operating rates and lower margins.

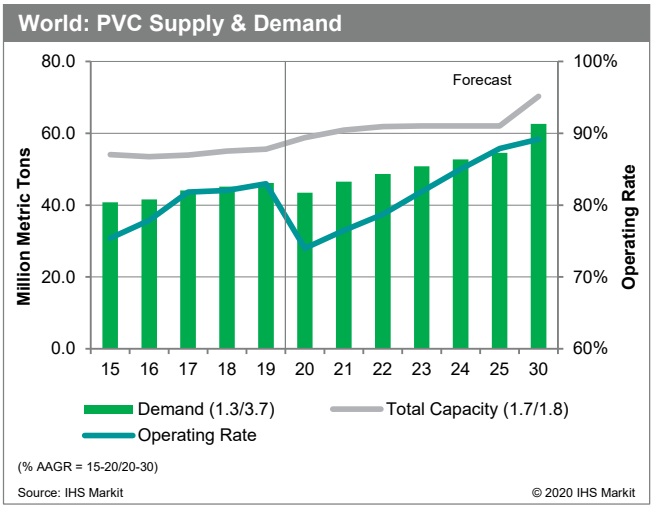
Demand for PVC

With an installed capacity of 59 million tonnes per year during the year ended December 31, 2020, PVC is one of the main thermoplastics used in the world. PVC is a very versatile product used in many applications. The main uses for PVC include pipes, fittings, profiles, tubes, windows, doors, sidings, wire, cable, film, sheet, and flooring. This ability, together with features such as durability, nonflammability, resistances to chemicals and oil, mechanical stability, and ease of processing and moulding, means that PVC is a competitive and attractive option for many end uses in construction and infrastructure, agriculture, electrical products, and healthcare. Thus, although its end-use portfolio has moved towards construction applications and away from many consumer items, we believe PVC's long-term future is secure. As a consequence, the demand of PVC generally tends to evolve in parallel with GDP growth.



Source: IHS Markit.

PVC demand is correlated with overall global and regional expected GDP growth. Northeast Asia (mostly China), North America (primarily the United States) and Western Europe accounted for the majority of global PVC demand, representing 71% of the world's PVC demand, during the year ended December 31, 2020. According to IHS Markit, the projected annual average growth rate for global PVC demand in the ten years to 2030 is 3.7%, putting demand at approximately 63 million tonnes by the end of 2030.



For the past ten years, PVC consumption in China has grown rapidly and with the trend towards urbanization continuing, IHS Markit expects demand for PVC to increase at an average rate of 5.3% per year between 2021 and 2025, reaching about 26 million tonnes in 2025. IHS Markit has estimated that regional demand in North America will grow at an average of 2.5% per year until 2025, largely driven by the consumption of PVC applications such as pipes (45%), profiles (22%) and films and sheets (13%).

The Western European market demand for PVC is estimated by IHS Markit at 6.2 million tonnes in 2020, representing approximately 11% of global demand. Western European PVC demand is mature and projected by IHS Markit to grow at an average rate of 2.1% per year through 2025. In the Western European region, the construction industry is the major end-use market for PVC.

In most applications, PVC sees a significant level of inter-material competition. For example, within pipes and fittings, PVC competes for use with HDPE and polypropylene. However, PVC has a strong position within this segment because it is cheaper to install than clay or ductile pipes and its unit price is less than that of competing plastics, HDPE and polypropylene.

Supply of PVC

According to IHS Markit, between 2016 and 2020 global PVC annual production capacity increased by more than 5 million tonnes, with global capacity rising from approximately 53.5 million tonnes in 2016 to approximately 58.8 million tonnes in 2020. Approximately 82% of global additional capacity has been built in China, where approximately 4.3 million metric tonnes of net capacity was added since 2016. Further capacity expansion is expected based on announced additions, and global PVC capacity could increase by around 3 million tonnes by 2025. The steady addition of new capacity has been outpaced by demand growth causing global average operating rates to increase from 78% 83% between 2016 and 2019, before falling to 74% in 2020 as a result of the impact of the COVID-19 pandemic on global PVC demand. IHS Markit forecasts global operating rates to increase as demand growth (4.6% AAGR 2020-25) outpaces capacity growth (1.1% AAGR 2020-25).

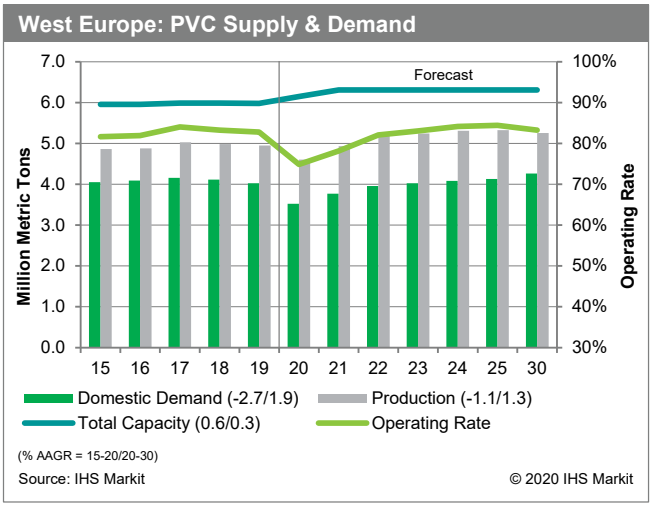
Historically, China has invested significantly in the coal-based route to PVC production via acetylene, which typically carries a lower cost of production than ethylene-based PVC when oil prices are high and ethylene is more expensive. Northeast Asia is a large net PVC exporting region and China is expected to be the main driver of the anticipated export growth for the region within the next 5 years. The main export destinations for Chinese PVC are the Indian subcontinent, the Commonwealth of Independent States ("**CIS**") countries and Southeast Asia. We do not expect to see significant imports of PVC into Europe from China for a number of reasons, including high domestic demand growth for PVC in China, the recent fall in oil prices, transportation and logistics costs, and the fact that PVC grades made from coal-based technology have different characteristics that may not be adaptable to some European end-use

applications, such as films. In addition, coal-based production generates significantly higher greenhouse gas emissions than ethylene-based production, making these imports less attractive in Europe for environmental reasons, including the level of emissions associated with factories using the coal-based process.

North America benefits from low-priced gas from shale gas, but IHS Markit forecasts only minimal capacity expansion (less than 500,000 tonnes) and enhancement of current PVC plants in the United States to serve both domestic and export markets. The largest export market for the region is South America. Other major export destinations include the Middle East and Africa. North America's imports mainly come from intraregional trade, with some specialty grades of PVC imported from Europe and Asia.

By comparison with other polymers, PVC production has developed less in the Middle East due to the need for associated chlor-alkali investment. The Middle East is currently a net importer of PVC, according to IHS Markit, and we expect investment in capacity in the Middle East over the next few years to be more heavily concentrated on ethylene and other polymers. IHS Markit expects any PVC capacity to be oriented toward local demand.

While global PVC production capacity has increased, PVC production capacity in Western Europe declined, through consolidation and restructuring, by around 240,000 tonnes between 2010 and 2020, with average operating rates around 80% during the last five years. Over the next five years, IHS Markit anticipates modest growth in net PVC capacity in Western Europe, mainly from INOVYN. Utilization rates are expected to remain slightly above 80% as the market recovers following 2021.



Source: IHS Markit.

Electricity and ethylene are fundamental precursors to the production of PVC, and each of these has its own market dynamics. The prices for energy and ethylene tend to be volatile. For instance, the price of ethylene used in PVC production is tied to general trends in oil and naphtha prices, which have fluctuated significantly in recent years. Price dynamics for ethylene and electricity can drive PVC production costs and therefore influence margins and prices.

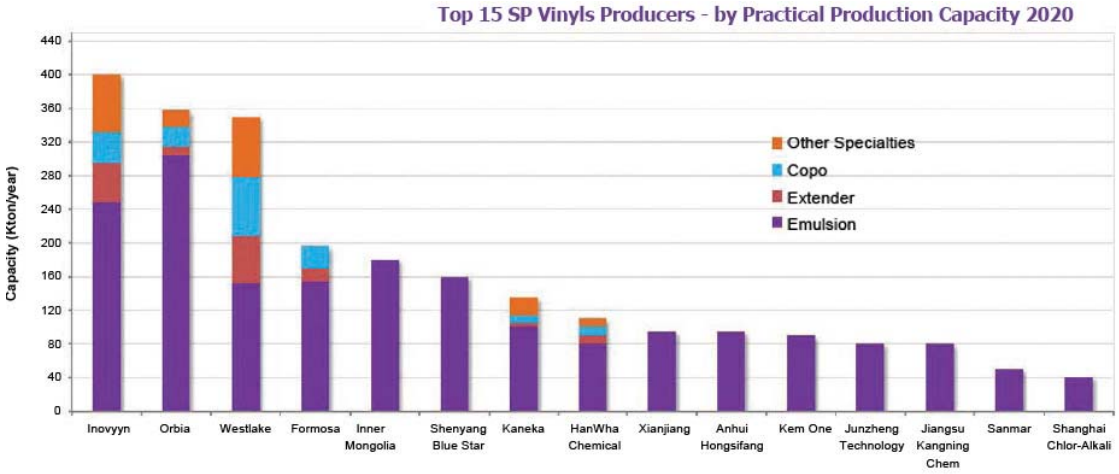
Specialty PVC

Specialty PVC comprises resins produced via emulsion and suspension polymerization. Emulsion resins include microsuspension, miniemulsion, seeded emulsion, latex and nano emulsions. Specialty suspension grades include extenders, copolymers and resins with very high or very low molecular weight and medical grades. In its operations, INOVYN further splits the two main polymerization techniques into 12 sub-technologies that require specific production equipment and know-how. The specialty PVC market is differentiated from the general purpose PVC market by the research and development capabilities, expertise in application innovation and technical support that are required to create new products and successfully compete in the market.

Specialty PVC products are typically sold at lower volumes, based on mid- to long-term development and sales contracts, and can be used in a wide range of applications; for example wear layers of flooring, coated fabrics, furniture, automobile dashboards and clean energy technology. Demand for specialty PVC is mainly driven by innovation and

long-term customer relationships. Europe has more production capacity for specialty PVC (as a proportion of the region's total PVC production capacity) than any other world region. According to IHS Markit, Western Europe is the world's leading exporter of Emulsion PVC (E-PVC) and is expected to remain a net exporter of specialty PVC.

We believe we are the world's largest producer of specialty PVC by production capacity and according to IHS Markit, we are the largest producer of Emulsion PVC (which is emulsion / micro-suspension / dispersion PVC) in Europe. The specialty PVC market is less fragmented than the general purpose PVC market, with three major players in Europe, namely INOVYN,Orbia (Vestolit) and Westlake (Vinnolit).



Source: IHS Markit and internal estimates.

The Caustic Soda Market

Competition in the Caustic Soda Market

According to IHS Markit, global caustic soda production capacity is spread among over 430 different operating companies. The largest entity by capacity as of December 31, 2020 was Olin, accounting for 5.7% of the total world market, with a capacity of 5.6 million dmt per year. In October 2015, Olin Corporation merged with The Dow Chemical Company's U.S. chlor-alkali and vinyl and global downstream derivatives businesses. The Dow Chemical Company retains nearly 2.5 million dmt of capacity outside North America. The second largest entity by capacity is Westlake (including Vinnolit), accounting for 3.5% of the total world market, with a capacity of 3.4 million dmt per year. As of December 31, 2020, INOVYN retained a capacity of 2.1 million dmt per year.

Mainly as a result of high transportation and storage costs, caustic soda produced in Europe is generally sold in Europe. The market for caustic soda in Europe remains highly fragmented, with a number of local producers competing in local geographic markets. We compete with all the major European caustic soda producers (some of which are subsidiaries or divisions of large chemical companies) including Nouryon, Olin, Covestro, Kem One, VYNOVA and Westlake-Vinnolit.

As of December 31, 2020, INOVYN was the largest producer of caustic soda in Europe (Western and Central Europe combined), in terms of capacity, with a market share of 18%, according to IHS Markit. The following table sets forth the top European caustic soda producers (by capacity) as of December 31, 2020, according to IHS Markit.

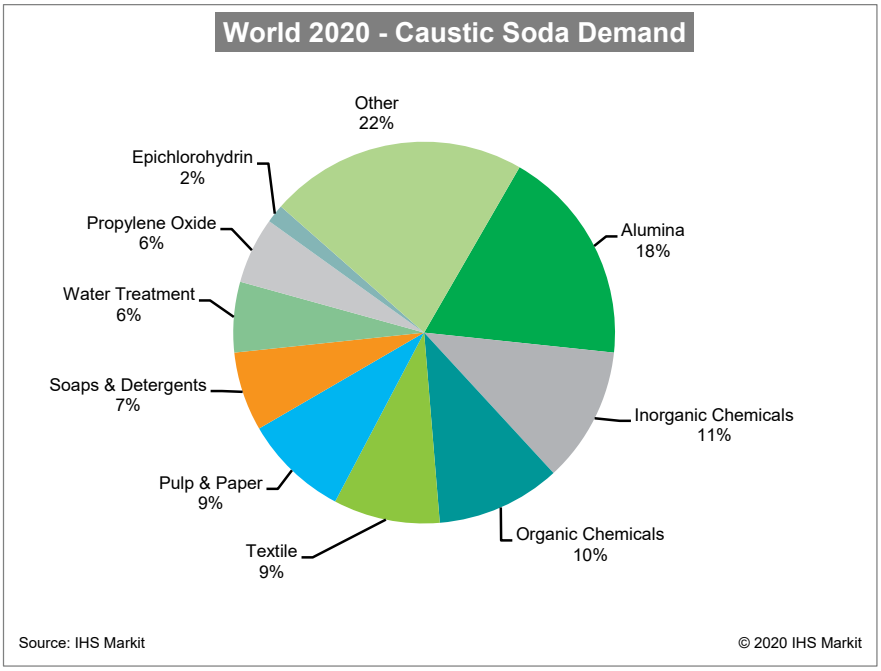
Company	Capacity Share
INOVYN	18%
Olin	17%
Nouryon	10%
Covestro	10%
Kem One	6%
Vynova	5%
BASF SE	4%
Vinnolit Germany	4%
BorsodChem	3%
Vestolit	2%
Others (31)	20%

Source: IHS Markit.

Historically, caustic soda inter-regional trade has been around 9 million dmt annually and is forecast by IHS Markit to reach 10 million dmt per year by 2030. By 2025, the major exporting regions will be Northeast Asia and North America.

Demand for Caustic Soda

Caustic soda is used for a wide variety of applications. According to IHS Markit, global demand for caustic soda in 2020 was 73.7 million dmt and is forecast to increase to 84.7 million dmt by 2025 representing an average annual growth rate of 2.8%.



Source: IHS Markit.

According to IHS Markit, demand for caustic soda is expected to be mainly driven by growth in Northeast Asia, the Indian subcontinent and the Middle East. Demand in Northeast Asia in 2020 was 41 million dmt, and IHS Markit expects it to grow at an average rate of 2.8% per year through 2025. The diversity of caustic soda applications for the manufacturing sectors, and China's industrialization and population growth, are the key drivers for demand growth.

In North America, caustic soda demand is forecast by IHS Markit to grow at a rate of 2.7% per year through 2025. In 2020, 38% of demand arose from use in the chemical industry and a further 15% arose from use in the pulp and paper industry. By comparison, only 38% of global demand for caustic soda was driven by those two sectors in 2020.

According to IHS Markit, the market for caustic soda in Western Europe represented approximately 12% of global caustic soda demand in 2020. In Western Europe, IHS Markit expects demand growth to be 1.4% per year on average through 2025. The organic and inorganic chemical industry is the largest consumer of caustic soda in Western Europe, representing about 44% of the total demand in 2020, and is forecast by IHS Markit to grow at an average annual rate of 1.9% through 2025. Pulp and paper (9% of 2020 demand) is also set to grow annually on average by 2.3% to 2025. This growth is partially offset by, for example, the decline in demand for soaps and detergents manufacturing and the fairly flat demand for alumina production and water treatment in Western Europe.

Supply of Caustic Soda

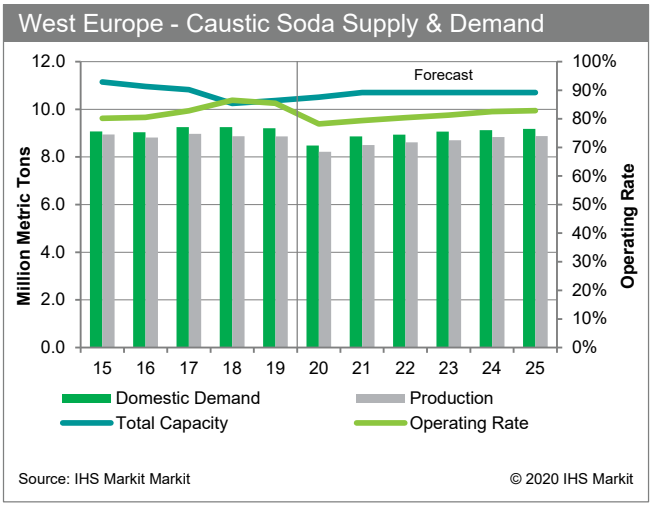
In 2020, global production capacity for caustic soda was approximately 98.7 million dmt per year. Announced capacity additions will further increase global capacities to 101.9 million dmt in 2025. Capacity additions are expected to be mainly in Northeast Asia and the Indian Subcontinent.

Capacity for caustic soda production in China was 44 million dmt in 2020. China is a net exporter of caustic soda. Key destinations for its exports include Australia, Southeast Asia and other Northeast Asia.

The position of the United States as a major exporter of caustic soda diminished some years ago, but this trend has been reversed in the last ten years as access to cheaper gas and electricity has provided the United States with a newly competitive position. North American caustic soda plant capacity in 2020 was approximately 16.2 million dmt per year, and IHS Markit expects net capacity additions of 0.3 million dmt between 2020 and 2025.

In the Middle East, IHS Markit expects caustic soda production capacity to increase to approximately 3.5 million dmt by 2025 from approximately 3.3 million dmt in 2020. The main driver of increased chlor-alkali production capacity in the Arabian Gulf region of the Middle East has been access to relatively low-cost electricity, as electricity is the main input cost for electrolysis of salt.

In Western Europe, the majority of recent capital investments in chlor-alkali and vinyls production capacity have been focused on improved efficiencies rather than increasing net capacity volumes. Annual caustic soda capacity in Western Europe is forecast by IHS Markit to increase by approximately 200,000 dmt to 10.7 million dmt per year by 2025. This follows a number of plant closures which occurred as a result of the need to convert or close all mercury cell capacity in the European Union by December 2017. Not all mercury cell plant owners were able to justify the investment to convert the plants to membrane cell technology. Western Europe is currently a net importer of caustic soda, due to the recent capacity rationalization.



Source: IHS Markit.

Caustic soda markets operate on somewhat different dynamics than those for PVC, the main outlet for the chlorine co-produced during caustic soda production. As discussed above, when economic activity is expected to contract, construction slows and PVC demand typically falls. As a result, less chlorine is produced, and less caustic soda becomes available as a by-product. As a result of the decreased supply of caustic soda, the price of caustic soda tends to rise. Then, typically, six to nine months after an economic slowdown begins, and once the effects of the economic slowdown move beyond the construction sector and reach general industrial production levels, which tend to decline later than construction levels, caustic soda demand falls along with prices. Typically, during periods of economic recovery, the reverse process occurs; anticipated economic recovery spurs construction, with recovery of levels of industrial production occurring later.

Given the nature of the production process, and the legal and practical limitations on chlorine transportation and storage, chlorine is typically produced "just in time" for consumption, and caustic soda supply is primarily determined by the use of chlorine and therefore chlorine containing products, such as PVC. Over the last two decades, there has been a significant change in the balance of technologies used in chlor-alkali production. According to our calculations based on data published by various third-party industry sources, mercury-based technology, which accounted for approximately 24% of global chlor-alkali production capacity in 1997, declined to approximately less than 2% of global production capacity in 2020 and these are due to be phased out by 2025. Membrane-based technology, which was introduced in the mid-1980s, has, for environmental and cost efficiency reasons, increasingly replaced mercury-based technology. In the European Union a voluntary phase-out required producers to close or convert existing mercury cellroom facilities to membrane cellroom facilities by December 2017. For further information, please see "*Business—Safety, Health and Environmental Matters*".

The Chlorine and Chlorine Derivatives Market

We are a leading producer of chlorine in Europe. As a result of their inherently hazardous nature, chlorine and its derivatives are highly regulated by governments. With respect to derivatives, we are principally active in sales of chloroform, methylene chloride, chlorinated paraffins, sodium hypochlorite, HCl and ECH.

Chloroform is used chiefly in the production of HCFC-22, which, in turn, is used as a refrigerant and as a feedstock for fluoropolymers and fluoroelastomers.

Methylene chloride is used in a wide range of solvent applications as well as in pharmaceutical production and some fluorochemical applications. Methylene chloride is traded globally.

Chlorinated paraffins are produced mainly by direct chlorination of straight-chain saturated hydrocarbons in the C_{10}-C_{30} range. By-product HCl is produced and sold on the merchant market. Chlorinated paraffins are used mainly as plasticizers but also as coolants and lubricants for metalworking compounds and as flame retardants. The use of chlorine has dropped in recent years due to the slowdown in the metalworking industry and due to environmental concerns over some grades of chlorinated paraffins used in the plastics processing sector.

Sodium hypochlorite is used primarily in water treatment and the household bleach market and, to a lesser extent, in some industrial applications and residential swimming pools and spas. Because of its ease of manufacture and the large numbers of producers, precise data on production of sodium hypochlorite are generally not available. Sodium hypochlorite markets are generally mature and are unlikely to change significantly in the near term.

HCl is a by-product of many chemical reactions, but is also produced by deliberately burning chlorine and hydrogen together. It is typically sold as a 24-36% aqueous solution and, due to high transportation costs, is typically not transported over large distances to customers. It is used in a wide range of chemical industry applications as a general purpose mineral acid.

ECH is an organochlorine compound and an epoxide. It is a chemical intermediate, mainly dedicated to the manufacturing of epoxy resins used in paints and coatings, composites, adhesives and electronics. It is also used in non-epoxy applications, such as pulp and paper chemicals, water treatment and healthcare products. Global demand for ECH was nearly 18 million tonnes in 2017, with epoxy resins accounting for about 90% of global consumption.

According to IHS Markit, we are the sixth largest producer of ECH in the world and second largest ECH producer in Europe by capacity, but number one in terms of merchant market sales since our competitors consume most of their production, holding a 33% market share of European capacity, as of December 31, 2020. The industry is highly concentrated, with the top three producers accounting for 91% of regional capacity. The largest demand sector for ECH in Western Europe is epoxy resins production, accounting for around 89% of demand in 2018. Western Europe is a net exporter of ECH, with a production capacity of 335 kilotonnes as of December 31, 2020.

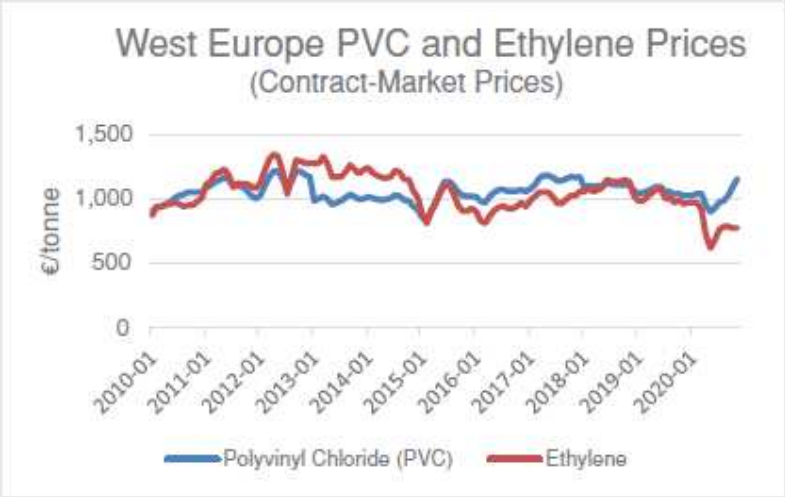
Other Products and Markets

Brine market

We are also active in the brine market. Brine is used as an essential raw material in a wide range of applications by the chemical industry, including the production of chlor-alkali products, white salt for the food industry and for water softening, and soda ash. We and British Salt (Tata) are the only producers of brine in the United Kingdom. British Salt's production is almost entirely for its own internal requirements. Brine production requires significant initial investment due to the costs of obtaining brine fields, drilling bore holes and developing pipeline infrastructure.

Ethylene pricing dynamics

Ethylene prices have historically been generally correlated with prices of hydrocarbon feedstocks, such as crude oil and natural gas. Oil prices declined significantly during 2014, and ethylene prices declined accordingly, although with a time lag caused by ethylene supply difficulties. The combination of firm ethylene demand and a relatively high proportion of unplanned production capacity outages created unusual ethylene market conditions with exceptionally high price levels in Europe during 2014. The exceptionally high ethylene price levels in combination with declining PVC prices resulted in an increased margin pressure for European PVC producers. During 2015, the combination of improving cracker availability and utilization rates in Europe and the Middle East resulted in a decline in ethylene prices in line with the corresponding decline in oil prices. Global oil demand was curtailed by the COVID-19 pandemic in 2020 and prices fell dramatically. The pandemic, and other factors, constrained global PVC production while demand for PVC, particularly for construction, rebounded robustly after the initial global lockdowns, resulting in rising price levels in Europe.



Source: IHS Markit.

The Aromatics Industry

Our Aromatics Business operates in the U.S., Europe and Asia aromatics value chain. Our core sales are derived from Purified Terephthalic Acid ("**PTA**") with the manufacture of Paraxylene ("**PX**") in the United States and Europe being consumed in the production of PTA.

Paraxylene is one of the isomers of dimethylbenzene that is recovered as a value-added product mainly via catalytic reformation in refineries, especially where there is surplus or low value gasoline available (due to favourable spread between mixed xylenes price and PX price) and also via toluene disproportionation and pyrolysis gasoline. According to Wood Mackenzie, approximately 98% of PX is consumed in the production of PTA with much of the rest consumed for the production of Dimethyl Terephthalate ("**DMT**") both of which are used in the production of Polyethylene Terephthalate ("**PET**"). The growth in demand for PX has for many years outstripped demand growth for benzene and toluene and has motivated the use of technologies which are more selective towards PX production and convert other aromatics to PX.

Purified Terephthalic Acid is an intermediate chemical that is produced by the catalytic liquid phase oxidation of PX in acetic acid, in the presence of air. PTA is the primary feedstock for the production of polyester-based products. PTA has no other applications other than being a key component in the polyester polymer production process and on a much smaller level as a component into various specialities. According to Wood Mackenzie, in 2019, 60% of PTA went into production of polyester fibre, 30% into PET resin and 10% into film and specialties, such as powder coatings, polyester resins and plasticisers.

The factors driving PX and PTA prices are largely common between all regions due to the nature of the production process and the global nature of oil and refined product markets, such as crude oil, naphtha and gasoline. Prices are determined by the following factors (i) alternate value of feedstock naphtha and feedstock aromatics (reformate, mixed xylenes and toluene) into gasoline, (ii) prevailing supply-demand requirements both globally and in the region and (iii) the underlying raw material cost structure.

Historically, PX and PTA pricing and spreads has been linked to the performance of the underlying polyester markets, and has also experienced volatility due to crude oil pricing and level of investments in China, with 2020 PX prices less than half of 2014 levels with further impact from lower demand as a result of the COVID-19 pandemic. Based on Wood Mackenzie estimates, PX and PTA pricing is forecast to recover from the trough position in 2020, supported by improved supply-demand dynamics including potential rationalisation of higher cost producers and PET demand growth.

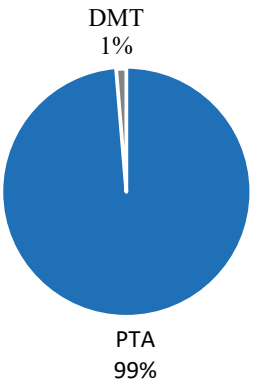
Given the installed capacity, we believe that it would not be possible to substitute PX and PTA for the production of PET. Key substitution risk would be focused around the use of recycled plastic and moving away from virgin polyester polymers, although according to Wood Mackenzie, with the wider issues with collection rate and quality

of waste material means recycle polyester is unlikely to exceed the current level of 12% in the global market in over the coming 10 years.

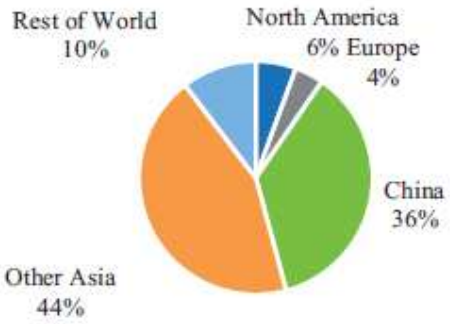
The Aromatics Market

Demand for PX is driven by demand for PTA and in turn driven by demand for polyester production. With the historical and forecast increase in global demand driven by extensive development of the polyester chain in Asia and in particular China, the country has become a critical market for PX as it hosts the majority of global polyester production. As such, PX global trade is dominated by market dynamics which govern the Chinese deficit.

PX demand by application (2020) 46.0mn MT



PX demand by region (2020) 46.0mn MT

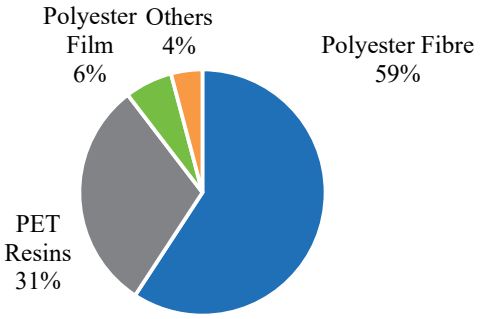


Source: Wood Mackenzie.

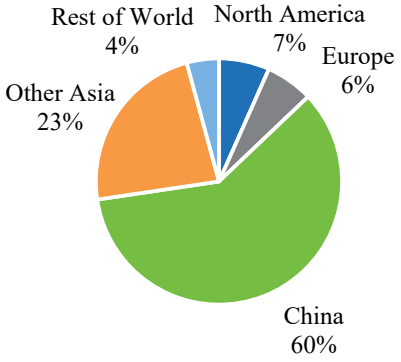
PTA is a granular powder and unlike bulk liquid chemicals, powders require more specialised handling equipment for packaging. Transportation costs for bulk powders also adds to logistics costs, which often means location of production confers significant logistical and cost advantages to the producer.

Deep sea export of PTA has been decreasing over many years as traditional import markets have grown to a size where local investment becomes viable and benefit from the cost advantages associated with deployment of newer, larger-scale technology and which have superior netbacks due to reduced logistics costs for supply to local markets compared with imported product. Investments in such markets often benefit from retaining import-parity pricing mechanisms where the local capacity increase is lower than total domestic demand and imports remain a feature of the supply-demand balance.

PTA demand by application (2020) 67.2mn MT



PTA demand by region (2020) 67.2mn MT



Source: Wood Mackenzie.

Downstream products	Key applications

Polyester Fibre.....	Textiles, upholstery, household appliances, insulation, construction
Polyester Resins	Food and non-food packaging, electronics, powder coatings
Polyester Films.....	Food and non-food packaging, insulation, adhesives, electronics, medical

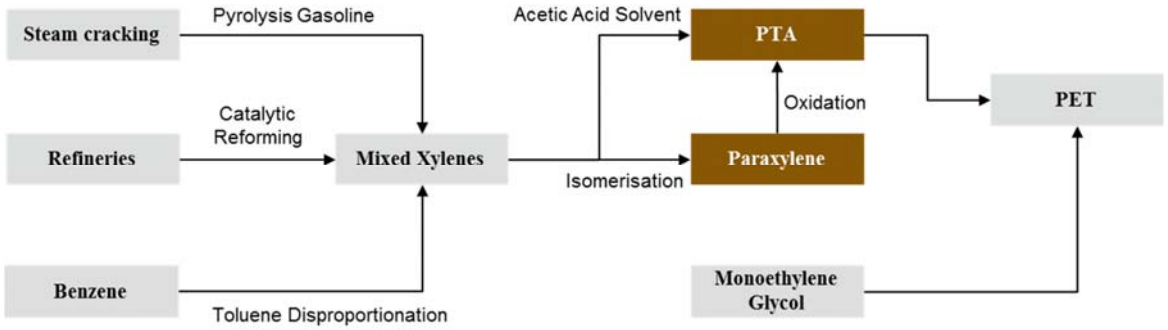
With polyester markets largely mature, volume drivers for PX and PTA will likely be linked to GDP growth, with China and India continuing to be the key growth areas to fuel its polyester fibre industries. As a reference point, given the scale of global demand, a 5% annual growth rate (which has been typical) is equivalent to 3 new world scale plants per annum.

Whilst PET recycling is also expected to temper some of this growth, the current open loop system of recycling requires virgin polyester production to feed the collection and recycling of waste PET (principally PET packaging, as there is little economic chemical recycling capability at present) and this continues to support continued growth of virgin polyester production and consequently demand for PX and PX, albeit at slightly lower levels than seen historically. An increasing absolute amount of recycled PET is forecast to enter the polyester chain, however different regional drivers and wider issues with collection rates and quality of waste material mean that as a percentage of demand, and according to Wood Mackenzie, recycled polyester is unlikely to exceed the current level of 12% in the global market over the coming 10 years.

Production

Feedstocks derived from oil and natural gas feed the polyester value chain, via a range of chemical transformations. Creation of reformate (a major component of gasoline) and pygas (from cracking oil-derived liquids and gas) produce Benzene, Toluene and Mixed Xylenes ("**BTX**"). Mixed Xylenes are subsequently transformed to PX which is recovered, and via a catalytic oxidation process further transformed to PTA. PTA is reacted with Monoethylene glycol ("**MEG**") to produce polyester polymer, which in turn is processed into polyethylene terephthalate ("**PET**") for packaging and sheet applications, and polyester staple fibres and polyester filament fibres for a wide variety of applications.

Aromatics Production Flow



PET production for packaging applications is mostly a sub-regional industry due to the logistical requirements of supplying product to blow moulding and filling consumers. Although PET resin itself can be transported inter-regionally, the pre-formed bottles that they produce have a very low packing density and are therefore expensive to transport any great distance. Such conversion from PET to pre-form bottle for subsequent blow moulding is typically a localised, domestic business

The Aromatics Business's Proprietary PTA Technology

The Aromatics Business holds a leadership position in PTA technology which goes back to the early 1960s when the PTA purification process was invented and key patents were filed by Amoco. Starting with this invention, the Aromatics Business has been licensing, building and operating PTA plants for over 50 years. The Aromatics Business's proprietary PTA technology has progressed through many evolutions and over the past 10 years the Aromatics Business has continually reduced the conversion costs of its existing PTA assets by applying new technology and lessons learned. This technology has also helped to achieve lower required raw material costs and lower capital expenditure on building plants.

The Aromatics Business's PTA technology has been recognized as delivering excellent environmental performance. The process integration, recycle loops, and energy recovery elements of the Aromatics Business's PTA

technology result in a 33% reduction in raw water usage, and an 87% reduction in water usage. In addition, the Aromatics Business estimates that its latest generation PTA technology delivers 65% fewer greenhouse gas (GHG) emissions, 75% less water discharge and 95% less solid waste for disposal than conventional PTA technology of the 1990s. Some examples where the Aromatics Business technology reduces the greenhouse gas footprint and waste emissions are:

- A highly efficient anaerobic reactor which converts waste to fuel;
- Internal recycle of the PTA mother liquor streams to reduce wastewater flow and recover energy;
- A highly efficient Catalyst Recovery unit to recover catalyst metals allowing direct re-use without a third party reclaimer; and
- Efficient heat integration to minimize the burning of fossil fuels to produce high pressure steam

The Aromatics Business's Double Reslurry Paraxylene Recovery Technology (Double Reslurry pX Recovery Unit)

The Aromatics Business is one of the global leaders in Paraxylene technology accounting for over 5% of global PX capacity, and owns and operates multiple PX production units. The Aromatics Business has been a leader in the development of PX production technology for over 50 years. Since 1967, the Aromatics Business has produced PX utilizing its own proprietary crystallization process. Since the early 1980's, it has used its own proprietary isomerization catalysts. Over the years, the Aromatics Business continuously improved the technology with a sustained research and development effort encompassing isomerization, fractionation and crystallization. In addition, the Aromatics Business has implemented advanced control and real time optimization systems at all its PX manufacturing facilities.

The Aromatics Business's unique recovery section employs a breakthrough single crystallization step, and provides advantages in energy consumption and feed impurity tolerance. The inherent energy advantage of crystallization compared to competing selective adsorption processes is clear given the heat of fusion of PX is less than half the heat of vaporization. After adjusting for differences between the per-pass recoveries of crystallization and selective adsorption, the energy required to recover a given amount of PX using this technology is substantially lower than that required using selective adsorption.

The crystallizers can tolerate feeds with higher impurities compared to selective adsorption. This allows a single, lower pressure, lower reflux Xylene Recovery Column, a proprietary fractionation scheme and novel heat integration between the fractionation and isomerization sections. In addition, no investment in expensive adsorbents is needed.

The isomerization step employs the Aromatics Business's latest generation catalyst system, HSDE (High Selectivity Deethylation). This non-noble metal system features very low aromatic ring loss, high nonaromatic cracking activity, close approach to xylenes equilibrium, cycle lengths of five years, cumulative life of more than 10 years, tolerance of high levels of feed non-Aromatics, and ready recovery from exposure to sulphur and other potential poisons. The Project will realize a significant savings as no investment in precious metals will be required.

The Aromatics Business's crystallization technology can process mixed xylenes from Reformate and the toluene / C9+ transalkylation stream of the TA (Transalkylation) Technology. Among its primary benefits are low energy consumption and a small carbon footprint in terms of low direct CO2 emissions. Both benefits are of growing significance given the future likelihood of taxes or caps on carbon.

Competition in the PTA Market

PTA markets are well consolidated in North America and Europe, however, due to its duty free status and over-capacity, South Korea is a significant competitor in Europe and increasing its influence in North America.

Asia is dominated by Chinese producers with the 2 largest players in China accounting for nearly 50% of the Chinese capacity. Competition is driven by companies with merchant PTA length based primarily on producers' product prices, location and reliability of supply. Our primary competitors in PTA are:

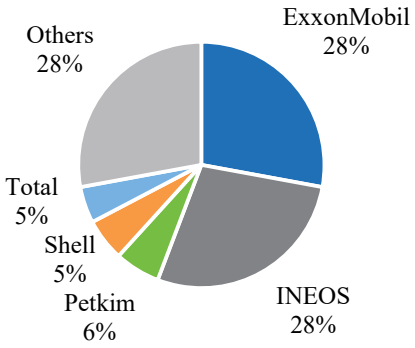
- in Europe, Indorama and PKN Orlen and imports from Hanwha and Taekwang for PTA
- in North America, Indorama, DAK Americas and Eastman

- in Asia the 2 biggest players are Yisheng and Hengli as global #1 and #2 producers based in China

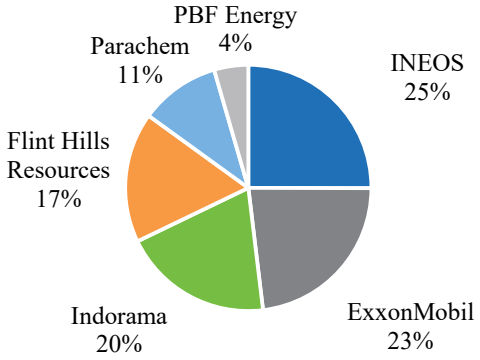
The following charts set forth the major PX and PTA producers and their market shares in 2020. According to Wood Mackenzie, we are the largest PX player in U.S. and second largest in Europe and also the largest PTA player in U.S. and Europe in 2020.

PX and PTA Capacity Shares

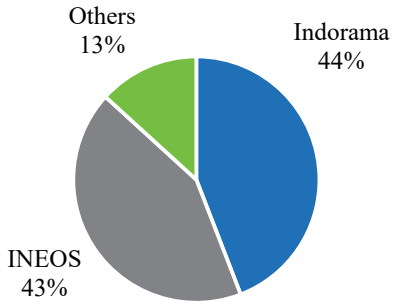
European PX capacity (2020) 2.5mn MT



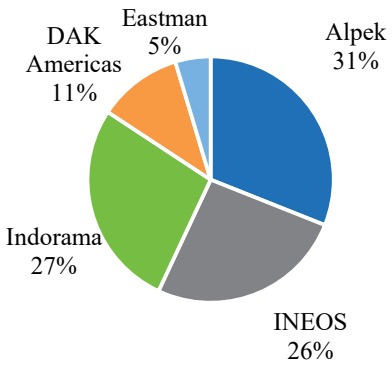
North American PX capacity (2020) 3.8mn MT



European PTA capacity (2020) 3.3mn MT



North American PTA capacity (2020) 5.4mn MT



Source: Wood Mackenzie.

Price setting for PX and PTA

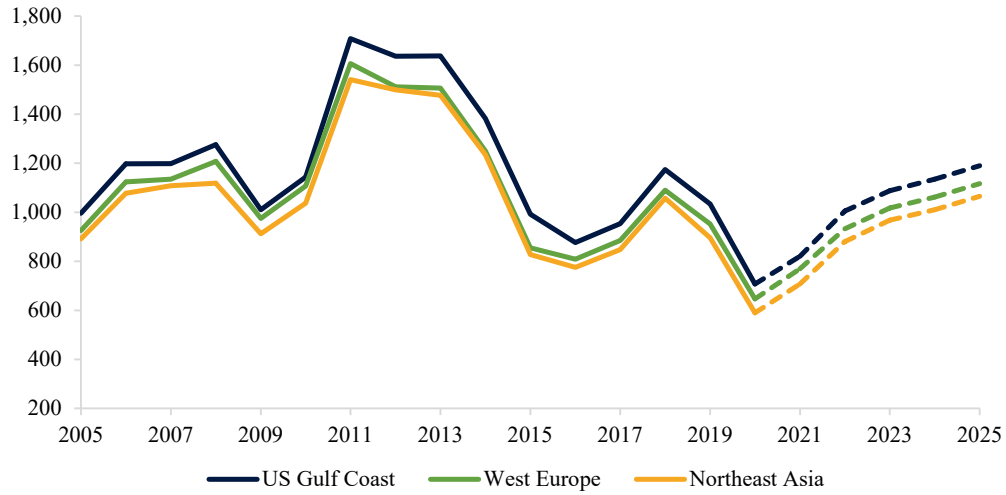
China's polyester fibre market serves as a benchmark hub for polyester polymer pricing and global pricing mechanisms reflect the desire of local and regional marker prices to track China prices for polyester intermediates feedstocks at, or close to parity to ensure competitiveness in polyester production process economics.

Pricing for PX is largely common between regions but with some influence from settled pricing in China. In China, pricing is set based on a combination of the daily spot PX market and the monthly contract price nominations made by leading PX producers to their major consumers, typically 10 days before month end. Major consumers then counter-nominate their preferred monthly price and negotiation follows, with the monthly price settled once two major sellers independently agree the same price level with two of their major consumers and then used as a benchmark price. In the last few years the contract price process has broken down with contract prices rarely settling leaving the market to be set by the monthly average of the spot market. In Europe and the United States, there is not a liquid spot market and so a similar contract setting process convention is in place but there are fewer buyers and sellers in the process and buyers and sellers are also influenced by price dynamics in Asia who then try to negotiate comparable net price levels to ensure a competitive cost base for PTA production. However, local market dynamics will often differ in terms of supply-demand

and feedstock valuations, and therefore regional market prices may track Asia prices to a degree but can also differ quite markedly due to local market factors.

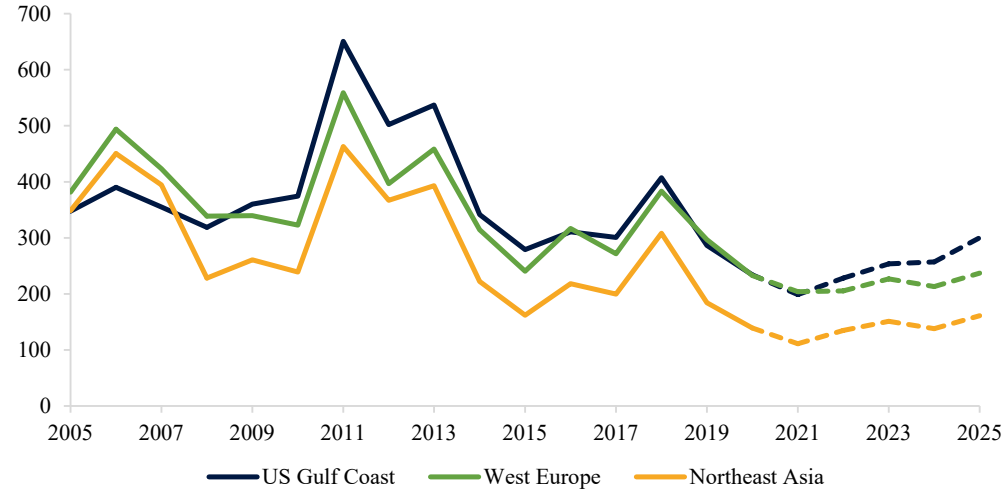
Pricing for PTA is similarly aligned on a regional basis. In Asia, the China domestic PTA contract price is the reference price for domestic contract settlements amongst Asian countries and set at the end of a calendar month by Sinopec. Pricing typically reflects the spot average of PTA spot sales in RMB terms for the calendar month. Given the significance of China in PTA and polyester products globally, PTA pricing in China is the de facto global benchmark. Both European and United States PTA contract prices are determined on a monthly basis to reflect any change in the PX contract price element. The overall pricing structure of European and United States contracts aims to be competitive to Asian sources. As a consequence, changes in China's PTA or polyester prices can influence the price setting mechanism to ensure local competitiveness against import material.

PX Pricing ($/MT)



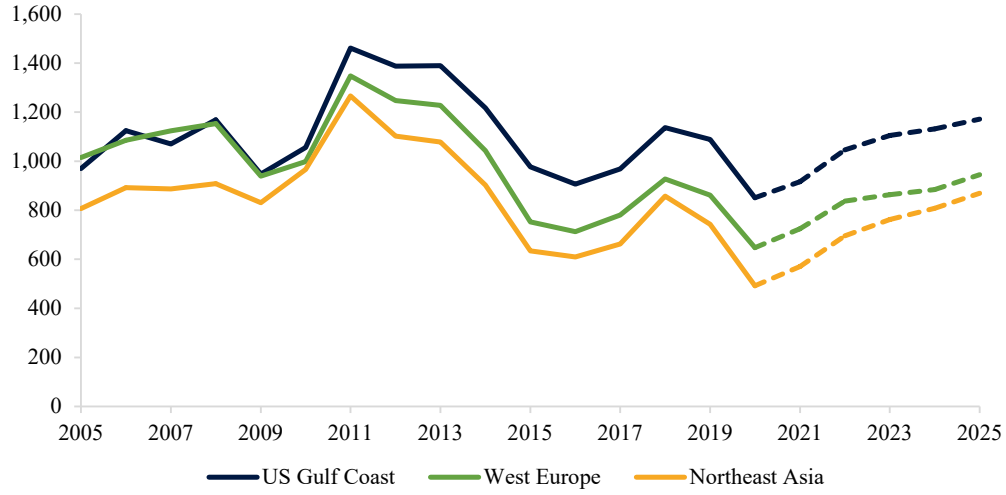
Source: Wood Mackenzie.

PX – MX Spread ($/MT)



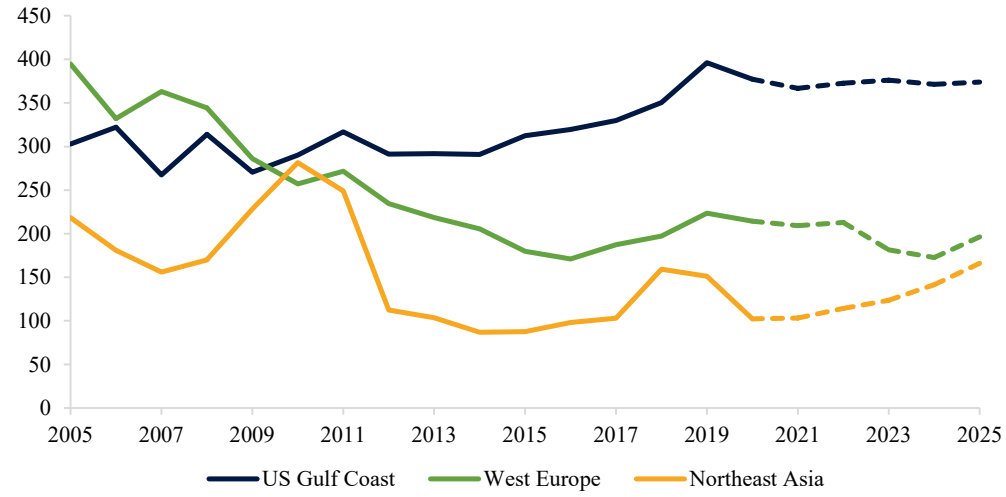
Source: Wood Mackenzie.

PTA Pricing ($/MT)



Source: Wood Mackenzie.

PTA – PX Spread ($/MT)



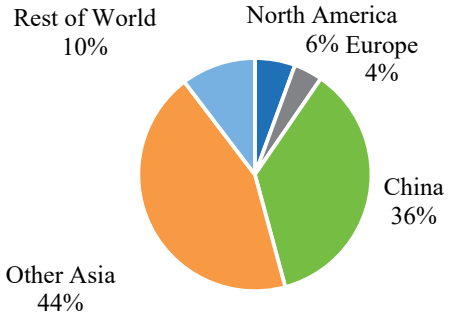
Source: Wood Mackenzie. Note: US Gulf Coast: PTA – 0.67 PX spread, West Europe: PTA – 0.67 PX spread, Northeast Asia: PTA – 0.66 PX spread.

Supply, Demand and Utilization Rates for Paraxylene

Global PX capacity is heavily concentrated in Asia, driven by the largest PTA and polyester market in China. According to Wood Mackenzie, PX capacity in 2019 totalled approximately 58.9mn MT. By capacity share, China, North America and Europe made up approximately 36%, 6%, 4% of total capacity respectively.

There is an increasing amount of interest for a more integrated operating model in refining/crude-petrochemicals. This is particularly evident with the new PX capacity being added in China driven by ambitions of self-sufficiency for PTA production to the PET industry. China continues to be the most significant net importer of PX with major suppliers to China primarily neighbouring markets as well as South East Asia and the Middle East. According to Wood Mackenzie, China's PX imports reached an all-time high of 16.5mn MT in 2018, although has come down to 15.6mn MT in 2019 and depending on the successful commissioning of domestic PX capacities could see net imports reduce further. However, the addition of new domestic PX supply is likely to put pressure on existing PX producers and according to Wood Mackenzie, will likely see asset closures and rationalisations at sites with poorer economics, limiting the rate of effective capacity additions in China and thus the reduction of net imports.

Global PX Capacity (2020) 67.8mn MT



Source: Wood Mackenzie.

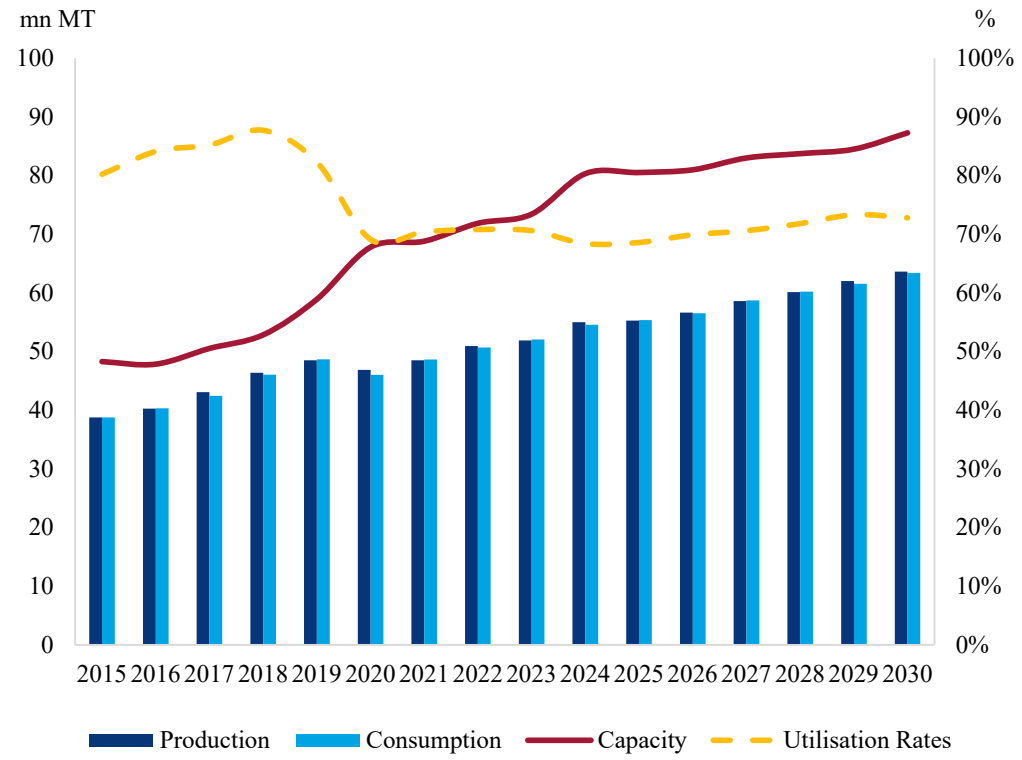
According to Wood Mackenzie data, between 2015 and 2019, global capacity in the PX market increased strongly, posting 5% CAGR over the period, driven by large capacity expansions in North East Asia. Demand in the PX market grew at a slightly faster pace 6% per annum, and also saw a slight increase in utilisation rates. In 2020, capacity grew at a significant pace at 15% versus 2019, while demand cooled with a contraction of 5% versus 2019, largely stemming from Asia, and driven by the subdued economic backdrop and lockdowns associated with the COVID-19 pandemic.

According to Wood Mackenzie, from 2020 to 2025, PX consumption growth is expected to slow to just 3.8% CAGR and tapering to 2.7% CAGR over the next five years due to a maturing of the polyester market and slowing economic growth in China in particular.

Wood Mackenzie data shows that between 2015 and 2019, PX utilisation rates stood around 80.2% in 2015, increasing to 82.3% in 2019 driven by the backdrop in China. With structural oversupply across the polyester chain, utilisation rates are expected to come down significantly from the peak seen at 87.7% to an average of 70.7% in the next decade.

Based on industry experience and views from various third party data providers, management expects that overall supply and demand balances continue to be dragged by China, with Europe expected to balance out (subject to new investments in Turkey that may not proceed given current macroeconomic conditions), and North America to see tighter market conditions. In the next few years, according to Wood Mackenzie, capacity additions should eventually slowdown and will see a rationalisation of higher cost producers in China and encourage an improvement in utilisation rates.

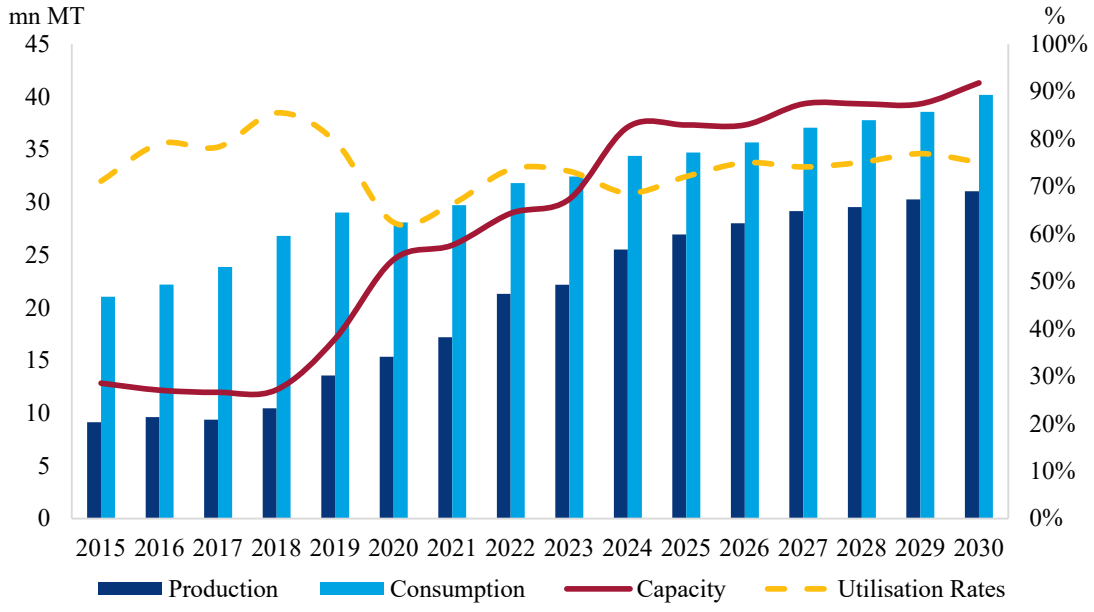
Global Production, Consumption, Capacity and Utilisation Rates for PX (2015-2030)



Source: Wood Mackenzie.

Below is a discussion of PX supply, demand and utilization rates in China, Europe and North America.

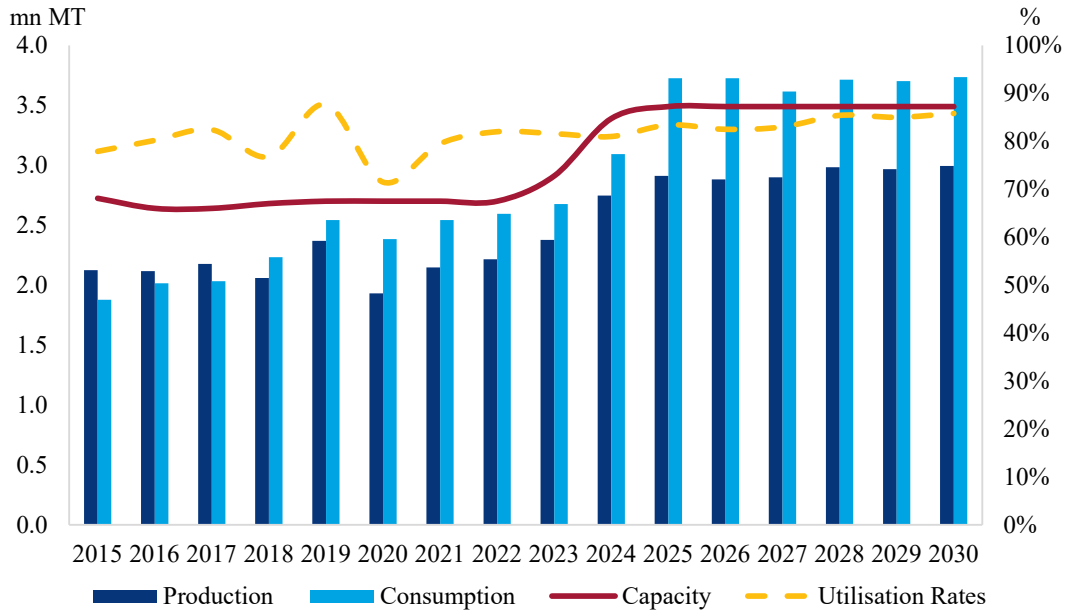
China Production, Consumption, Capacity and Utilisation Rates for PX (2015-2030)



Source: Wood Mackenzie.

China. According to Wood Mackenzie, demand for PX is expected to grow at similar levels on an absolute basis, but given the large installed base, on a relatively slower rate. PX consumption growth over the past 5 years has been around 8.4% per annum from 2015 to 2019 with some acceleration in 2018 due to the China waste ban. Over the next 5 years, PX consumption growth is forecast at 4.3% per annum from 2021 to 2025 and maintain over the next decade. Producers in the Middle East and other neighbouring Asian countries to China have historically built capacity to serve the Chinese market given its significant net importer status. With China becoming more self-sufficient, there is excess supply coming from these export platforms who do not have the integrated PTA infrastructure and fewer customers. Capacity rationalization in the next decade will be focused in Japan, Korea and smaller and less-efficient Chinese producers.

Europe Production, Consumption, Capacity and Utilisation Rates for PX (2015-2030)



Source: Wood Mackenzie.

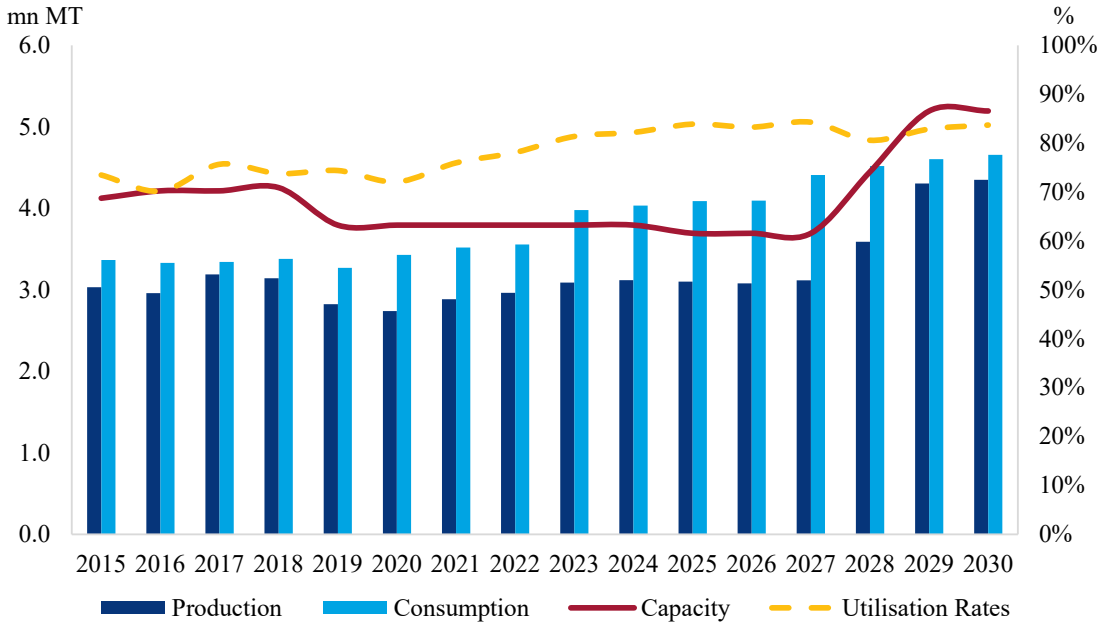
Europe. According to Wood Mackenzie, Europe PX capacity is expected to remain broadly steady at around 2.7mn MT in the next couple of years, which is at 4% of global capacity.

PX producer economics is expected to remain challenged, partly due to the global PX oversupply. While there is some risk of some refinery asset closures, particularly in the next five years, many of the PX units sit within relatively competitive refining assets. Therefore, Wood Mackenzie is not forecasting any rationalisation of PX production in Western Europe. In Eastern Europe, Wood Mackenzie expect an 80 kilotonnes unit in Belarus to close at the end of 2023, but this will be offset by a 100 kilotonnes de-bottleneck in Poland in 2025.

According to Wood Mackenzie, PX production in Europe is expected to be curtailed by 17% in 2020 versus 2019 and will take until 2023 for production levels to return to where they were prior to the COVID-19 pandemic. Utilisation rates had averaged 81% between 2015-2019 before dropping to 71.5% in 2020, but will be expected to rebound to around the mid-80s and be sustained at this level in the longer-term, with Europe's asset base relatively streamlined and sitting alongside Europe's more competitive refining assets. INEOS portfolio are well positioned and benefit from full integration into PTA, with the assets operating at utilisation rates in the high 90% levels.

Consumption is expected to decline by 6% in 2020 but still remain at above the average levels between 2015-2019 but to recover to 2019 levels by 2021. Overall, the growth rate for Europe will average 9.3% per annum over 2020-2025. Recovery in demand will be supported by continued exports of PX to the United States, which Wood Mackenzie expect to remain net deficit of PX over the forecast period.

North America Production, Consumption, Capacity and Utilisation Rates for PX (2015-2030)



Source: Wood Mackenzie.

North America. According to Wood Mackenzie, North America capacity is expected to remain stable at around 3.8mn MT, which equals to just over 5.5% of global capacity. Production economics are forecast to stay under pressure through the middle of this decade before recovering post-2025.

The proportion of domestic PX demand filled by net imports has risen to almost 25% in 2020, signalling the region's increasing reliance on imported volumes. According to Wood Mackenzie, this trend is expected to continue over the next several years, accelerating after Corpus Christi Polymers comes online in 2023, although this start date is highly speculative and could be delayed.

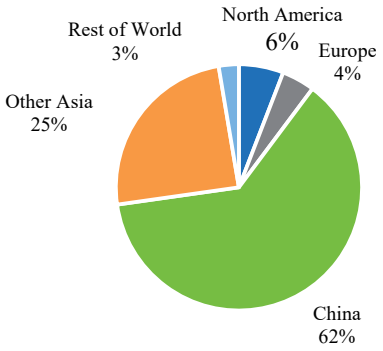
According to Wood Mackenzie, PX consumption in 2020 is forecast to rise 160 kilotonnes versus 2019, climbing 5% due to rise in derivative demand averaging 3.8mn MT through 2025, up 500 kilotonnes per annum versus 2019, driven by the gradual recovery in the global economy. Wood Mackenzie also expect that increased domestic consumption of PX from the Corpus Christi Polymers PTA/PET project will eventually incentivise PX capacity growth. However, with the lower oil price environment, it is increasingly difficult to justify these types of investments and so have pushed back a hypothetical in region PX capacity expansion to 2028.

Supply, Demand and Utilization Rates for Purified Terephthalate Acid

Global PTA capacity is distributed among the three major regions. According to Wood Mackenzie, PTA capacity in 2020 totalled approximately 92.1mn MT. By capacity share, China, North America and Europe made up 62%, 6% and 4% of total capacity respectively.

China dominates the global PTA industry, both in terms of scale and impact of feedstock and product pricing at all points along the polyester value chain by virtue of its scale of consumption and production. India is the next most important fibre producer, although at an order of magnitude below China. After this, sub-regional markets such as Turkey and Pakistan have relevance as a consequence of their large and growing exposure to global fibre markets. Outside China and India, Asian markets typically focus on PET for packaging and their domestic fibre industries can struggle to compete with large scale polyester fibre imports from China. Western hemisphere markets lost much of their competitiveness in fibre production in the 1970-1980 period, and now generally produce speciality, low volume, higher value-add technical fibres.

Global PTA Capacity (2020) 92.1mn MT



Source: Wood Mackenzie.

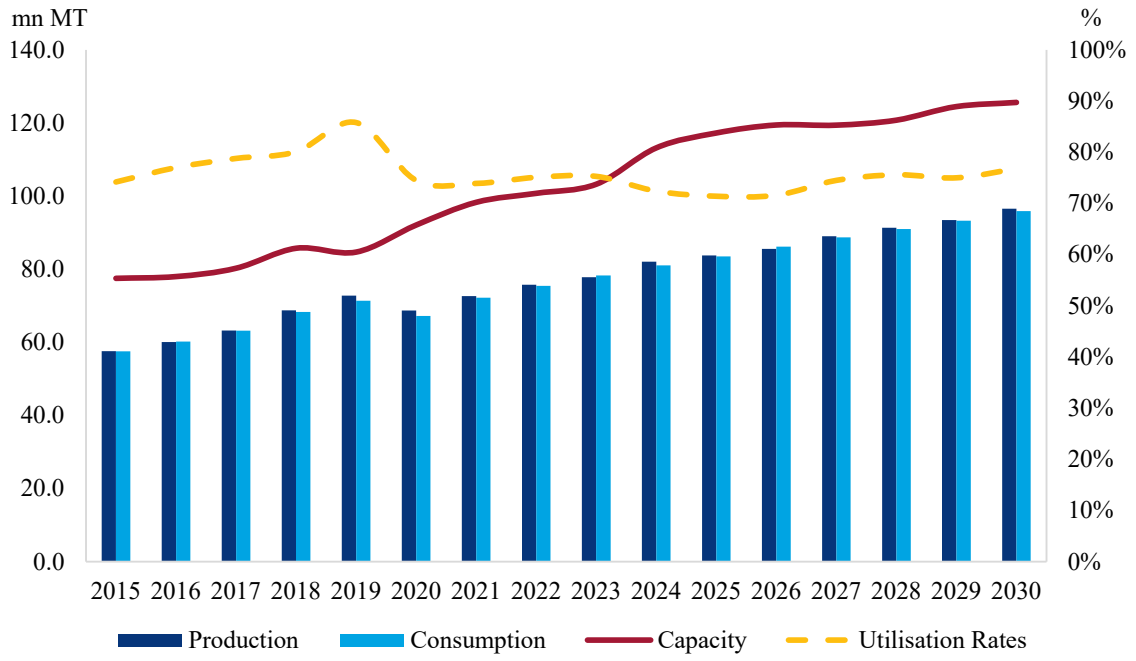
According to Wood Mackenzie data, between 2015 and 2020, global capacity in the PTA market increased strongly, posting 3.5% CAGR over the period, driven by significant capacity expansions in Asia. Demand for PTA market also grew albeit at a slightly slower pace of 3.2% per annum.

Global PTA consumption reached 71mn MT on the back of robust demand growth in key markets such as China, India and Turkey. In 2020, consumption is expected to decline by 5.8% over the previous year, impacted by slower global economic growth as well as the COVID-19 pandemic which depressed demand growth into negative territory for the first time since the Great Recession in 2008. The reduced consumption in the Fibres sector is most obvious, slipping below 40mn MT to levels last seen in 2017. The relative resilience among the non-fibres sectors is cushioning the dip in overall consumption with PET demand for PTA at 20.4mn MT in 2020 slightly below 20.6mn MT in 2019 and demand from export chip, film and others broadly in line with 2019 levels. According to Wood Mackenzie, the recovery by 2021 should be relatively sharp with demand for PTA more than outstripping what would have been lost the year before, hitting just above 72mn MT mostly driven by recovery in demand from the Fibres segment, which should see consumption spiking to 43mn MT. Total consumption is expected to reach 81mn MT in 2024 and continue to rise to 91mn MT in 2028, implying a CAGR of 2.9% from 2018 to 2028.

According to Wood Mackenzie, capacity is projected to grow by 17.5mn MT from 2018 to 2023 with another 7.6mn MT by 2028. China alone will add 24.8mn MT over this 10-year period, representing 87.7% of total new capacity. Global PTA production is projected to grow at 2.5% per annum and reach 78mn MT by 2023, as a result of expectation of a further round of asset closures. Over the subsequent five-year forecast period, production is projected to grow at a faster rate of 3.3% per annum driven by additions in China, partially due to bigger capacities becoming more widely accepted, and ease of technology transfer and credit availability.

Wood Mackenzie data shows that between 2015 and 2019, PTA utilization rates grew from 74.2% in 2015 to 85.8% in 2019, helped by surge in demand and consolidation of less competitive assets. This effect was short-term with the significant capacity additions in China, which led to producers cutting back production also a result of weaker consumption from the COVID-19 pandemic with 2020 utilisation rates expected to come down to 74.5%. Longer term, Wood Mackenzie expect to see utilisation rates to only see moderate increases to around 77% at the end of the decade.

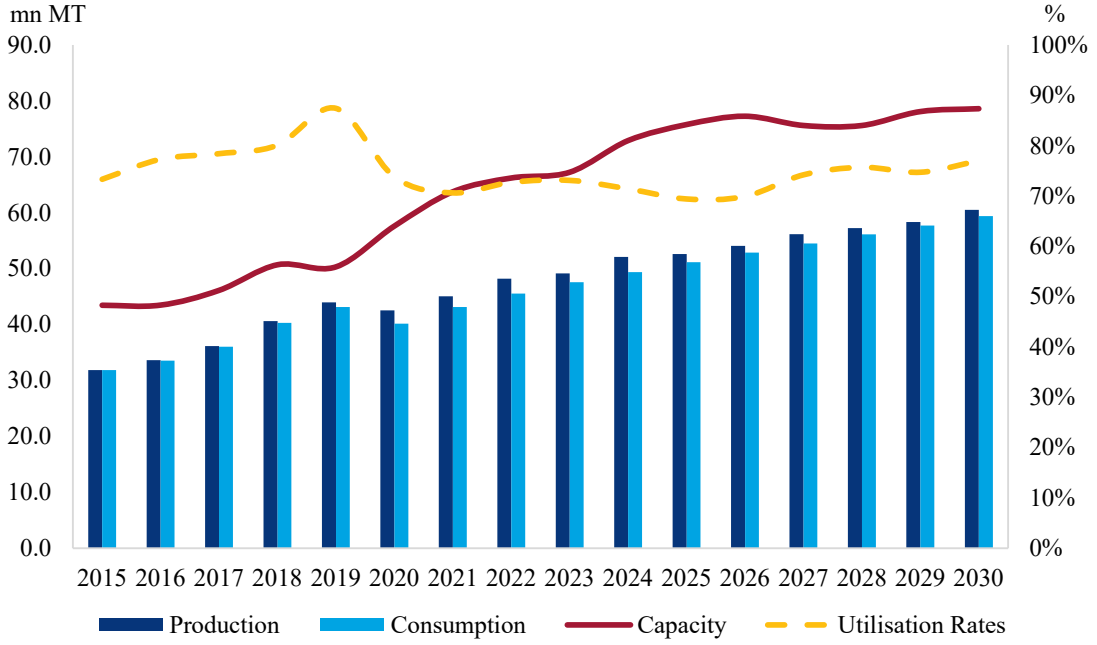
Global Production, Consumption, Capacity and Utilisation Rates for PTA (2015-2030)



Source: Wood Mackenzie.

Below is a discussion of PTA supply, demand and utilization rates in China, Europe and North America.

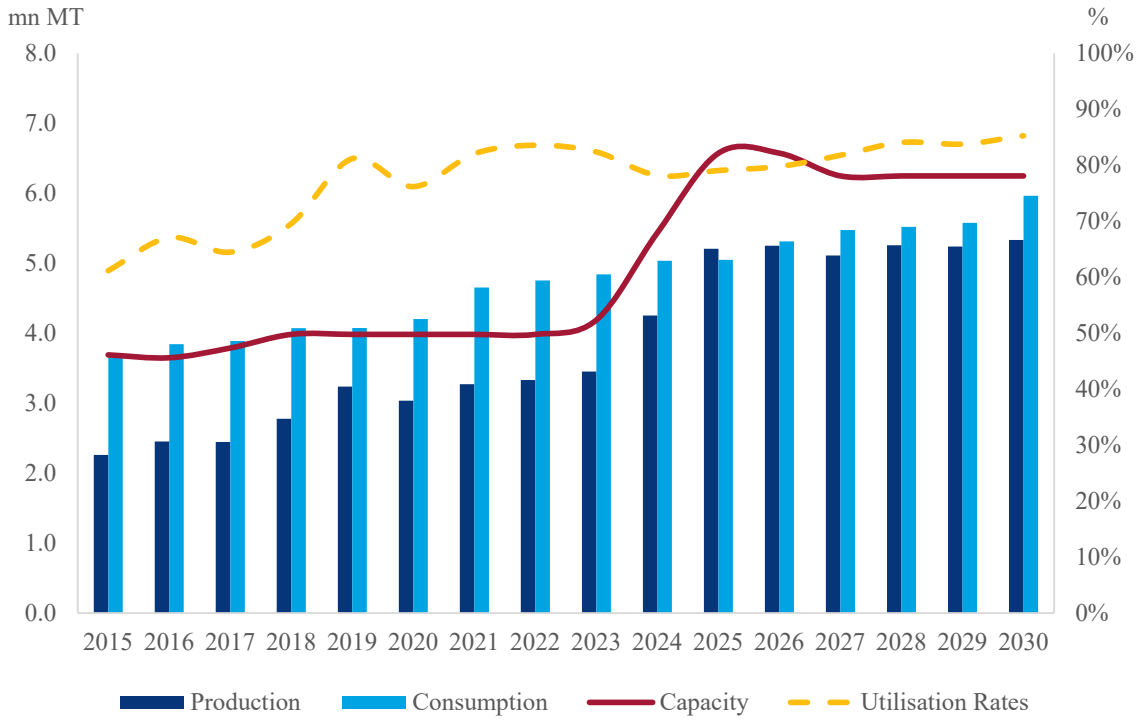
China Production, Consumption, Capacity and Utilisation Rates for PTA (2015-2030)



China. Utilisation rates in China had grown from 73.3% in 2015 to 87.4% in 2019, as a result of a tightly balanced PTA market. However, the wave of additional PTA assets particularly from the top-five producers such as Hengli and Yisheng who have back-integrated into aromatics refining has encouraged operators to scale back production

due to capacity growth outpacing downstream demand recovery, with an expected 15.3mn MT of capacity being added from 2020 to 2024 whilst demand for PTA is only expected to recover by 9.2mn MT in the same period. With structural oversupply across the polyester chain, utilisation rates have reduced to 73.8% in 2020 and expected to stagnate in the low 70% region. According to Wood Mackenzie, significant consolidation in China's market should be on the way, particularly for standalone and old PTA lines for smaller private firms, whilst those with downstream assets are expected survive.

Europe Production, Consumption, Capacity and Utilisation Rates for PTA (2015-2030)

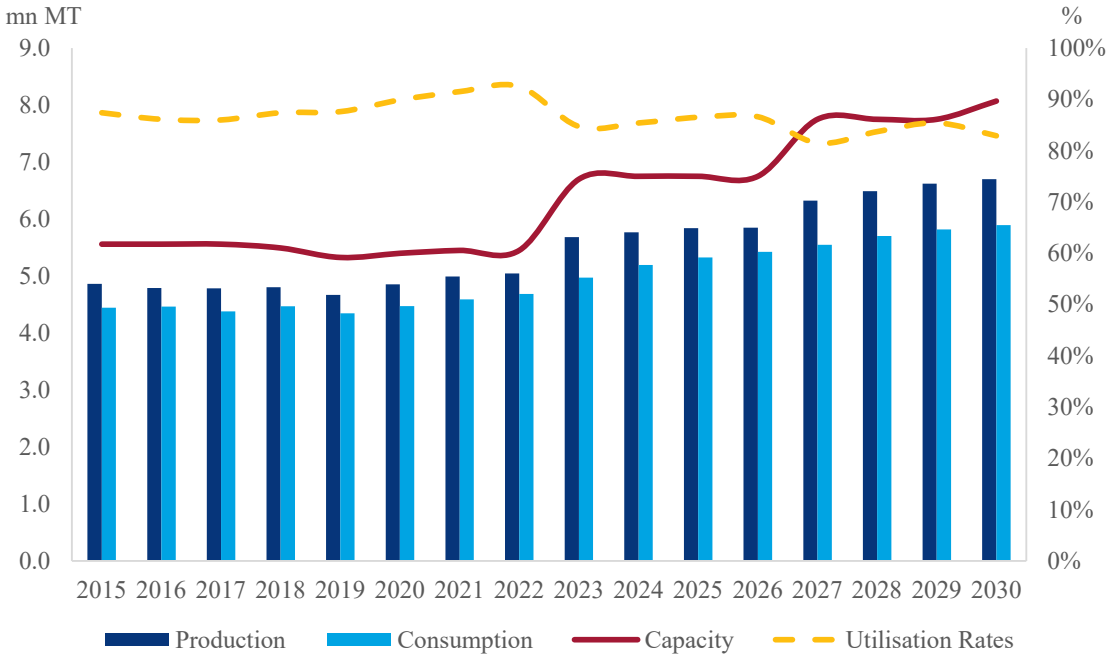


Source: Wood Mackenzie.

Europe. According to Wood Mackenzie, PTA capacity is expected to be broadly static at around 3.9mn MT through to 2023, with new capacity slated to come onstream in Turkey via two projects, each adding 1.25mn MT additional capacity. Wood Mackenzie do not anticipate further investment in the region until post-2030 where there may be speculative new capacity in Lithuania.

PET demand accounts for about 70% of all PTA consumption in the region. Demand for PTA into PET resin has generally remained buoyant throughout most of Europe during the pandemic, although countries in Southern Europe have been harder hit due to the loss in tourism, a key driver for PET growth. The desire to mitigate risks during the COVID-19 pandemic has also shortened supply chains and increased reliance on domestic production.

North America Production, Consumption, Capacity and Utilisation Rates for PTA (2015-2030)



Source: Wood Mackenzie.

North America. Over the next five years from 2020 to 2025, regional PTA production is projected to grow at a 3.8% per annum rate, with growth accelerating in 2023 after the new Corpus Christi Texas PTA plant is operational. Regional PTA consumption is projected to also grow at an approximately 3.6% per annum over this period, led by growth in the PET resin sector. Over the subsequent five year forecast period, regional PTA production and consumption is projected to grow at a more modest 2.8% and 2.0% per annum rate, respectively, as markets continue to mature.

Regional PTA consumption is dominated by the PET resin sector. According to Wood Mackenzie, in 2019, the PET resin sector accounted for 73% of total PTA consumption, similar to 2018. With a 2.9% per annum projected growth rate led by the 1.2mn MT expansion at Corpus Christi Texas, the PET resin sector's PTA market share will grow to 74%, staying in that market share range through 2030.

According to Wood Mackenzie, between 2020 to 2030, polyester fibre, film and chip / other resins respective shares are projected to equal approximately 14%, 5% and 7% by 2030 as growth slows relative to the PET resin sector. Recycled usage will also increase in both the PET resin sector (chemical recycling) and fibre sectors (mechanical recycling) which will impact regional PTA consumption.

PET demand has remained strong throughout the pandemic with a shift from bulk food packaging to consumer sized packaging, a demand spike due to hoarding when initial lockdowns were announced and significantly higher than normal demand in the fourth quarter.

PTA demand into fiber (apparel, soft furnishings) and into construction and automotive applications was hit hard in the second quarter but has recovered to near normal levels by the end of the year.

The Acetyls Industry

Our Acetyl business operates in the acetic acid value chain. Our core products include (i) acetic acid, (ii) acetate derivatives like acetic anhydride, ethyl acetate (**"EtAc"**), and vinyl acetate monomer (**"VAM"**). In addition, we also have access to methanol production at our Atlas JV in Trinidad and Tobago. Key end markets served include building and construction, paints and coatings, cigarette filters, washing powders, automotive glass, PET bottles, polyester film/fibre, and herbicides and preservatives. We are the second largest acetic acid producer globally and largest acetic anhydride producer in Western Europe, as per IHS Markit.

Acetic acid is a commodity chemical that is primarily produced by the carbonylation of methanol (using methanol and carbon monoxide). While it is traded globally, its transport requires specific measures due to its corrosive nature. As per IHS Markit, global acetic acid demand was approximately 14mn MT in 2020, with approximately 30% of the demand stemming from the production of VAM, approximately 25% from Purified Terephthalic Acid (**"PTA"**), approximately 20% from acetate esters and approximately 15% from acetic anhydride.

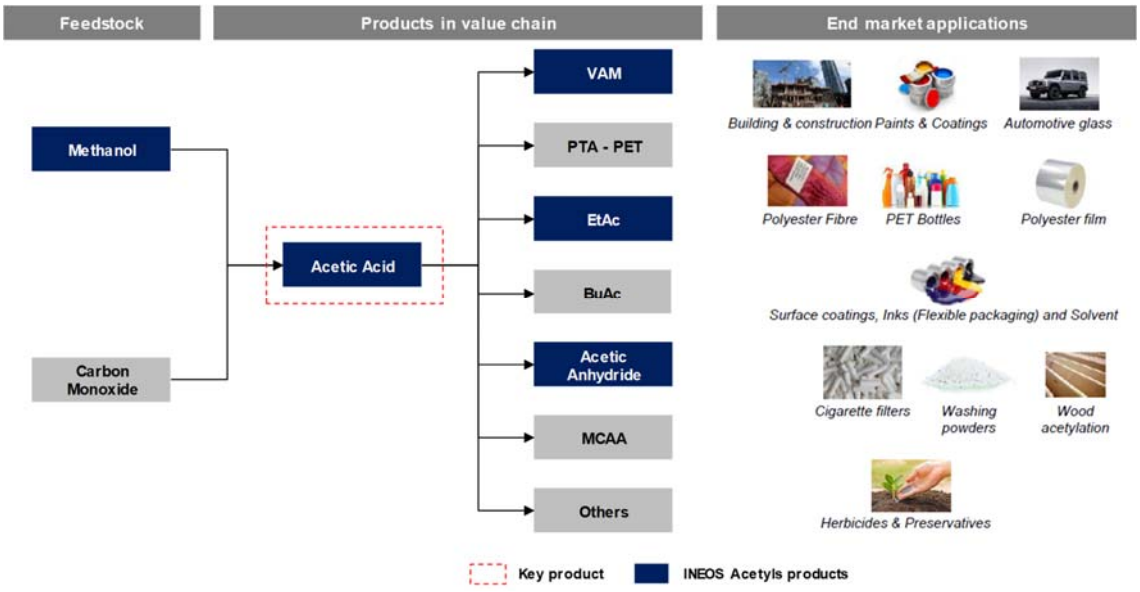
Acetic anhydride is a colorless liquid with a sharp odor and strong lachrymatory properties (causes tears). The major end uses are in cellulose acetate flake (which is mainly used to make cigarette filter tow), pharmaceuticals, and tetraacetylethylenediamine (**"TAED"**—used as a bleach activator in laundry detergents and for paper pulp). IHS Markit estimates world demand at approximately 2mn MT in 2020, with over 55% used to make cellulose acetate flake. IHS Markit expects global acetic anhydride demand to grow at 4% on an annual basis during 2020-25.

VAM is a colorless, flammable, volatile liquid. IHS Markit estimates VAM demand at 6.2mn MT in 2019, with approximately 35% of demand from polyvinyl alcohol and polyvinyl acetate each. The primary end markets include paints, adhesives, textiles and safety glass sheet for automotive and architectural applications. The top 5 producers account for over 55% of global capacity in 2019 on effective shareholding basis.

Production of PTA accounts for approximately 25% of global acetic acid demand. Production of acetate esters (ethyl and butyl acetate) accounts for approximately 20% of global acetic acid demand. Acetate esters are used mainly as solvents for inks, paints and coatings.

Other uses of acetic acid include monochloroacetic acid (**"MCAA"**), which accounts for 5% of global acetic acid consumption and Ethanol and others which account for remaining 7%.

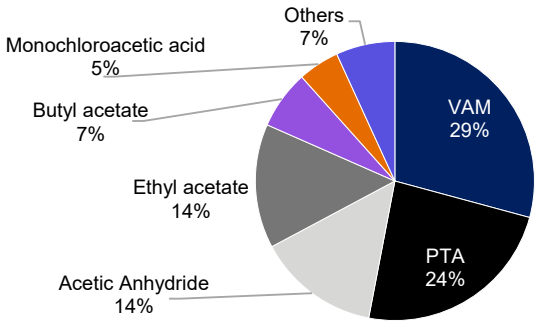
Acetyl value chain



The Acetic Acid Market

Acetic acid is a clear colorless liquid under normal room temperature and pressure. Acetic acid is traded globally, however, its corrosive nature demands specific measures for its transport. The chart below provides an estimated global acetic acid consumption by downstream applications.

Global Acetic acid demand (2020) 13.7mn MT



Source: IHS Markit

Production

Acetic acid can be produced in two ways: (i) synthetically (on-purpose or as a coproduct) and (ii) derived from natural sources.

The synthetic methanol carbonylation production that INEOS Acetyls uses is, by far, the major production route (approximately 85% in 2020). In this technology, acetic acid is prepared from carbon monoxide and methanol using low pressure in the presence of an iridium based catalyst. Globally, IHS Markit expects this production route to continue growing, in line with the last 10 years' growth of 3.7%.

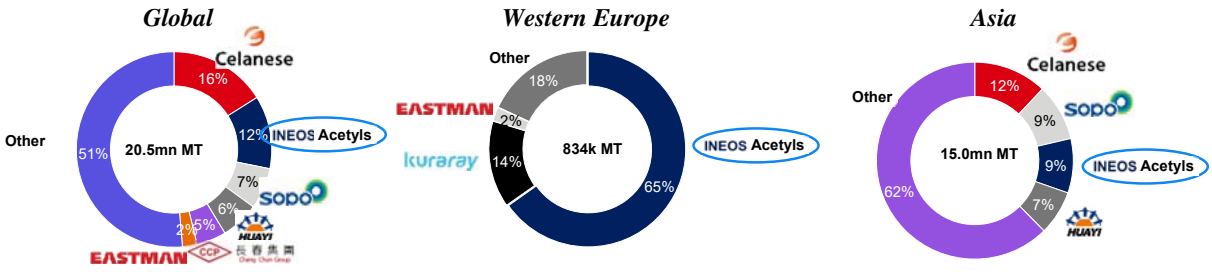
Acetic acid is an ecologically friendly product. It is one of the few chemicals that can be found in most kitchens in aqueous solutions (vinegar).

Competition in the Acetic Acid Market

The 10 largest producers account for approximately 65% of global capacity (on effective shareholding basis) in the acetic acid industry. We, along with other large producers like Celanese are forward integrated into the production of several derivatives such as acetic anhydride, and VAM. Our primary competitor in Europe is Celanese and in Asia are Celanese and other Chinese companies like Jiangsu Sopo, and Shanghai Huayi.

The following chart sets forth the major producers and their global shares by effective shareholding. According to IHS Markit data, we were the second largest player globally in acetic acid production in 2020.

Acetic acid manufacturing capacity share (2020)



Source: IHS Markit

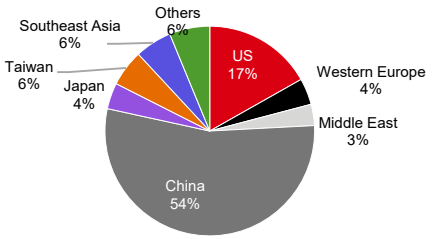
Supply, Demand and Utilization Rates for Acetic Acid

Global acetic acid capacity is mainly focused in two countries: China (approximately 55% of total capacity in 2020) and the US (17%). According to IHS Markit, total acetic acid capacity in 2020 was approximately 20.5mn MT and is expected to increase by an average annual growth rate of 3% per annum during 2020-25. This is driven by a 5.5% per

annum increase in the US (following no increase during 2018-20) and 3% per annum increase in China following 2.7% per annum during 2018-20. In China, most of the acetic acid producers benefit from the upstream integration into coal or natural gas. No new capacity addition has been announced for Western Europe for 2020-25.

Acetic acid capacity and growth by region

Manufacturing capacity (2020) 20.5mn MT



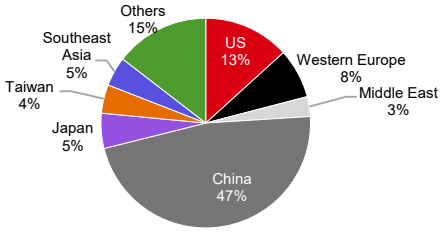
Capacity growth by region (2020-25)



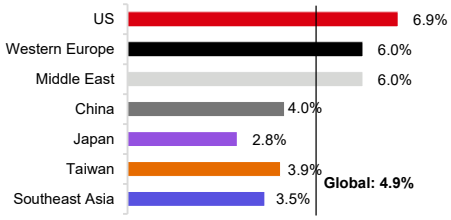
Source: IHS Markit

Acetic acid demand and growth by region

Consumption (2020) 13.7mn MT



Demand growth by region (2020-25)



Source: IHS Markit

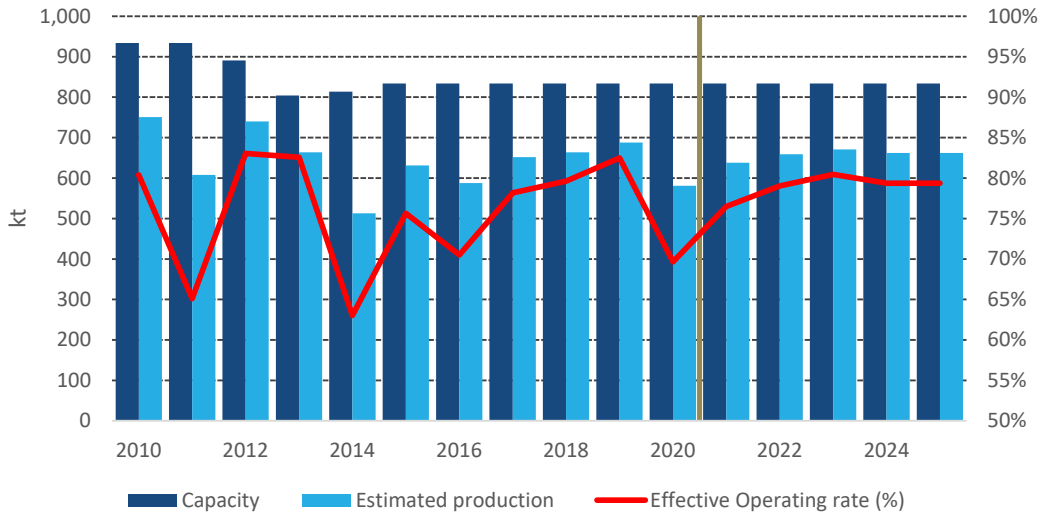
According to IHS Markit, global acetic acid consumption amounted to 13.7mn MT in 2020. Demand is expected to grow by 4.9% per annum over 2020-25, outpacing the supply growth of 3% per annum during the same period. The fastest growing market for acetic acid is the US, where demand is expected to grow by 7% per annum during 2020-25 due to increased production of VAM, acetic anhydride and PTA.

Northeast Asia's demand is expected to increase by 4% per annum during 2020-25, ahead of the capacity which is expected to increase at 2.6% per annum, bringing operating rates to approximately 70% by 2025 from 65% in 2020.

China is expected to continue to exhibit strong demand growth of 4% per annum during 2020-25 on the back of growing middle-class, urbanisation, industrial production gains, as well as its dominance in various export markets. The incremental demand in China is well balanced between PTA, VAM, acetate esters and acetic anhydride. The capacity growth is expected to be below the demand growth at 3% per annum during 2020-25.

Western Europe's demand is expected to grow at 6% per annum as the region recovers from the pandemic, with high pent-up demand. This will drive operating rates higher to approximately 80% by 2025 from 70% in 2020 as capacity is expected to remain constant during this period. VAM demand, driven by polyvinyl acetate and copolymers, is expected to increase by 12.7% during 2020-25 as a new plant comes online (new VAM plant by INEOS in Hull with a capacity of 300 kilotonnes, expected to come online in 2022-23).

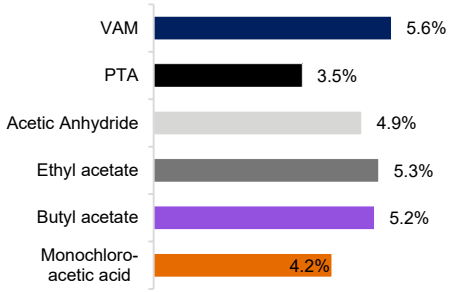
Acetic acid Supply and Demand in Europe



Source: IHS Markit

Overall, on a global basis, VAM is expected to remain the single largest outlet for acetic acid (approximately 30% demand by 2025) with its demand increasing at 5.6% per annum, ahead of acetic acid overall demand growth of 5% per annum. All other acetic acid derivatives are expected to demonstrate strong growth. PTA / monochloroacetic acid are expected to grow at 3.5%/4.2% per annum, slightly below the overall acetic acid demand growth.

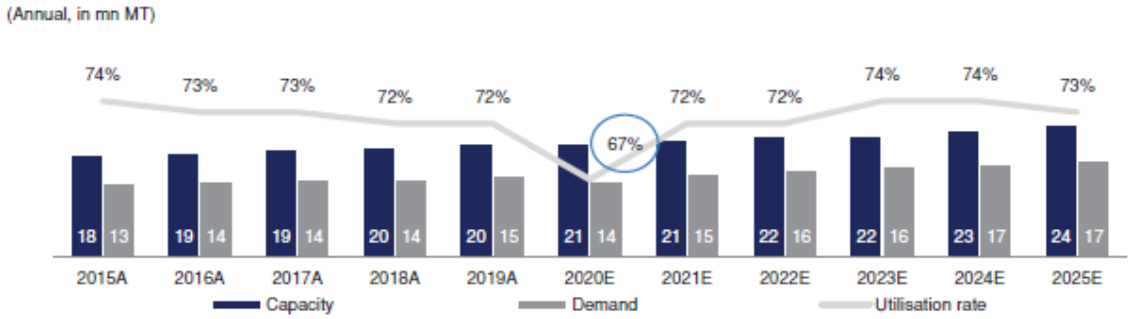
Global acetic acid demand growth by application (2020-25)



Source: IHS Markit

Compared to the past five years, commissioning of new capacity in China is projected to finally slow down, leading to a gradual tightening of the worldwide average operating rate through 2024. IHS Markit expects the demand growth to outpace additions through 2025, and the utilization rates to approach mid-70% by 2025.

Global acetic acid supply and demand

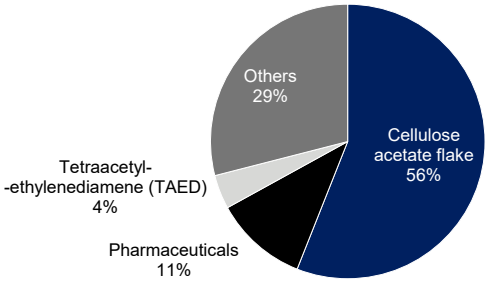


Source: IHS Markit

The Acetic Anhydride Market

Acetic anhydride is a colorless liquid with a sharp odor and strong lachrymatory properties (causes tears). Acetic Anhydride is produced from acetic acid, and can also be produced from recovered acetic acid in cellulose acetate operations. The chart below provides an estimated global acetic anhydride consumption by applications.

Global Acetic anhydride demand (2020) 2.0mn MT



Source: IHS Markit

Production

Acetic anhydride is produced in multiple ways. The most common method is the ketene route, which converts acetic acid to ketene (with approximately 65% of global capacity employing this route in 2020), which when reacted with more acetic acid produces anhydride. The other process is through the carbonylation of methyl acetate. We employ a technology that converts methanol and methyl acetate combined into acetic acid and acetic anhydride.

Competition in the Acetic Anhydride Market

In the acetic anhydride market, the 15 largest producers account for approximately 85% of global capacity (on a shareholding basis). Our primary competitors in Europe are Cerdia and Solvay.

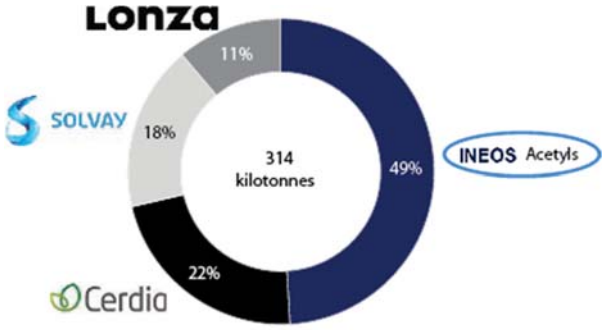
Eastman, Celanese and Daicel Chemical are the three largest producers globally. The following charts set forth the major acetic anhydride producers and their shares of the market in 2020 by shareholders.

Acetic anhydride global and Western Europe capacity

Global capacity share (2020)



Western Europe capacity share (2020)



Source: IHS Markit

Supply, Demand and Utilization Rates for Acetic Anhydride

Global acetic anhydride capacity is mainly based in the US and China, followed by Western Europe and Japan. According to IHS Markit, acetic anhydride total capacity in 2020 totaled approximately 3mn MT and is expected to increase by an average annual growth rate of 1.5% per annum during 2020-25.

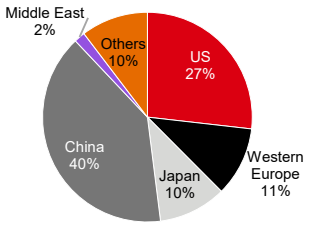
IHS Markit expects very limited to no capacity expansion in Western Europe and Japan for the next five years. China's capacity has increased by approximately 350 kilotonnes (7.2% per annum) since 2015, however, the production increased by only approximately 100 kilotonnes vs. demand increase of approximately 80 kilotonnes, driving operating rates lower.

According to IHS Markit, global acetic anhydride consumption amounted to approximately 2mn MT in 2020. Demand is expected to grow by 4% over 2020-25. This is mainly driven by the strong demand in China, which, despite the drive towards self-sufficiency, continues to rely on imports.

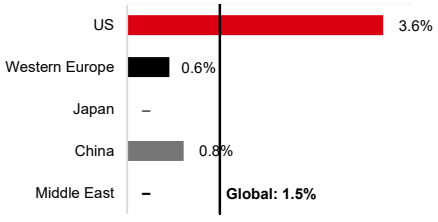
Overall, operating rates are expected to improve from the current levels of approximately 70% in 2020 to 78% by 2025 as demand growth outpaces supply growth, as per IHS Markit.

Acetic Anhydride capacity and growth by region

Manufacturing capacity (2020) 2.9mn MT

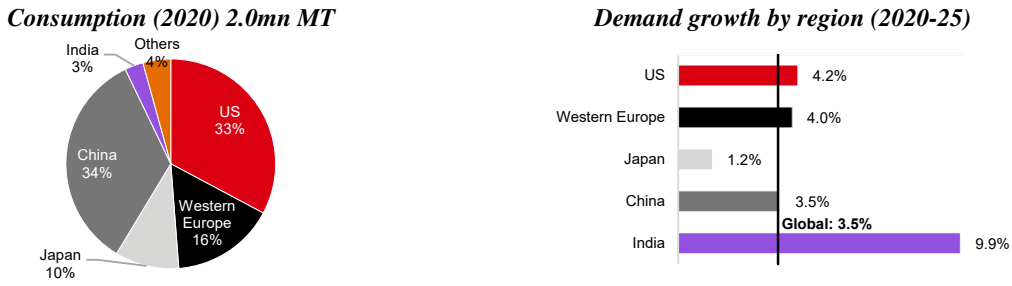


Capacity growth by region (2020-25)



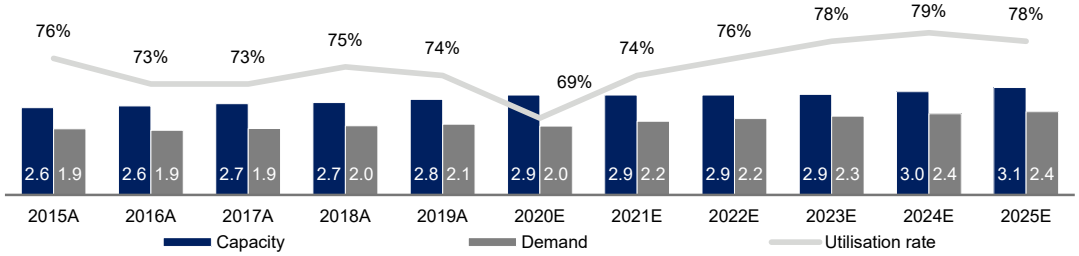
Source: IHS Markit

Acetic Anhydride demand and growth by region



Source: IHS Markit

Global acetic anhydride supply and demand



Source: IHS Markit

Western Europe

As per IHS Markit, the total capacity of acetic anhydride in Western Europe is 314 kilotonnes in 2020. The region has four producers, with INEOS Acetyls being the largest with approximately 50% share of capacity. Furthermore, the region has seen material capacity rationalization, with approximately 170 kilotonnes capacity cuts since 2010. In 2020, as per IHS Markit, Western Europe's total production stood at 255 kilotonnes, implying an operating rate of approximately 80%. Production is expected to increase by 1.7% per annum over the next five years to capture the expected rise in domestic consumption.

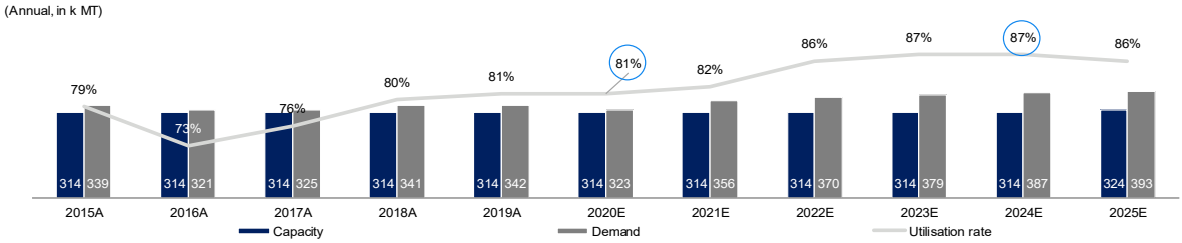
Demand in Western Europe is expected to increase by 4% per annum through 2025, reflecting the rising demand from pharmaceuticals and other applications namely polymer/resins, herbicides, dyes, flavour and fragrances, modified starch, and artificial sweeteners of acetic anhydride. This is in contrast to the last five years, when the demand for acetic anhydride was slowed down moderately, driven by lower cigarettes consumption due to regulatory pressure and the rise in use of electronic cigarettes. An emerging use for acetic anhydride is wood acetylation, where wood is treated with acetic anhydride improving its long term performance.

Acetic anhydride consumption for cellulose acetate flake is expected to grow at 2.8% per annum through 2025, weighed down by declining cigarette consumptions. Cerdia announced its intention to stop its cellulose acetate flake production in Roussillon, France by the end of 2020. Overall, demand for acetic anhydride for TAED consumption is expected to grow at 4% per annum through 2025, in line with the Pharmaceuticals end-market.

Western Europe is a net importer of acetic anhydride. Imports, mostly from the US and Mexico have supplied approximately 30% of the domestic demand over the last five years. With no new capacity planned, imports will continue to play an important role in fulfilling the domestic demand, however domestic production is expected to increase materially in the medium term.

Accordingly, operating rates in Western Europe are expected to increase to 86% in 2025 from the current levels of 81% (2020), as demand growth outpaces capacity additions. Over the last five years, operating rates have increased by a modest 2% as no additional capacity came online, while production increased to meet domestic demand coupled with marginal increase in exports.

Western Europe acetic anhydride supply and demand



Source: IHS Markit

BUSINESS

Except as expressly provided, this summary of the business gives effect to the BP Acquisition and the INOVYN Contribution. See "Summary—The Acquisitions". The results and assets and liabilities of joint ventures are incorporated in the BP Petrochemicals Combined Carve-out Financial Statements using the equity method of accounting. See "Operating and Financial Review and Prospects—The Aromatics and Acetyls Businesses".

We operate our business through four business segments: the Styrolution Business, the INOVYN Business, the Aromatics Business and the Acetyls Business. The historical results, have not applied IFRS 8 "Operating Segments" as permitted by IFRS; however, for purposes of this offering memorandum, they will be presented as separate business segments. These business segments do not represent segments as outlined in IFRS 8 nor has the Group completed its assessment on whether the business segments identified above meet the quantitative or qualitative criteria under IFRS 8 "Operating Segments". While each business segment is presented separately in this offering memorandum, such presentation is not prepared in accordance with IFRS 8.

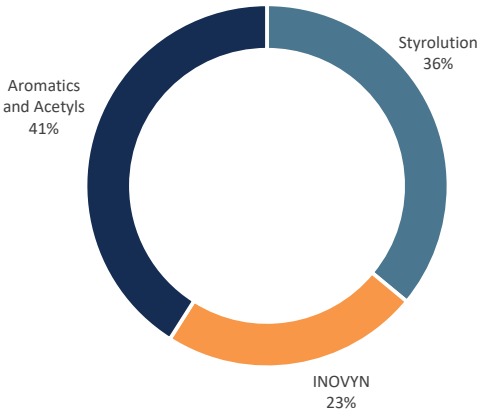
Introduction

We are a leading global petrochemicals producer, marketer and merchant. Our business operates approximately 50 manufacturing sites in 19 countries in the Americas, Europe and Asia. We have a strong global footprint and leading market positions with respect to our key products. Our business benefits from cost advantages as a result of operating large-scale, highly integrated facilities strategically located near major transportation routes and customer locations.

We operate our business through four business segments: the Styrolution Business, the INOVYN Business, the Aromatics Business and the Acetyls Business. The products we manufacture are derived from crude oil and natural gas and salt, and include styrene, vinyls, aromatic chemical compounds and organic compounds. Our products serve a broad and diverse range of end markets, including packaging, construction, automotive, electronics, household, textiles, agrochemicals and healthcare. We benefit from the cost advantages of operating large scale, well invested, highly integrated facilities strategically located near major transportation facilities and customer locations. We and our predecessors have invested significantly in our production facilities to ensure that they operate efficiently, resulting in integrated, and state of the art production units. We believe these investments allow us to operate at lower cost and higher utilization rates than most of our competitors, and enable us to maintain positive margins and cash flows even during downturns in industry cycles or customer demand. In the year ended December 31, 2019 we generated €13,551 million in pro forma revenue with 30% from Asia, 44% from EMEA and 26% from the Americas. In addition our pro forma RC EBITDA before special items was €1,864 million with 21% generated from Asia, 53% from EMEA and 26% from the Americas. For the twelve-month period ended September 30, 2020, our pro forma revenue was €10,789 million and our as adjusted pro forma RC EBITDA before special items was € 1,588 million. As adjusted pro forma RC EBITDA does not include the impact of the $150 million annualized fixed cost savings that the Group is targeting to achieve by the end of 2022. See "*Presentation of Financial and Other Information—Non IFRS Financial Measures*". Cost savings initiatives represent a core principle of our business model and our strategy to achieve those are outlined in detail in the Strategy section.

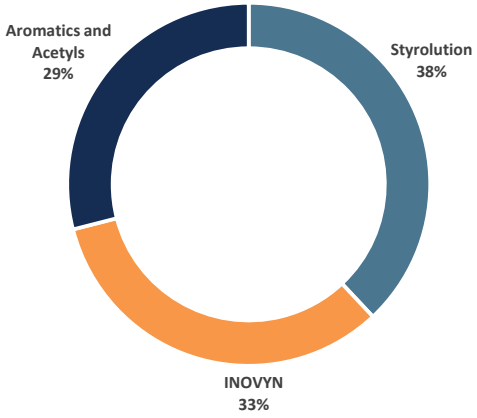
Over the past several years, we have implemented a range of strategic initiatives designed to lower our operating costs, increase our profitability and further enhance our market position. These include fixed asset investments to expand our capacity in higher value products, to enhance productivity at our existing facilities, and to reduce our fixed cost structure through headcount reductions, production line closures and system upgrades. In addition, we have shifted our product portfolio to focus on more differentiated products, exited low-margin businesses and implemented premium pricing strategies designed to improve our margins. We believe these initiatives provide us with a strong platform to drive growth, create significant operating leverage and position us to benefit from volume recovery in our end markets.

Pro forma revenue by business segment (2019)



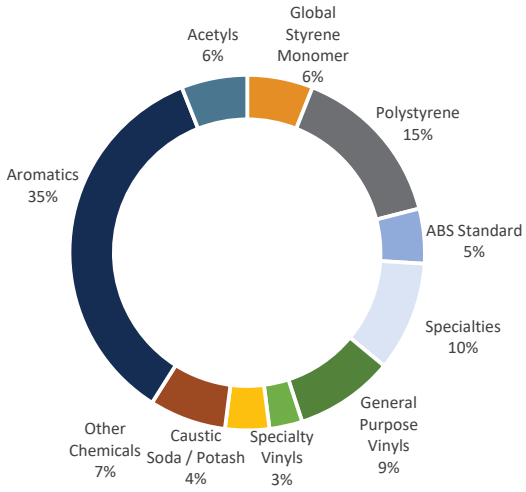
€13,551.4 million

Pro forma RC EBITDA before special items by business segment (2019)



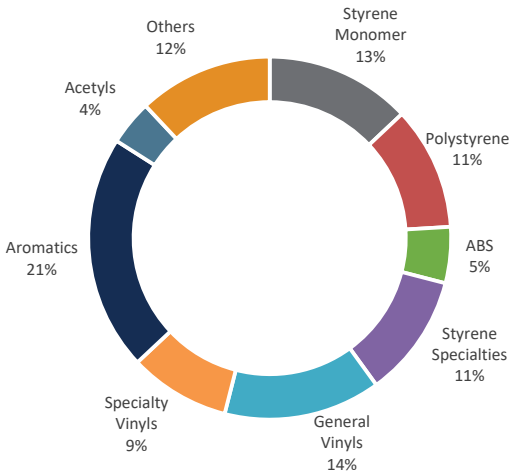
€1,864.1 million

Pro forma revenue by product group (2019)



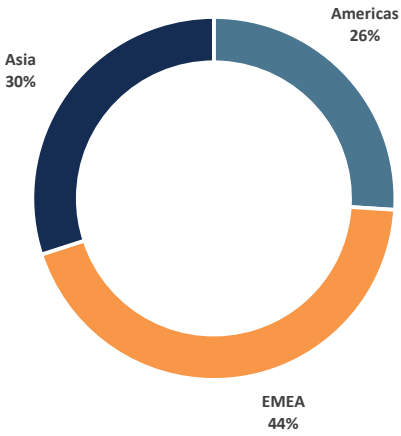
€13,551.4 million

Pro forma RC EBITDA before special items by product group (2019)



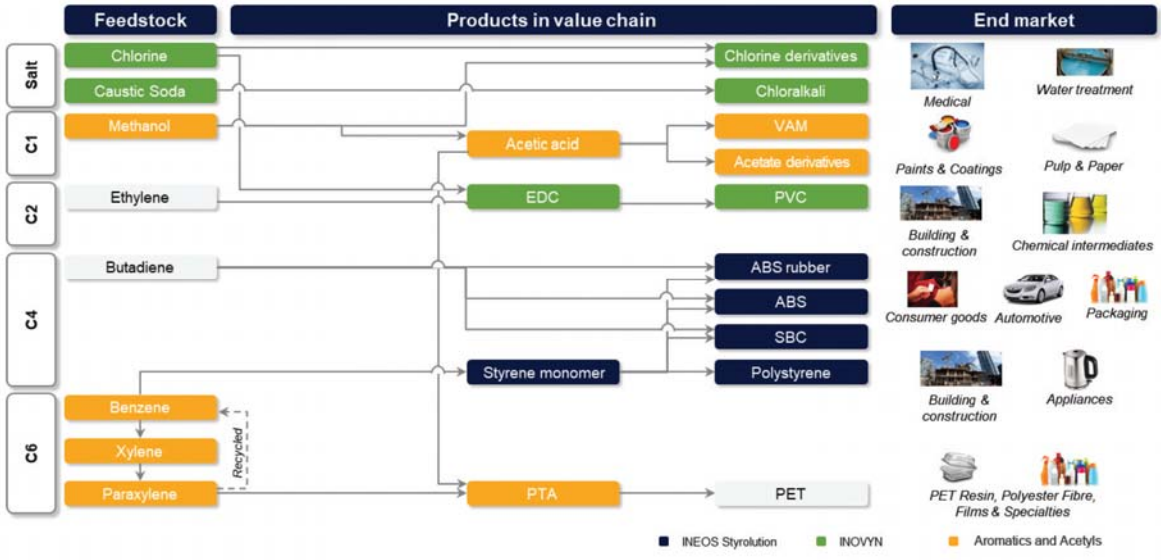
€1,864.1 million

Pro forma revenue by geography (2019)



€13,551.4 million

The following presents our main products across the petrochemicals value chain:



Our History and Combination Transaction Rationale

Our combined business results from the combination of the historical INEOS Styrolution Business, the INOVYN Business and the Aromatics and Acetyls Businesses acquired from BP. The combination of INEOS Styrolution, INOVYN and the BP Aromatics and Acetyls Businesses represents a transformational expansion for our company, creating a global leader with providing broad geographical and product diversity, a balanced portfolio and world class manufacturing platforms. Our objective is to replicate the successful strategies of the Styrolution Business and the INOVYN Business with the Aromatics and Acetyls Businesses, taking advantage of synergies and other cost savings.

The Styrolution Business

The Company was incorporated on April 19, 2011 and the Parent was incorporated on December 18, 2015. Through a combination of direct and indirect transactions completed on October 1, 2011, the Styrolution Business inherited, with a few exceptions, the global styrenics activities of BASF and INEOS. As from that date, we engaged in the production of SM, PS, ABS and a number of other styrene derivatives under the category of "Specialties." The Styrolution Business was formed by INEOS and BASF as a 50:50 joint venture in order to create a low-cost global player

in the styrenics sector that offers significant benefits to customers through enhanced efficiency, reduced costs and improved service and distribution at a global level.

The heritage businesses combined a rich history in innovation and leadership in the styrenics industry and had a record of achieving efficiencies and cost competitiveness. Among other examples, the BASF heritage business was responsible for the first styrene monomer synthesis and polystyrene polymerization in 1929 and 1930, respectively, and the INEOS heritage businesses can be credited with engaging in acquisitions and joint ventures in order to improve the efficiency and cost competitiveness of a number of businesses in the styrenics industry, including business segments once operated by Bayer, BP, Lanxess, Hüls and NOVA Chemicals. The Styrolution Business heritage businesses each had over 80 years of experience in the styrenics industry, and we believe that this experience has provided the Styrolution Business with a strong pedigree and strengthened its ability to compete and to continue to be a leader in technological innovation in the styrenics industry.

In 2014, INEOS signed a share purchase agreement with BASF SE and BASF Antwerpen NV, as sellers, for the acquisition of BASF's 50% share in INEOS Styrolution Holding GmbH (formerly Styrolution Holding GmbH). Upon consummation of such acquisition, the Styrolution Business became wholly-owned by INEOS Industries, but continues to be operated and financed on a standalone basis.

Since the formation of the Styrolution Business in 2011, it has integrated its assets to maximize synergies. The Styrolution Business has focused on achieving synergies to reduce fixed and variable costs, in addition to other expenses. In particular, the Styrolution Business has aimed to shut down inefficient assets, in-source functions previously conducted by BASF and optimize sourcing, supply chain and management structures. For example, the Styrolution Business has established a unified worldwide IT platform for the Group, terminated its tolling agreement with INEOS relating to its SM and PS facilities in Marl, Germany, converted its Antwerp, Belgium facility into a toller, and closed the PS plants in Trelleborg, Sweden and Indian Orchard, U.S. to improve capacity management and utilization rates at other facilities in the region. Our Styrolution Business has achieved over €300 million in synergies following its formation in 2011, the bulk of which were achieved through cost structure, asset footprint and services optimization, but also negotiated favorable procurement contracts, improved asset efficiency, optimization of its corporate structure and streamlining of its product portfolio.

Since the Styrolution Business became wholly-owned by INEOS Industries, it has continued developing and expanding the business through the acquisitions of the global K-Resin Business, including a production site in Yeosu, South Korea, and two PS production sites in Ningbo and Foshan, China (acquired from Total SA), which strengthen our position in the domestic Chinese market.

The INOVYN Business

INOVYN was formed on July 1, 2015 as a joint venture between INEOS and Solvay, which had a combined legacy of over 150 years of innovation and leadership in polyvinyl chloride, caustic soda, caustic potash and various chlorine derivatives, including epichlorohydrin. The formation of the joint venture created a leading player in the global PVC market.

The formation of INOVYN brought together the Kerling business of INEOS, which had a track record of acquiring and growing profitably a portfolio of PVC and related assets and of operating as a cost leader in its industries, and the Solvay business, which had a track record of product leadership and research and innovation, particularly in the specialty PVC market. The Kerling business included INEOS's chlor-alkali, PVC, hypochlorite, hydrochloric acid, chlorinated paraffins, chloromethane, brine and water businesses. The Solvay business included Solvay's chloromethane and European ECH businesses, its salt business in Belgium, France and Spain, SolVin's (previously a 75%/25% joint venture between Solvay and BASF, which became wholly owned by Solvay immediately prior to its contribution to INOVYN) European chlor-alkali and PVC assets and its 42.5% share of the Feyzin cracker.

On March 24, 2016, both shareholders entered into an agreement governing the exit of Solvay from the joint venture, pursuant to which INOVYN Limited agreed to redeem the shares held by Solvay. On July 7, 2016, following the consummation of the Solvay exit, INEOS Group Investments Limited became INOVYN Limited's sole shareholder.

Since the formation of INOVYN, the business has replicated the successful strategies of the Kerling and Solvay businesses and has taken advantage of the synergies achieved as a result of the combination, together with other cost savings. The INOVYN Business has also maintained its status as a low-cost producer and has built on its market leadership, including by growing the Specialty Vinyls Business into a specialty market leader. The INOVYN Business originally set a target of achieving cost savings in excess of €100 million by the end of 2017 for the combination of the

legacy Kerling and Solvay businesses, but far exceeded this target with over €220 million of total savings on an annualized basis having been delivered since the formation of this business. These cost synergies have allowed it to become a more robust leader in an industry where cost competitiveness is critical to maintaining profitability through industry cycles and has allowed it to operate large scale, efficient, highly integrated and strategically located production facilities.

The Aromatics and Acetyls Businesses

The Aromatics Business was developed and grown organically as part of the Amoco Chemicals portfolio. Amoco was a leader in developing PTA and grew the business through deploying leading proprietary PTA chemical process technology originally in the U.S. followed by Europe and then China.

The modern Acetyls Business was developed and grown as part of the BP Chemicals portfolio after the acquisition of the acetic acid technology from Monsanto in the 1970s, starting with the facility at Hull, UK and growing through JV partnerships in Asia and Trinidad and Tobago, and a marketing partnership with Eastman in the U.S.

In the early sixties, the Aromatics Business's leadership in PTA technology started with the invention of an innovative hydrogen-based PTA purification process, which was patented by Amoco before its merger with BP. Since then, the Aromatics Business has been developing this technology. The first PTA plant was built in Decatur, U.S. in 1967, followed by a plant in Geel, Belgium in 1969 and the world's largest (at the time) PTA facility in Cooper River, U.S. This was followed by PTA plants in Taiwan in 1979, Indonesia in 1997 and three plants in Zhuhai, China in 2003, 2008, and 2015. The latest generation of this technology results in lower equipment count and reduces capital costs leading to improved operability and maintenance, higher reliability and plant availability. Various generations of this technology have been installed across the entire Aromatics Business asset base. We estimate that the latest PTA technology delivers a 65% reduction in greenhouse gas emissions, 75% less water discharge and 95% less solid waste disposal than conventional technologies.

Overview of Products

The following table provides an overview of our production capacity and global market position and leading regional market positions (in each case, based on proportionate share production capacity) with respect to our key petrochemical products as of December 31, 2020.

Key product	Production capacity (kilotonnes)	Selected market position (by capacity)
Styrolution Business[1]		
Styrene Monomer	2,230	#2 Global
PS	2,102	#1 Global
ABS Standard	614	#3 Global
Specialties	874	#1 Global
INOVYN Business[2]		
Suspension PVC	1,795	#1 in Europe
Emulsion PVC	265	#1 in Europe
Caustic soda	2,086	#1 in Europe
Caustic potash	150	#2 in Europe
Aromatics Businesses[3]		
PTA	5,876	#1 in the U.S. #1 in Europe
PX	1,595	#1 in the U.S. #2 in Europe
Acetyls Business[2]		
Acetic Acid	2,563	#2 Global
Acetic Anhydride	165	#1 in Western Europe

(1) According to NexantECA and internal management estimates.

(2) According to IHS Markit and internal management estimates.

(3) According to Wood Mackenzie.

Business Overview

The Styrolution Business

The Styrolution Business operates through four business segments: Polymers EMEA, Polymers Americas, Polymers Asia and Styrene Monomer. The Styrolution Business sells a comprehensive mix of products that includes both commodity (SM) and standard (PS and ABS Standard) products as well as Specialties (ABS Specialty and copolymers). The Styrolution Business's products are used in a wide variety of focus industries, such as electronics, healthcare, household, and automotive. The Styrolution Business currently operates a total of 20 manufacturing facilities across 10 countries.

The INOVYN Business

The INOVYN Business operates four main business units: General Purpose Vinyls, offering a portfolio of vinyls products to a number of industries, including the building and construction, electronics and packaging industries; Specialty Vinyls, developing a number of Emulsion PVC products and specialty Suspension PVC products, which have higher specifications than general purpose PVC; Organic Chlorine Derivatives, producing various chlorine derivatives for use throughout the chemical industry, including chlorinated paraffins, chlorinated solvents, allylics, epichlorohydrin, and sulphur chemicals; and Chlor-Alkali, producing chlor-alkali chemicals including caustic soda, caustic potash, chlorine and chlorine by-products, brine and water, salt and hydrochloric acid. The INOVYN Business currently operates a total of 15 manufacturing sites in eight countries.

The Aromatics and Acetyls Businesses

The Aromatics Business and the Acetyls Business operate as two distinct businesses. The Aromatics Business produces a variety of aromatic chemical compounds, including paraxylene ("**PX**"), purified terephthalic acid ("**PTA"**), benzene and metaxylene, which may be used in the production of a variety of products including, among others, 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, among others, building and construction materials, paints and coatings, automotive glass, polyester fibre, PET bottles, surface coatings, inks and solvents, cigarette filters, washing powders, wood acetylation and herbicides and pesticides.

The Aromatics Business currently operates a total of six sites in five countries (two in the Americas, one in Europe and three in Asia), including sites operated by the Aromatics Business and sites operated by a joint venture in which the Aromatics Business holds an ownership interest. The Aromatics Business also includes a 61% interest in the CAPCO joint venture in Taiwan.

The Acetyls Business currently operates a total of eight sites in seven countries (two in the Americas, one in Europe and five in Asia), including sites operated by the Acetyls Business and sites operated by seven joint ventures in which the Acetyls Business holds an ownership interest.

Our Competitive Strengths

We believe the factors set forth below make us competitive in the markets in which we operate:

Leading market positions throughout the petrochemicals value chain with global reach

We are a leading global producer, marketer and merchant seller of SM, PS, ABS Standard, Styrenic Specialties, PVC, Emulsion PVC, caustic soda, chlorine derivatives (such as HCI and ECH), PTA, PX and acetic acid. We believe that our global manufacturing scale, wide range of chemical products and deep customer base has allowed us to achieve and hold leading market positions with respect to our key products.According to NexantECA, we were the second largest global producer of SM in 2020, with an estimated share of global production capacity of 6%, and the largest global producer of PS, with an estimated share of global production capacity of 15%. In Europe and North America, we are the leading SM and PS producer in each market with significantly larger market shares than our closest competitors. We are the largest producer of PS in North America, Europe and Asia. We are also the largest producer of SM in North America and the sixth largest in Europe. In addition, we are the largest producer of ABS in Europe, accounting for 50% of ABS capacity in 2020, the third largest producer of ABS globally, accounting for 11% of ABS capacity in 2020, as well as the second largest producer of ABS in North America, accounting for 41% of ABS production capacity in 2020. We are also

the sixth largest producer of ABS in Asia. We believe we are the largest global producer of Styrenic Specialties, with number one positions in Europe, the Americas and India by capacity in 2020. According to IHS Markit and internal estimates, we are the largest producer of suspension PVC, emulsion PVC, caustic soda, allyl chloride and chlorinated paraffins in Europe and the second largest producer of ECH and caustic potash in Europe, each as measured by production capacity as of December 31, 2020. We believe that we are the world's largest producer of specialty PVC, which includes specialty suspension PVC grades and emulsion PVC, as measured by production capacity as of December 31, 2020, according to our internal estimates. According to Wood Mackenzie and internal estimates, in 2020 we were the largest producer of PTA in the United States and Europe, with an estimated share of global production capacity of 7%, the largest producer of PX in the United States, with an estimated share of U.S. production capacity of 25%, the largest and only one of two producers of MX, the second largest producer of PX in Europe, with an estimated share of European production capacity of 28%, as measured by production capacity as of December 31, 2020. According to IHS Markit, in 2020 we are the second largest global producer of acetic acid, with an estimated share of global production capacity of 12% and the largest producer of acetic anhydride in Europe with a capacity share of 49%, as measured by production capacity as of December 31, 2020.

Balanced product portfolio with diversified and complementary product offerings and vertical integration providing key advantages

We sell a comprehensive mix of products in our Styrolution, INOVYN, Aromatics and Acetyls Businesses that have extensive applications across a wide variety of industries, with broad geographical reach. We believe that our diversity of products, applications and end markets help minimize our exposure to individual markets, industries, customers and geographic regions and provide a strong natural hedge against economic downturns as the supply and demand cycles tend to vary between our four business segments. In addition, the diversity of the feedstocks used in our four business segments also provides a natural hedge against feedstock price or supply shocks. We operate approximately 50 production facilities across 19 countries, serving more than 4,500 customers.

Within the Styrolution Business, we sell a comprehensive mix of products that includes both commodity (SM) and standard (PS and ABS Standard) products, as well as Specialties (ABS Specialty and copolymers), with a strong global footprint. Further, the Styrolution Business's products are used in a wide variety of industries, such as electronics, healthcare, household, automotive and construction. Our Styrolution Business's Specialties line generates strong operating cash flows due to the unique characteristics of its products, such as heat, chemical resistance or high impact strength. Because we produce nearly as much SM as we consume in the production of polymers, we consider our polymers business to be vertically-integrated. The Styrolution Business currently operates a total of 20 manufacturing facilities across 10 countries.

The INOVYN Business also has a broad product offering, including, among other things, PVC, caustic soda and various chlorine derivatives in multiple grades, which are used in a broad range of applications. PVC applications include pipes, window frames, cable insulation, flooring, wall coverings, domestic appliances, automotive parts, food and pharmaceutical packaging, medical supplies, pharmaceutical products, conveyor belting, mastics, coated fabrics and core foams for wind turbines. Caustic soda is a widely used industrial chemical with numerous applications, including detergents, pulp and paper, packaging, agriculture, environmental protection, water treatment, foodstuffs, health, textiles as well as applications in the chemical, construction and automotive industries. Chlorine derivative applications include additives for metal working fluids, fire retardant/plasticizer, carbon copying paper, solvents, pharmaceuticals, metal cleaning, metal degreasing foams and chloriding agent. In terms of ECH, we supply epoxy resins which are used in paints and coatings, composites, adhesives electronics, paper and has applications in water treatments and the healthcare industry. The INOVYN Business's raw materials supply is highly integrated along its production chain, and it is vertically integrated into several facilities with INEOS Group affiliates that produce its feedstock chemicals, providing us with the opportunity to purchase a portion of our feedstock without paying for transportation costs, which are typically passed on to customers. The INOVYN Business currently operates a total of 15 manufacturing sites in eight countries.

Our Aromatics Business also has diverse product mixes, which include, among other things, PTA, PX and MX, that are used in a broad range of applications, such as the production of polyester fibres, PET resins, and polyester film. We consider that the Aromatics Business also benefits from up- and down-stream integration, including through the integration of our Texas City, United States, site (which is the largest PX production site in North America) with Marathon's Oil refinery for advantaged feedstocks and other utilities and our PX/PTA production in Geel, Belgium, with Europe's most modern PET facility owned and operated by JBF. Our Aromatics Business currently operates six plants including two joint ventures, in five countries.

Our Acetyls Business produces acetic acid, acetic anhydride, ethyl acetate and vinyl acetate monomer, which are used in a variety of downstream applications such as 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. For our Acetyls Business, up- and down-stream integration is provided through the JV with Methanex, Trinidad and Tobago, for the supply of methanol to the Acetyls Business's acetic acid production plants; and through the Aromatics Business, joint ventures and the wider INEOS group into VAM, PTA, ethyl acetate and butyl acetate. Our Acetyls Business currently operates a total of eight sites in seven countries.

Geographical diversification with a large presence in key Asian growth markets

Having a strong global presence and revenue sources split among numerous geographic markets, we believe that we are well diversified and display strengths across geographies, with EMEA, Americas and Asia regions having represented an estimated 44%, 26% and 30%, respectively, of our pro forma revenue in the year ended December 31, 2019.

We believe we are the only styrenics producer with a global reach and a significant production footprint in Europe, North America and Asia, which has allowed us to tap into high growth markets, such as Asia, and benefit from current feedstock and energy cost advantages in North America. As the largest producer of suspension PVC, emulsion PVC, caustic soda and chlorinated paraffins in Europe and the second largest producer of ECH and caustic potash in Europe, in each case based on production capacity as of December 31, 2020, according to IHS Markit, we are able to leverage our purchasing power and well-invested infrastructure to maintain a low cost profile and offer competitive prices to our customers, which, in turn, supports the growth of our market position. In addition, our Aromatics Business has facilities that are low-cost producers across each of our key regions and the Acetyls Business's joint ventures are strategically situated in Asia with strong local partners to capture the high demand coming from that region while its partnership in the United States with Eastman provides access to acetic acid in a key global market.

As of December 31, 2020, on a pro forma basis, we operated approximately 50 manufacturing facilities in 19 countries, which are generally strategically located in or near countries with significant demand for our products, thereby reducing transportation costs. Many of our manufacturing facilities also benefit from close proximity to advantaged feedstock, giving us an advantage over our competitors.

Market leading technologies in all Businesses with a focus on specialty product offerings

We place significant focus on research and development and aim to be at the forefront of technological advances in order to support our product innovation initiatives and satisfy our customers' evolving demands. We believe that our research and development efforts have resulted in technological advances that offer us various competitive advantages with respect to our ability to introduce new products, product grades and applications for our customers and to improve the efficiency with which we deploy our commodity products, as well as the quality and properties of our specialty products, which generally tend to generate higher and more stable margins than more commoditized products and also tend to have more stable demand, driven by the captive customer base and the more valuable end-uses of the products.

For example, the Specialties teams within the Styrolution Business collaborate closely with our styrenics customers' R&D departments in order to support their demands through technological developments. To further strengthen our customer-centric innovation, we organized parts of the Styrolution Business sales force along our customers' industries, which allows us to provide specific industry-related know-how and technological innovations. We believe that this approach supports the development of robust, long-term customer relationships and ensures that the Styrolution Business maintains in-depth knowledge of our customers' markets and their technological demands, thus giving us a competitive edge over new entrants in the market. To drive customer centric innovation, the Styrolution Business has also created a dedicated organizational unit, "Future Business and Innovation", which focuses on developing longer-term product and service innovations meeting future industry needs and works closely with the R&D and sales teams. In addition, we believe that our Styrolution Business's R&D partnership with the independent research institute Neue Materialien Bayreuth and the University of Bayreuth in Germany will continue to bring it closer to the plastics industry and will further foster collaborative product innovation with customers.

The INOVYN Business invests significant amounts in research and innovation in order to develop specialty PVC products and leverages its know-how in developing new specialty PVC products and its existing asset base to expand its Specialty Vinyl Business unit. Our Research, Technology and Engineering Team is a significant part of the Specialty Vinyls Business growth plan which aims to expand capacity by 120 kilotonnes through de-bottlenecking projects at our production facilities in Belgium, Germany, France, Sweden and Norway by the end of 2023. We believe that the INOVYN Business's experience in the research and innovation of specialty PVC products helps us to expand our existing product offering, both in terms of Emulsion PVC and specialty Suspension PVC, in order to remain at the front of the industry in terms of innovation. We also believe that our growth in the market allows us to reach new customers and grow our margins.

In addition to innovation in specialties products across our businesses, we also have market-leading technologies in respect of processes that have lowered our costs of production and enabled us to be a low-cost producer in each of our business units. For example, our Aromatics and Acetyls Businesses research and development efforts have also supported technological advances, resulting in product innovation and process improvements. For example, the PTA technology platform used in the newer Zhuhai plant has resulted in $60-120 million in capital expenditure savings compared to conventional technology used for a 1.25 MT PTA unit and has reduced equipment count by 30% from the previous generation of technological design. These technological design advancements have also lowered variable costs by up to $60 per MT and have reduced GHG emissions by up to 65%, water discharge by 75% and solid waste disposal by 95%. In Merak, near Jakarta, our Aromatics Business operates the largest PTA plant in Indonesia and is in the process of completing a project that leverages iPlan technology that was developed and matured in Geel, Belgium, and is expected to result in cost savings through increased operational efficiency and higher throughput. This technology results in lower equipment count and fewer rotating parts, leading to a smaller asset footprint, better reliability, plant availability and lower maintenance costs. Efficient heat integration and better recovery from the reactor lowers energy consumption, while improved oxidation reactor design minimizes the losses of acetic acid and paraxylene in the reaction, therefore increasing yield.

The Aromatics Business's research and development efforts in the field of PET recycling have led to innovation in the recovery and monetization of scrap PET, beyond the scope of traditional recycling technology. PET is the most recovered polymer in the world. For example, a new process which is in the pilot plant stage of development, converts zero or negative value PET waste back into its component parts of PTA and MEG monomers, for reconversion into new PET that is indistinguishable from the original product.

Our Acetyls Business's world leading Cativa® technology converts methanol and synthesis gas into acetic acid and acetic anhydride and offers variable cost improvements and a lower capital equipment count as compared to the industry average. The technology has been deployed in the Acetyls Business's UK plant and is licensed to our five JV's in Asia and to Eastman's Texas City plant in the United States. The combination of the Cativa® technology and strong cost base via feedstock positions and co-locating on large petrochemical sites means the business has some of the lowest cost producing units in the markets which it serves.

Our Acetyls Business's new SaaBre™ technology converts synthesis gas directly into acetic acid through an integrated, three-step process that avoids the need to purify carbon monoxide (CO) or use methanol. When deployed, SaaBre™ is expected to deliver significant reductions in variable manufacturing costs.

Low cost production footprint and well invested asset base

Our asset base is distributed across all major regions and includes world-class facilities, many of which we believe are considered industry benchmark facilities. We benefit from the cost advantages of operating large-scale, integrated facilities strategically located near major transportation routes and customer locations. The size and scope of our manufacturing operations allow us to benefit from economies of scale in purchasing, production, distribution, marketing, research and development and the application of best practices throughout our facilities and across our Businesses. We and our predecessors have made significant investments in our production facilities to enhance their efficiency. We believe these investments allow us to operate at lower cost and higher utilization rates than most of our competitors and help us maintain positive margins and cash flows even during industry downturns or periods of decreased customer demand.

Our Styrolution Business's facilities include the largest chemical production site in Europe at Antwerp, Belgium, and the largest single production line styrene plant in the world at Bayport, Texas, United States. At least 75% of our Styrolution Business's output in 2019 came from manufacturing facilities that we believe have competitive production cost profiles and are positioned in the first or second quartile of the industry's cost curve. In North America in particular, where three out of our Styrolution Business's four SM facilities are located, which account for approximately 75% of our SM production capacity as of December 31, 2020, our Styrolution Business has benefited from lower energy costs and sustainably lower ethylene prices. Our ability to rely on our own world-class SM production capacity in both North America and Europe improves our cost competitiveness and helps stabilize our supply of the main manufacturing input for our other product groups.

Our INOVYN Business's asset base benefits from significant historical investment and modernization of the key production and environmental technologies employed in production assets. We believe our INOVYN Business's Jemeppe and Newton Aycliffe PVC plants are amongst the largest PVC plants in Europe, and the Jemeppe PVC plant is one of the lowest cost PVC plants in Europe; the plant is highly automated and equipped with modern process-logic control systems. The Runcorn chlor-alkali facility, in which we hold a 50% interest, houses one of Europe's largest high-technology membrane cellrooms for chlor-alkali production. Our INOVYN Business operates large plants at high

utilization rates, permitting them to spread fixed costs over large volumes of production, reducing their per unit costs and allowing them to be cost-competitive across most of our INOVYN Business's products. These cost advantages, combined with upstream integration with our affiliates, have resulted in a combined average cash cost per tonne of PVC that we believe is lower than the average cash cost per tonne for other Western European producers. We also believe that our INOVYN Business's combined energy consumption costs, measured in euro per tonne of VCM produced, is near the lowest in Europe and that its ethylene conversion efficiency rates, measured in kilograms of ethylene per tonne of VCM produced, are near the current top technology rate. In particular, we believe our INOVYN Business's average ethylene to PVC conversion efficiency is higher than the industrial average. The expansive geographic footprint of our INOVYN Business also provides us with a broad infrastructure of facilities from which to service our customers, allowing us to reduce the high fixed costs and transportation costs that characterize the European PVC market. We believe the majority of our chlor alkali facilities are in the top 50% of the European cost curve ranked by cost efficiency, and we plan to leverage our INOVYN Business's synergies to shift volumes from certain of our plants in the bottom half of the European cost curve to more efficient, lower cost plants. According to our internal estimates, the average operating rate of European suspension PVC producers was approximately 88% for the twelve months ended September 30, 2020. We believe that INOVYN plants operated at a higher operating rate than the European average for the same period.

Our Aromatics Business is the largest merchant producer of PTA in the United States and Europe and has a cost advantage, relative to its scale, in PTA technology which helps us offer competitively priced products to our customers, thus further strengthening our market position. Our Aromatics Business operates material regional businesses in the United States, Europe and Asia, including five sites operated directly by our Aromatics and Acetyls Business, each of which is in the first quartile for cost competitiveness in its region. The Aromatics Zhuhai facility in China benefits from reduced capital and variable costs and improved environmental performance due to our Aromatics Business's proprietary PTA manufacturing technology. We believe that our Aromatics Business operates the most efficient assets in every region in which it operates, with leading technology providing cost advantages over competitors. Our Aromatics Business also benefits from the cost advantages of operating large-scale, integrated facilities strategically located near major transportation facilities and customer locations, including the largest and most efficient integrated PX/PTA/PET production site in Europe at Geel, Belgium (30 miles east of Antwerp), with canal, rail and road access on a shared site with INEOS's polypropylene facility and JBF's PET facility. The business also operates the largest PX production site in North America in Texas City, United States, which is integrated with a Marathon Oil refinery for feedstocks and other utilities, the largest PTA facility in North America with sea, rail and road access and the Zhuhai PTA facility, which is in close proximity with CRC's downstream plant that will expand its PET capacity by an additional 500 kilotonnes per annum in Q1 2021.

The Acetyls Business is the largest producer of acetic acid and acetic anhydride in Europe having production units at its site in Hull, United Kingdom, where it benefits from being co-located with the INEOS ethyl acetate business to which it supplies acetic acid via a pipeline. The Hull site is also connected via a pipeline to the INEOS Grangemouth facility which supports the various co-located downstream businesses, INEOS ethyl acetate, Nippon Gohsie, EvOH. Our Acetyls Business also operates material businesses in North America, Europe and Asia. In Asia, our Acetyls Business partners, through its joint ventures, with leading producers in their domestic markets, benefiting from site integration and advantageous feedstock supply. In China, we entered into two partnerships with Sinopec for the supply of acetic acid and ethyl acetate with plants located in different parts of the country to support market coverage. In South Korea, our JV with Lotte BP Chemical Co ("**LTBP**") is the only producer of acetic acid and vinyl acetate monomer ("**VAM**") in the country and has recently doubled VAM capacity to approximately 400 kilotonnes with additional variable cost improvement projects planned on the asset. Our JV with Petronas in Malaysia is the only producing asset of acetic acid in the country whilst our JV with Formosa in Taiwan, benefits from being co-located on Formosa's Mai Liao site. In North America we have a long standing profit share agreement with Eastman for production from their Texas City site which is supplemented with a further purchase for re-sale agreement from Eastman's Kingsport plant supporting logistics and lead times to our North American customers.

Track record of acquiring and integrating businesses

James A. Ratcliffe, our controlling shareholder, and the other existing shareholders have a long and successful record of investing in the chemicals industry. Across the wider INEOS group, including our ultimate parent company and its other subsidiaries, our shareholders have completed 36 significant acquisitions since the formation of INEOS in 1998. Each of these acquisitions has been integrated effectively and has achieved significant cost-savings in the acquired businesses. Our management team has extensive experience in the chemicals industry, including with leading companies such as ICI, DuPont, Dow, Degussa and BP, and a proven ability to integrate large, complex businesses from leading companies in the industry. For example, INEOS has completed five acquisitions of BP assets, including the acquisition of Innovene in 2006, and has successfully integrated them into its portfolio. In addition, the INEOS Group successfully achieved the transformational integration of INEOS, a low-cost manufacturer of petrochemicals and specialty chemicals, and Innovene, the olefins, polymers and derivatives business of BP and two of BP's European refineries. Further, both

our Styrolution Business and our INOVYN Business are the result of the combination of legacy INEOS businesses with those of former joint venture partners (BASF, in the case of our Styrolution Business, and Solvay, in the case of our INOVYN Business). Our Styrolution Business successfully managed the integration of the legacy INEOS and BASF businesses and implemented a simple and decentralized organizational structure that allowed our management team to use their industry knowledge in order to respond to market opportunities. Similarly, the creation of our INOVYN Business through the combination of the legacy INEOS (Kerling) and Solvay businesses provided the opportunity to streamline our INOVYN Business's model and leverage best practices from both of its constituent legacy businesses while taking advantage of benefits of scale.

Leading sustainability platform

We have been dedicated to sustainability and have placed significant focus on the development of a circular economy for plastics to reduce our environmental footprint. As a member of the INEOS Group of companies, we have committed to achieving the ambitious targets that were set by our parent company for 2025. This includes, amongst others, a pledge to use on average 30% of recycled content in products destined for polystyrene packaging in Europe, incorporate recycled material into our products and ensure 100% of our polymer products can be recycled.

Our Styrolution Business has already made successful advances toward achieving this goal, which were recognized with the joint award in 2019 of an Independent Commodity Intelligence Services (ICIS) Innovation Award in the category "Innovation with Best Benefit for Environment and Sustainability". We were also nominated as a finalist by Chemical Week magazine for its 2020 Sustainability Awards under the category "best sustainability programme". Our Styrolution Business is also one of the founding members of Styrenics Circular Solutions (SCS), promoting circular solutions in the industry in collaboration with the complete value chain. For ABS Standard, our 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. Our Styrolution Business has also established co-operations to secure high quality waste for polystyrene and ABS feedstock. Further, our Styrolution Business was awarded Silver Merit status in 2015 in an assessment of its Corporate Social Responsibility program by EcoVadis, the global independent assessor of environmental and labor practices/supplier sustainability. Since then, it has improved its EcoVadis score, reaching Gold Merit in 2017 and Platinum Merit in the most recent assessment, placing our Styrolution Business in the top 1% of plastics manufacturers assessed by EcoVadis and also the top 1% of all suppliers assessed by EcoVadis in all categories (around 65,000 suppliers).

Sustainability has also been a key corporate objective for our INOVYN Business. A project is nearing completion that has benchmarked INOVYN sites on their environmental footprints in order for comparisons to be made between sites and with European average data. The early conclusions show that INOVYN's overall carbon footprint is approximately half the European average for caustic soda and between 25% and 33% lower for PVC resins. This is largely due to significant use of renewable and/or nuclear energy by our sites. In October 2019, our INOVYN Business launched bio-attributed PVC, known as BIOVYN™. BIOVYN™ is the world's first commercially available grade of bio-attributed PVC. This is manufactured at Rheinberg, Germany, using bio-attributed ethylene, a renewable feedstock derived from second-generation biomass that does not compete with the food chain. The development of BIOVYN™ forms part of our wider sustainability program, through which we are developing a new generation of PVC grades that meet both the rigorous product quality and performance needs of our customers, whilst moving us closer towards a circular, carbon-neutral economy for PVC. Our INOVYN Business was awarded Gold Merit status in 2019 in an assessment of its Corporate Social Responsibility program by EcoVadis, the global independent assessor of environmental and labor practices/supplier sustainability. In early 2020, our INOVYN Business delivered a further 10% year-on-year improvement in its overall score due to continued progress during 2019 towards making our INOVYN Business fully sustainable. In particular, our INOVYN Business improved its score associated with environment and labor/human rights practices, putting it in the top 3% and 1%, respectively, for these categories out of the 25,000 companies that were assessed. Overall, our INOVYN Business is in the top 3% of all companies assessed within its industry group.

We also believe that sustainability is beginning to reshape the Aromatics Business's industry and that creating a circular economy for PET (the key use for PTA) will be of strategic, long-term importance. With its Infinia technology in partnership with Danone, Unilever, Nestlé and P&G, the Aromatics Business is committed to enabling a circular economy for PET to convert difficult to recycle waste PET (such as black food trays and colored bottles) into new PTA and MEG monomers. The Aromatics Business is also at the forefront of developing bio-PX through its development agreement with Virent and Johnson Matthey.

In 2017, the Acetyls Business invested in TVUK, a consortium that will build and operate the world's first Tricoya® wood elements acetylation plant at the Saltend Chemicals Park in Hull. The co-location of the TVUK plant with the Acetyls Business's 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.

Strong management team with experience in realizing synergies

Our senior management team has extensive experience in the petrochemical industry. Further, they have a demonstrated track record of achieving profitable growth, successfully integrating large acquisitions, dramatically reducing the fixed cost base, and deleveraging the business following such acquisitions.

The executive management team of each of our INOVYN and Styrolution Business has over 150 years of combined experience in the petrochemical industry. Kevin McQuade, the Executive Chairman of the Styrolution Business and the Aromatics Business, has 40 years of relevant experience. Prior to becoming the Executive Chairman of the Styrolution Business and the Aromatics Business, he was the Styrolution Business's Chief Executive Officer since January 1, 2015 and previously was Managing Director since the formation of our predecessor company as a joint venture between INEOS and BASF in 2011. Chris Tane, our INOVYN Business's Chief Executive Officer until December 31, 2019 and the Executive Chairman of the INOVYN Business and the Acetyls Business thereafter has 41 years of experience in the chemicals industry, primarily in the chlor-vinyls sector, including as CEO of INEOS ChlorVinyls, which covered the majority of our INOVYN Business's legacy Kerling business assets. The Acetyls Business's executive team has almost 160 years of combined experience in the petchem and oil and gas industry, including experience in derivative businesses within the Acetyls industry that are currently part of INEOS. The Aromatics Business's executive team has strong leadership credentials and a track record in business integration and meaningful synergy realization.

Our Styrolution Business successfully managed the integration of the legacy INEOS and BASF businesses, improving our Styrolution Business's safety record, reducing costs and complexity and maximizing value, including through the achievement of over €300 million in synergies following its formation in 2011. Our Styrolution Business achieved the bulk of these synergies through cost structure, asset footprint and services optimization, but also negotiated favorable procurement contracts, improved asset efficiency, optimized its corporate structure and streamlined its product portfolio. Our INOVYN Business originally set a target of achieving cost savings in excess of €100 million by the end of 2017 for the combination of the legacy INEOS (Kerling) and Solvay businesses into our INOVYN Business, but far exceeded this target with over €220 million of savings on an annualized basis having been delivered since the formation of this business.

The Aromatics and Acetyls Businesses are expected to also achieve synergies through shared sites and other business activities. The Acetyls Business will leverage its co-location with the INEOS Group ethyl acetate business in Hull and butyl acetate business in Antwerp to drive both our fixed and variable cost savings. The Acetyls Business anticipates savings through re-negotiation of more favorable procurement contracts, removal of third party supply costs and improved optimization of its production assets. Similarly, the Aromatics Business will leverage its co-location with the INEOS Group Polypropylene business in Geel and the Syrolution business in Texas City to drive fixed and variable cost savings. The Aromatics Business also anticipates achieving cost savings through the renegotiation of more favorable procurement contracts, the removal of third party supply costs and headcount synergies for duplicate site activities.

Our Strategy

Our principal objectives are to increase the value of the business by generating strong, sustainable and growing cash flows across industry cycles and to maintain our position as a leading global supplier of petrochemicals. To achieve these objectives, we have the following key strategies:

Achieve cost savings and realize synergies

Overhead cost reviews are undertaken on a regular basis at our main sites. We will continue to implement a number of cost-saving initiatives in the fields of procurement, operations and selling, and general and administrative expenses, in order to reduce our fixed and variable cost base and to improve our manufacturing efficiency.

We are targeting annualized fixed cost savings of $150 million by the end of 2022. As an illustration, if we had achieved such annual cost savings during the 12 months ended September 30, 2020, our as adjusted pro forma RC EBITDA before special items would have been €1,722.4 million and our ratio of pro forma net debt to pro forma as adjusted RC EBITDA before special items would have been reduced by 0.3x to 3.7x.

Across the wider INEOS Group, our shareholders have historically succeeded in reducing costs at our acquired businesses by making rapid reductions in underlying fixed costs and implementing an efficient corporate and management structure. Historically, INEOS has been conservative in their approach on cost savings and thus over achieves. They have achieved significant fixed cost reductions in businesses that they have acquired, delivering on average a reduction of approximtely 25% of inherited fixed costs in the four-year period post-acquisition. Immediately after the formation of each of our Styrolution Business and our INOVYN Business, we appointed a dedicated team to identify and pursue cost savings opportunities, and since the formation of our Styrolution Business and our INOVYN Business we have realized more than €300 million and €220 million of cost savings on an annualized basis, respectively. We believe that similar synergy opportunities exist within the Aromatics and Acetyls Businesses, and have already identified a number of early synergy opportunities, including, among others, redirecting acetic acid sales from the Hull, UK site from the low-margin deep sea export market to co-located and easy- access INEOS affiliates at higher-margin market rates; improvements to variable costs and increased production capacity at the Hull site and the Merak, Indonesia PTA site; and favorable mixed xylene contract terms at the Geel site under a ten-year supply contract.

Generate strong cash flow to reduce leverage

We intend to focus on improving cash flow generation by maximizing the utilization of assets, leveraging existing resources and following focused capital expenditure and cost reduction plans. We intend to apply some of the excess cash flow generated from these initiatives to repay debt. We believe that the combination of improved cash flow and EBITDA, along with a reduction in debt will result in reduced leverage levels.

Focus capital investments on high return projects

Our capital expenditure plan is focused on delivering efficiency improvements on high return projects. We believe that the technology, personnel and production facilities of the combined business will allow us to increase our profitability and cash flows while focusing on investments in projects with attractive payback economics. We will also continue to implement de-bottlenecking projects at our facilities in order to increase our production capacity, particularly when the incremental capacity can be achieved without significant additional fixed costs or capital expenditures. For example, our Styrolution Business is building a 600 kilotonnes new ABS Standard capacity in Ningbo, China, adjacent to the existing PS site in Ningbo (which is expected to be completed during the second half of 2023), to further improve our ABS Standard position in inland China and create a manufacturing footprint for the Group in the largest ABS market in the world. We are also building an ASA plant at Bayport, Texas, United States, with a capacity of 100 kilotonnes to serve the high margin Styrenics Specialties market which will go on stream in the second half of 2022. Our Styrolution Business recently completed a de-bottlenecking project at its Antwerp SM plant, expanding its capacity from 500 kilotonnes to 560 kilotonnes, in the third quarter of 2020, further strengthening its top quartile production SM asset in Antwerp. Capacity testing of the Antwerp plant was completed in the fourth quarter of 2020. In the INOVYN Business, a major expansion project was delivered in 2020 at the site in Rafnes, Norway. The VCM capacity at the site was increased by around 70 kilotonnes per year, which is used in the production of vinyls at sites at Porsgrunn, Norway, Stenungsund, Sweden and Newton Aycliffe, United Kingdom. This project also included investment in an additional 35 kilotonnes per year of membrane electrolysis capacity to supply caustic soda customers in Scandinavia. The INOVYN Business is also undertaking a project to increase production of general purpose PVC at its site in Jemeppe, Belgium. The investment, which is estimated to deliver a further approximately 200 kilotonnes of capacity together with the associated increase in VCM capacity, aims to meet demand growth across the construction, electronics, packaging, food protection, water and energy sectors. The PVC capacity first phase of the expansion program is currently expected to be operational at the end of 2021, together with approximately 65 kilotonnes per annum of additional VCM capacity. The second phase consisting of the remaining VCM capacity corresponding to the full 200 kilotonnes of general purpose PVC capacity is currently under study. In addition, in the Aromatics Business, a de-bottlenecking project is planned at the PTA facility in Zhuhai, China (which is expected to be completed in 2022), while a capacity expansion (of approximately 75 kilotonnes) and variable cost improvement project is nearing completion at the PTA facility in Merak, Indonesia. In the Acetyls Business, we recently completed a capacity expansion project at the acetic acid site of our JV with LTBP in South Korea. This project is expected to result in a reduction in acetic acid variable cost and an expansion of capacity to 700 kilotonnes. The Acetyls Business's JV with LTBP in South Korea has recently completed a project that doubled capacity at its VAM plant. The same site will also invest in a variable cost improvement project to replace the use of low sulphur fuel oil with natural gas which will make significant improvements in the costs to produce acetic acid and reduce the site's carbon emissions.

Maximize utilization of assets

As a low-cost producer, we aim to operate our facilities at high capacities and operating rates. Historically, this has allowed our Businesses to maintain positive margins and to generate cash flows (even if reduced) during downturns in industry cycles or customer demand, unlike some of our competitors who we believe have higher production costs. We

intend to achieve growth in production volume by improving utilization rates within the defined availability of an asset, improving availability of an asset by minimizing planned and unplanned facility downtime and improving capacity of an asset through de-bottlenecking projects. Our management team has a long track record of improving utilization rates on assets.

Maintain lean corporate structure and incentivize management and employees

We intend to operate the combined business consistent with the INEOS Capital philosophy and implement a simple and decentralized, flat organizational structure that minimizes corporate bureaucracy, coupled with compensation arrangements that incentivize our employees. We believe that a simple and decentralized organizational structure is cost effective and will allow each of our management teams the freedom to use their industry knowledge to respond to market opportunities. We believe that we can increase the value of our business when our employees share in the value they create. Management and employee bonuses are also linked to the EBITDA-based performance of the business and region in which they work. We intend to implement similar bonus incentive schemes for our recently acquired businesses.

Access advantaged feedstock and energy opportunities

We maintain an asset base capable of exploiting feedstock opportunities around the world, providing us with access to a broad range of advantaged feedstock and energy opportunities. We intend to exploit the advantageous pricing of feedstock and energy resulting from expanding global shale gas production. For example, we have signed a one-year supply agreement with an INEOS Group affiliate for the supply of U.S.-sourced ethylene to our INOVYN Business's Rheinberg and Jemeppe plants, which we will evaluate in 2021 with a view towards potentially extending the contract for subsequent years. We believe this supply agreement enables our INOVYN Business to compete more effectively with U.S. and Asian PVC producers in export markets. Our INOVYN Business will also continue to take advantage of its access to ethylene via its significant minority interest in the Feyzin ethylene cracker in France, as well as its integrated access to brine at its Tavaux, Jemeppe, Runcorn, Rheinberg and Rosignano plants. A significant portion of our INOVYN Business's chlorine is also used twice because it supplies chlorine to BASF to make methylene diphenyl diisocyanate ("**MDI**"), and BASF then provides our INOVYN Business with hydrochloric acid (a by-product of MDI production), which we use to make EDC. In our Aromatics Business, a new supply agreement with an upstream European refinery that provides low-cost feedstock to our Geel PX plant in Belgium is also expected to reduce the cost of sourcing similar feedstock from other suppliers starting 2021.

We will continue to exploit opportunities to lower our energy costs in key areas of our production, particularly in electricity generation and usage. For example, a significant percentage of the energy supplied to our INOVYN Business's Runcorn site is being delivered from an "Energy from Waste" plant operated by Runcorn TPS, in which our INOVYN Business holds a 25% economic interest and a 60% voting interest. The "Energy from Waste" plant accepts and burns fuel derived from waste delivered by the Greater Manchester Waste Disposal Authority. The energy produced by this plant, representing some 40% of the site's energy consumption, benefits from environmental incentives and is significantly below-market prices, thereby strengthening our INOVYN Business's cost advantages. The recent investments in best available technologies, such as bipolar membrane cells for electrolysis has resulted in reduction in average electricity unit usages across our INOVYN Business. In the Acetyls Business, the acetic acid and anhydride units located at our gas production facility in Hull, United Kingdom, use gas as a fuel source and within their processes. We have deployed various energy efficiency programs across all of our sites in recent years and will continue to seek further efficiencies. At some of our key energy intensive sites, we have taken the opportunity when advantageous to enter into electricity fixed price supply contracts and derivative swap contracts, rather than simply purchasing at the prevailing spot price.

Maintain and grow our leadership positions to enhance our competitiveness

We will continue to implement a series of operational efficiencies and strategic business growth initiatives to retain our market leading positions in Europe, North America and Asia. We also have ambitions to make our businesses the leading innovators in products and processes within our industry. For example, our Styrolution Business is emphasizing the development of, and increasing its scale in, its high-margin and less cyclical Specialties and ABS Standard grades, including expanding its ABS and ASA capacity in the Americas through the construction of a new 100 kilotonnes capacity ASA polymer plant in Bayport, Texas, United States, which is expected to be operational in the second half of 2022 and converting an existing PS production line into a 46 kilotonnes ABS production line at its site in Wingles, France, to meet the growing demand for ABS, as well as building a new 600 kilotonnes ABS plant in Ningbo, China, adjacent to the Group's existing PS site in Ningbo, which is expected to be completed during the second half of 2023. In addition, we intend to leverage our INOVYN Business's know-how in developing specialty PVC products in order to maintain our position as the world's largest producer of specialty PVC, and work has already commenced on previously announced investments to increase capacity by more than 100 kilotonnes per annum at our INOVYN

Business's production assets in Belgium, Germany, France, Sweden and Norway by the end of 2023. Our INOVYN Business's position as a key supplier of PVC, caustic soda and chlorine derivatives will allow it to leverage its purchasing power as its ethylene and power contracts expire. Our Aromatics Business continues to maintain its market share in the more predictable and stable polyester market, achieving a market share of approximately 25% in Europe based on revenue as of December 31, 2020. We believe that our management's track record of implementing synergies and cost savings and our well-invested profile of low-cost facilities will allow us to retain our cost advantage and continue to be a supplier of choice and leading innovator in the markets where we operate.

Dedication to sustainability

We aim to operate and develop our business in a way that balances our current and future needs, taking into account relevant economic, environmental and social factors, so that we can sustain and further grow our business for the long term. We strongly believe that sustainable business management and practices will contribute to our long-term business success and strengthen our leading position in the market.

We also believe sustainability is a lever for growth and will enable us to tap into new and emerging business opportunities. As a result, sustainability is a consideration in all of our decision-making processes. As a member of INEOS Group, we are committed to achieving the five ambitious targets that were set by the INEOS Group for 2025. These include, amongst others, a pledge to use on average 30% of recycled content in products destined for polystyrene packaging in Europe, and ensure 100% of our polymer products can be recycled as well as an INEOS-wide pledge to incorporate at least 325 kilotonnes per year of recycled material into products. For further details, refer to the section "*Business—Sustainability*".

Technology leadership

We believe that technology leadership can help us achieve a sustainable cost leadership position. We seek to optimize the overall effectiveness of our asset base by making appropriate investments in maintenance, turnarounds and capital equipment, in conjunction with personnel training and site and plant benchmarking, in order to achieve state-of-the-art facilities capable of operating on a 24 hours a day, seven days a week at high standards of safety and reliability. We intend to further develop our intellectual property and unpatented proprietary know-how in order to advance our product innovation and deliver process improvements that preserve our preferential cost position vis-à-vis our competitors.

Business Segments

As a result of the completion of the Acquisitions, our business segments in this offering memorandum are (i) the Styrolution Business, (ii) the INOVYN Business and (iii) the Aromatics and Acetyls Businesses, which are presented in this offering memorandum on a historical basis based on information derived from their separate respective financial statements prior to the Acquisitions. Although the Aromatics and Acetyls Businesses' historical results are presented in this offering memorandum as a single business segment, they will be presented as two separate business segments in this offering memorandum. The historical results have not applied IFRS 8 "Operating Segments" as permitted by IFRS; however, for purposes of this offering memorandum, they will be presented as separate business segments. These business segments do not represent segments as outlined in IFRS 8 nor has the Group completed its assessment on whether the business segments identified above meet the quantitative or qualitative criteria under IFRS 8 "Operating Segments". While each business segment is presented separately in this offering memorandum, such presentation is not prepared in accordance with IFRS 8. The operations of each of these business segments is further divided into business units, as described below.

Set forth below is a discussion of our business segments: (i) Styrolution, (ii) INOVYN and (iii) Aromatics and Acetyls, which covers the following areas: products and manufacturing, raw materials and energy, customers, research, product development and engineering, intellectual property, competition and sales, marketing and distribution.

The Styrolution Business

We operate the Styrolution Business through four business segments: Polymers EMEA, Polymers Americas, Polymers Asia and Styrene Monomer.

Our styrenics product groups are Styrene Monomer, PS (including revenues not otherwise allocated to a product group, including from site services provided by the Styrolution Business as a host to third parties), ABS Standard and Specialties. Our styrenics product range consists of over 1,500 items with over 2,000 applications across various focus

industries like electronics, healthcare, household and automotive. As of September 30, 2020, the Styrolution Business held approximately 1,000 active patents and patent applications, reflecting our wide product range and more than 100 years of combined industry experience from its heritage businesses.

The following table presents the Styrolution Business's historical revenue, EBITDA before special items and RC EBITDA before special items.

	For the year ended December 31,			For the nine months ended September 30,	
	2017	2018[1]	2019	2019	2020
		(in €million)			
Revenue	5,342.4	5,366.7	4,884.2	3,798.3	2,834.2
EBITDA before special items[2]	872.2	812.8	704.2	580.8	408.3
RC EBITDA before special items[3]	833.2	860.8	716.2	571.8	494.3

(1) The Parent adopted IFRS 15 and IFRS 9 from January 1, 2018 and did not restate comparative financial information presented in the Parent's consolidated financial statements. Therefore, the financial information presented for the year ended December 31, 2017 may not be comparable to the financial information presented for the years ended December 31, 2018 and 2019. See *"Presentation of Financial and Other Information—Adoption of new accounting standards—IFRS 15—Revenue from Contracts with Customers" and "—IFRS 9—Financial Instruments"*.

(2) EBITDA before special items is a non-IFRS measure. See "*Presentation of Financial Information*" for a reconciliation of the Parent's results from net income to total EBITDA before special items.

(3) RC EBITDA before special items is a non-IFRS measure. See "*Presentation of Financial Information*" for a reconciliation of the Parent's results from net income to total RC EBITDA before special items.

Our styrenics products are broadly organized in two categories: (i) commodity (SM) and standard (PS and ABS Standard) products and (ii) Specialties (ABS Specialty and copolymers). For commodity and standard products, we believe that we run a lean and cost-efficient setup with relatively few grades (or products), low complexity and limited technical service, but with a clear focus on high delivery reliability, short lead times and product quality consistency. Conversely, in our Specialties business unit, the primary focus is on providing a high level of customization, application innovation and technical support designed to generate additional value for customers, particularly in our focus high-growth industries (*i.e.,* electronics, healthcare, household, automotive and construction), for which we believe our Specialties offer a unique value proposition. We regularly pursue close R&D cooperation with customers and the majority of our Styrenics R&D spending relates to our Specialties business.

The Styrolution Business benefits from the cost advantages of operating large-scale, integrated facilities strategically located near major transportation routes and customer locations, including the largest chemical production site in Europe at Antwerp, Belgium, and the largest single production line styrene plant in the world at Bayport (Texas), U.S.

The Styrolution Business's total cash capital expenditure has increased in the last three years from €176.0 million in 2018, €245.5 million in 2019 to approximately €363 million in 2020 (with €257 million having been spent in the first nine months of 2020), with particular emphasis on its facilities in Antwerp, Ludwigshafen, Wingles, Map Ta Phut, Altamira, Ulsan, Bayport and Texas City, as well as several R&D sites. We believe these investments allow the Styrolution Business to operate at lower cost and higher utilization rates than most of our competitors, and help the Styrolution Business maintain positive margins and cash flows even during industry downturns or its periods of decreased customer demand.

The Styrolution Business is led by a highly experienced management team with, on a combined basis, over 150 years of experience in the petrochemical industry. The Styrolution Business management team has devised a long-term "Triple Shift" strategy focused on profitable growth, resilience and sustainability of EBITDA before special items margins. The key pillars of the Triple Shift strategy are:

1. Continue increasing the Styrolution Business's exposure to high-growth customer industries, so-called focus industries, with potential for product differentiation, namely (i) electronics, (ii) healthcare, (iii) household, (iv) automotive and (v) construction. In the nine months ended September 30, 2020, customers in the Styrolution Business's focus industries accounted for approximately 56% of its polymers revenue.

2. Seek to meet the demands of the Styrolution Business's five focus industries by emphasizing development of, and increasing our scale in, its high-margin Specialties and ABS Standard grades.

3. Seek to capture above-average growth dynamics in faster-growing emerging markets by expanding our presence beyond our existing footholds, *e.g.*, in China in Asia and in the Americas, in Specialties businesses and in the Styrolution Business's focus industries.

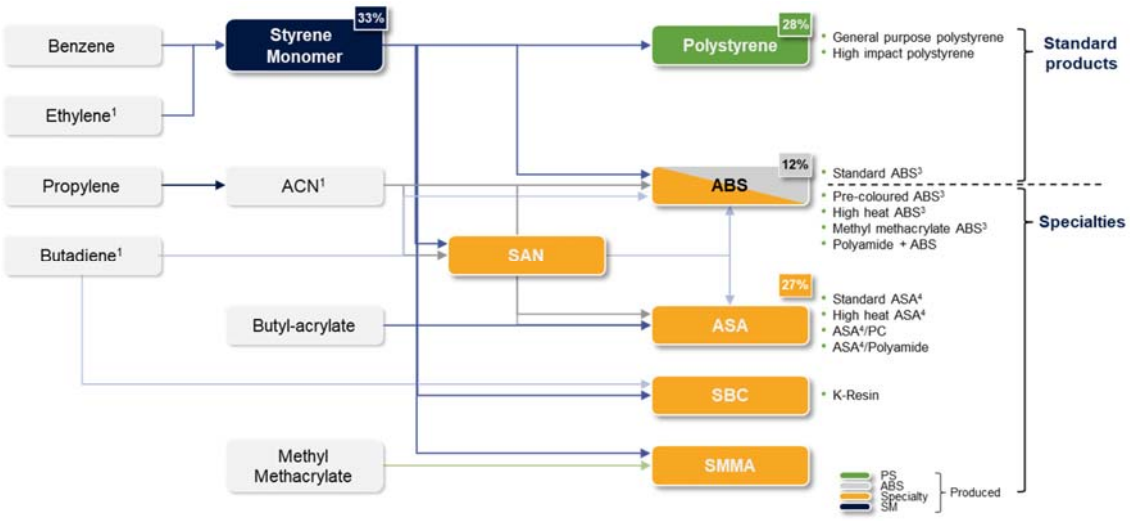
In line with the Styrolution Business Triple Shift growth strategy, we have expanded our asset footprint and acquired two PS sites in China (Ningbo and Foshan) and their PS businesses from Total in 2018. The PS business in China opened the door to household and electronics customers in domestic China.

The principal raw materials and feedstocks for our Styrolution Business are ethylene, benzene, butadiene, acrylonitrile, styrene and energy. The costs of these feedstocks are principally driven by the price of crude oil and natural gas and the availability of crackers.

Products and Manufacturing

The Styrolution Business offers a broad range of over 1,500 products, with over 2,000 applications across various industries, with most of the products being customized Specialties. The following diagram sets forth a summary of the inputs and outputs of the production chain for our major products.

Product scope in the styrenics value chain



Source: Company information.

Note: The percentages show the contribution of products to our consolidated EBITDA before special items in the year ended December 31, 2019 and the estimated global market size in 2019.

Styrene Monomer (SM). Styrene is a liquid hydrocarbon produced from ethylene and benzene, using either the ethylbenzene dehydrogenation ("**EBSM**") process or the POSM process. EBSM is the more traditional method for producing styrene, where ethylene is alkylated with benzene to produce ethylbenzene, which is dehydrogenated to produce styrene. This basic method has been used commercially for over 50 years, during which it has been adapted and refined to improve the quality of the end product and to minimize the amount of energy and other resources, such as electricity, fuel, steam and cooling water, used in its production. POSM is an alternative process whereby propylene oxide is produced and styrene is generated as a co-product. POSM may decline in the future as new methods of producing propylene oxide have been designed, which do not yield any SM as a by-product. Both the EBSM and POSM processes are large-scale and capital intensive. We use the EBSM method to produce our styrene because the alternative, the POSM process, is used only when the aim is to produce propylene oxide.

Styrene is an intermediate used in the production of plastics, resins, rubbers and latexes, with key end applications in areas such as packaging, electronics and appliances, construction (primarily insulation) and automotive components.

Because we produce nearly as much SM as we consume in our production of polymers, we consider our polymers business to be vertically-integrated. However, there are imbalances in the geographical distribution of our SM production as compared to the location of our polymers production. As a result, we sell a portion of our SM production to external customers, mainly in the Americas, where we have regional production in excess of our consumption. Conversely, we purchase a comparable amount of SM from external suppliers, mainly in Asia, where we have no regional production, and, to a more limited extent, in EMEA. Because we could choose to export SM from North America to Asia if Asian purchases became disadvantageous, our price exposure on such purchases is limited to trans-Pacific transportation costs and the price risk due to the multi-week shipping time for trans-Pacific deliveries. This is also true of competitors with comparable geographical SM supply and demand imbalances. In 2019, we sold 45.7% of our total annual production to external customers, mainly in the Americas, for various industrial and consumer applications. In total, in 2019, we consumed 2,165 kilotonnes of SM in our polymers business. In the year ended December 31, 2019 and the nine months ended September 30, 2020, the Styrolution Business's SM external revenue totaled €824.5 million and €344.6 million, respectively, and its SM EBITDA before special items was €228.9 million and €45.9 million, respectively.

Polystyrene (PS). Polystyrene is a thermoplastic resin produced by the polymerization of styrene. It exists in solid state at room temperature but melts if heated and becomes solid again once cooled. It is converted through extrusion, thermoforming or injection molding into end products for a wide range of end applications, including electronics, healthcare equipment, household appliances, construction, toys, office supplies and packaging.

Polystyrene is produced on dedicated lines (*i.e.,* other products are not produced on the same lines). Polymerization of styrene can be initiated by either heat or initiators, and usually occurs in stages with the temperature increasing at each stage. When the polymerization is complete, the polymer is removed from any diluent and/or catalyst, and washed. The polymer is then extruded and cut into easily transportable pellets. We produce two types of polystyrene: general purpose polystyrene (GPPS) and high-impact polystyrene (HIPS). Both GPPS and HIPS are used in injection molding and extrusion applications.

General purpose polystyrene (GPPS). GPPS is a clear, hard, usually colorless thermoplastic resin. GPPS is a crystal-clear amorphous product utilized in packaging, foamed containers, foam insulation, cutlery, medical lab-ware, clear cups and containers.

High-impact polystyrene (HIPS). HIPS, one of the most widely used thermoplastics, has great dimensional stability and balanced properties of impact strength and heat resistance, is easily processed and is relatively low in cost. HIPS is essentially GPPS with around 5-10% rubber incorporated through a grafting process in the course of the polymerization process to enhance the mechanical properties. HIPS products are used in refrigerator liners and parts, vending cups and lids, dairy containers, appliance components, cosmetics cases, toys and various consumer products. HIPS is opaque to translucent and is impact resistant.

Customers have some ability to substitute between HIPS and GPPS, and many customers use HIPS and GPPS in a blend. The ability to substitute GPPS for HIPS or to change the respective proportions in the blend is based on the mechanical properties required by the customer.

In the year ended December 31, 2019 and the nine months ended September 30, 2020, the Styrolution Business's PS revenue totaled € 2,017.9 million and €1,222.3 million, respectively and its PS EBITDA before special items was €197.2 million and €144.4 million, respectively.

Acrylonitrile butadiene styrene (ABS). ABS is a tough, opaque, scratch-resistant material with high impact resistance, which can be readily processed by most thermoplastic fabrication techniques, including injection molding (used to produce a variety of consumable and industrial goods) and extrusion (used to produce, among other things, sheet, pipe and electrical conduit). The main applications of ABS include electrical appliances such as vacuum cleaner components, washing machine panels and control devices, information technology devices such as computer and printer housings and automotive parts such as dashboard components, air vents, center consoles and glove boxes. ABS is regarded as a "bridge" polymer between commodity plastics (such as polystyrene, PP and PET) and higher performing engineering thermoplastics (such as nylon/polyamide or polycarbonate ("**PC**") resins), PET and other alloys with polyesters ("**PBT**"), polyamide ("**PA**") and PC. The major advantages of ABS include its high gloss (when produced via the most widespread "emulsion process"), the ability to be painted or electroplated, impact resistance and heat resistance as well as in general its lower cost compared to other engineering plastics.

ABS is produced from three monomers: acrylonitrile (provides thermal and chemical resistance), butadiene (provides rubber-like ductility and impact resistance) and styrene (provides stiffness, the ability to be easily processed

and reduces overall cost). ABS resins typically contain at least 50% styrene, with varying proportions of acrylonitrile and butadiene. There are two main processes that can be used to produce ABS: mass and emulsion. In the mass process, styrene and acrylonitrile are mass polymerized in the presence of a rubber substrate (polybutadiene or styrene butadiene elastomer). In the emulsion process, ABS is prepared by polymerizing butadiene in aqueous emulsion using radical initiators, emulsifiers, followed by a grafting step of emulsion polymerizing styrene and acrylonitrile onto the polybutadiene latex elastomer substrate. Today's most cost-efficient, world-class ABS plants employ the emulsion process. The emulsion process allows the production of a wider variety of grades of ABS. Most of our plants are emulsion process plants, and over 90% of global ABS production occurs using the emulsion process. To address niche demands for mass ABS, *e.g.*, in low-gloss applications and extrusion, we operate mass ABS lines through our contract manufacturer INEOS ABS in Addyston, U.S. and are currently investing in the conversion of a PS line to a mass ABS line in Wingles, France.

Because ABS is usually visible in its final applications, ABS is almost always colored before use. The coloring step can be undertaken either by integrated resin producers, by independent compounders or by the customers themselves. Customers with self-coloring facilities generally favor buying natural (uncolored) product and self-coloring for the majority of their requirements but may elect to purchase pre-colored ABS if they desire relatively small volumes and/or a high degree of color consistency.

ABS Standard. Customers who do not have in-house coloring equipment need to buy pre-colored ABS, either from an ABS producer or from a compounder. Independent compounders buy ABS Standard from an ABS producer and then color it themselves for supply to end users. Compounders also compound ABS with other additives to tailor it to their customers' requirements. We offer both standard and pre-colored ABS products, which latter category we treat as Specialties. We produce ABS Standard products (and some large-volume colors such as "standard black") in three plants (Altamira, Antwerp and Ulsan), serving each of the three regions (Americas, Europe, Asia), under the trademark Terluran®, using top technology with high efficiency.

In the year ended December 31, 2019 and the nine months ended September 30, 2020, we estimate that the Styrolution Business's ABS Standard revenue totaled €743.2 million and €494.7 million, respectively and its ABS Standard EBITDA before special items was €85.7 million and €89.6 million, respectively.

Specialties

The styrene based copolymers and ABS Specialty market is composed primarily of the following product areas.

ABS Specialty. We typically produce ABS Specialty, or pre-colored ABS, using two-step production processes, enabling us to produce customized colored grades efficiently.

In addition to coloring, alterations in the mix of feedstocks used, and in the use of additives, allow considerable versatility in the tailoring of ABS properties to meet specific customer requirements. Such requirements can, for example, relate to the impact strength of the ABS (high impact grades), the flow properties (high flow grades), the Vicat softening temperature (high heat grades), the flammability (flame retardant grades), and the platability (plating grades). We also produce medical grade ABS for use in medical applications such as inhalers. Pre-colored ABS is sold under the trademarks Novodur®, Lustran® (both worldwide) and Absolac® (in India only).

Styrene-acrylonitrile (SAN). SAN is a rigid and transparent polymer made from styrene and acrylonitrile. SAN is one component in the production of ABS, but we also produce a high-quality form of SAN in a dedicated plant in Ludwigshafen (Luran®). In addition, SAN has some commercial end uses as a transparent polymer in its own right, including in kitchenware, computer products, battery cases, ball pens and packaging material. SAN is generally produced as an intermediate by-product in the ABS production process. It may also be produced in dedicated SAN plants. The bulk of our SAN is produced as an intermediate product.

Styrene-butadiene block copolymers (SBCs). SBCs are a class of block copolymers of styrene and butadiene produced either as an elastomer (Styroflex® and K-Resin®) or as a rigid product (Styrolux®). Rigid products have a high transparency and are often used to "toughen" GPPS. These products exhibit high surface gloss, rigidity and toughness, they can be printed and they can be compounded with other materials. The other type of SBCs, elastomers such as styrene-butadiene-styrene ("**SBS**"), have high-performance abrasion resistance and are frequently used for injection-molded parts as a hot-melt adhesive or as additives to improve the properties of bitumen. SBCs are produced on dedicated manufacturing lines.

Acrylonitrile styrene acrylate (ASA). ASA is a styrene derivative produced by introducing a grafted acrylic ester elastomer (elastic polymer) in a polymer matrix consisting of SAN. ASA was first introduced by BASF AG in 1967 under the trademark Luran® S (which we own today), with the goal of creating a material similar to ABS but with better weather resistance. ASA has good toughness and rigidity, chemical resistance and thermal stability, outstanding resistance to weather, ageing and yellowing, and high gloss. ASA is suitable for injection molding, extrusion, blow molding and thermoforming. End uses include automotive components (exterior mirror and lamp housings, radiator grills and dashboard trims), construction (siding panels, window frames, door panels, rain gutters and fences), telecoms (TV antenna parts, cable connection housings), appliances (washing machine panels, refrigerator handles and microwaves), sports and leisure equipment (surfboard and sailboat parts) and sheet applications for pool/spa use. ASA is also blended with polycarbonate for use primarily in higher end automotive applications. We produce both ASA and ASA blends.

Methyl methacrylate acrylonitrile butadiene styrene (MABS). MABS is a tough, transparent plastic, with high brilliance and surface finish. It exhibits good chemical resistance, good tensile strength and stiffness and is easy to process, print on, sterilize and bond with other resins. MABS can be produced in several ways. One method involves the polymerization or blending of grafted rubber with a polymer of styrene, methacrylate and acrylonitrile. Another method involves compounding SAN with polymethyl methacrylate (PMMA) and polymethacrylate butadiene styrene rubber. MABS is used in applications including medical technology and diagnostics, cosmetics and hygiene (*e.g.,* toothbrushes and soap dispensers), sports and leisure (*e.g.,* musical instruments and watches) and home and office (*e.g.,* printers and loudspeakers). We sell MABS under the trademark Terlux®.

Polyamide/ABS (PA+ABS). PA+ABS is a blend based on polyamide and ABS, combining excellent impact strength at high and low temperatures, high surface quality, easy processing, chemical resistance, heat resistance and a high quality finish. PA+ABS is used in applications in the automotive sector, in housings for power tools, and in garden equipment and sporting goods. PA+ABS is tougher and more durable than either PA or ABS separately. It is formed by reactive compounding the two base products in the presence of a compatibilizer. We sell PA+ABS under the trademark Terblend® N. We also have a special, weather-resistant grade of PA/ASA, which we sell under the trademark Terblend® S.

Styrene methylmethacrylate (SMMA). SMMA resins (NAS®) are clear, non-impact-resistant resins, which can be used in household, packaging, office, medical and electronic applications. Applications for SMMA resins include water filter jugs, vacuum and floor care components, office products, pencil barrels, paper towel dispensers, medical devices and toys. Blends of NAS® with SBC are marketed under the trademark Zylar®. They have high impact strength coupled with high clarity, making these products suitable for applications requiring clear appearance and superior break-resistance.

Thermoplastic composites. Stylight® is a family of innovative thermoplastic composite materials based on styrenic copolymers for lightweight design applications. The innovative new StyLight® products support the expansion of our product offering closer to the end customer. With its combination of structural stiffness, aesthetics, processability and dimension stability, StyLight® offers opportunities in industries like electronics, healthcare, automotive and toy, sports & leisure. StyLight® is currently in the market introduction phase and has already been commercialized in initial customer applications.

Our Specialties revenue as a percentage of total revenue has increased from 21% in 2013 to 27% in 2019. In the year ended December 31, 2019 and the nine months ended September 30, 2020, the Styrolution Business's Specialties revenue totaled €1,298.6 million and € 772.6 million, respectively and its Specialties EBITDA before special items was €192.4 million and €128.4 million, respectively.

The table below shows the regional breakdown of our capacity in relation to each of our product categories as of December 31, 2020.

	EMEA (kilotonnes)	in %	Americas (kilotonnes)	in %	Asia (kilotonnes)	in %
SM	560	31%	1,670	63%	0	0%
PS	591	32%	767	29%	744	56%
ABS	260	14%	110	4%	244	18%
Specialties	417	23%	115	4%	342	26%
	1,828	100%	2,662	100%	1,330	100%

Source: Company Information

Note: Specialties and others include ABS (Novodur), SAN (Luran), ASA (Luran S), MABS (Terlux), PA+ABS (Terblend N) and SBC.

Raw Materials and Energy

Except for SM, most of which is sourced in-house, the majority of our raw materials sourced for the Styrolution Business are supplied under long-term contracts from leading industry participants at market prices. This includes arm's-length contracts at market prices from INEOS, which cover approximately 11% of our raw material needs. We also make some benzene purchases in the spot markets, depending on market conditions.

The principal raw materials and feedstocks for the Styrolution Business are ethylene, benzene, butadiene, acrylonitrile, styrene and energy. Below are our main suppliers for each raw material.

Acrylonitrile. Acrylonitrile is a petrochemical intermediate used in the production of, among other things, SAN, ABS and ASA. Acrylonitrile is a globally supplied chemical intermediate, with shipments by pipeline, road, train or ship, with over 20 producers worldwide. Acrylonitrile is mainly supplied by INEOS. Other suppliers include Cornerstone, AnQore, Asahi Kasei and Taekwang Industrial.

Benzene. Benzene is the main raw material for styrene (through its use in ethylbenzene) and is mainly produced from refinery processes or as a co-product of steam cracker operations. As a result, it is readily available in the vicinity of several of our sites or, like ethylene, is supplied by one of the major pipeline systems connecting major petrochemical complexes. We source benzene from a broad spectrum of the main global benzene producers. We buy most of our benzene through contracts, but our pricing formulas can be based on published spot prices, contractual terms or a blend thereof. Our main benzene suppliers are BASF, Exxon Mobil, Marathon Petroleum Corporation, NOVA Chemicals and Samsung C&T Corporation.

Butadiene. Butadiene is a flammable, colorless gas used extensively for various polymerizations for plastics manufacturing. It is the key input to polybutadiene (PB) rubbers, which are used in the production of HIPS and is one of the three key inputs to ABS. Butadiene can be produced in two ways: as a byproduct of the steam cracking process used to produce ethylene and other olefins (greater than 95% is produced in this way), or from dehydrogenation n-Butane or via the ethanol route (especially suitable for small plants as low capital investment is required). Butadiene is available within integrated chemical complexes and is also available on the open market with shipment by pipeline, ship, road or train. We source butadiene mainly from Shell, BASF and INEOS, but also buy some supplies from SK Global Chemical, Braskem, PTTGC and OPAL.

Butyl acrylate. Butyl acrylate is a flammable liquid and vapor. Butyl acrylate is used in the production of ASA and in the production of coatings and inks, adhesives, sealants and textiles. It is mainly produced from butanol and acrylic acid. Our main suppliers are BASF, Arkema, LG Chem and DOW.

Energy. Energy is an essential and mandatory utility in order to run our operations. Styrenics production requires large amounts of electricity, and the processing of SM in particular also requires large amounts of steam and natural gas when compared to the production of other chemicals. In addition, compounding steps (*e.g.,* ABS production) require additional amounts of energy.

Ethylene. Ethylene is a flammable gas obtained in a process called cracking, in which hydrocarbons are heated, causing chemical reactions that split the carbon-hydrogen or carbon-carbon bonds of the feedstock. Ethylene is a key building block of the petrochemical industry and is used to produce a large number of higher value-added chemicals, including styrene. Ethylene is either available directly on our production sites from adjacent steam cracking facilities or is supplied by one of the pipeline systems connecting major petrochemical complexes (*e.g.,* the ARG pipeline in Europe). We typically source ethylene from crackers at sites adjacent to our own, through long-term contracts, or from one of the main pipeline networks, including the ARG pipeline in Europe. Our main suppliers of ethylene are BASF, INEOS and NOVA Chemicals.

Styrene. Styrene (also called styrene monomer or SM), a hydrocarbon that under normal conditions is a flammable liquid, is produced from ethylene and benzene, typically brought together in a reaction with a catalyst to form the intermediate ethylbenzene. See "*—Products—Styrene Monomer*" above. We use SM in the production of our polymers. For the North American region, all of the SM we need is produced in-house. Any excess SM is sold into the North American market or exported to our operations as well as third parties in other regions. For the EMEA region, the SM we need is sourced from a mix of in-house production and external purchases. For the APAC region, the SM we need is purchased externally.

Customers

The Styrolution Business has a global and diverse base of approximately 4,000 customers, through which it serves a wide range of end markets in more than 100 countries. The Styrolution Business's focus industries under the Triple Shift strategy consist of the electronics, healthcare, household, automotive and construction sectors, which we consider to be high-growth markets. Together, we estimate, based on management's allocation of the Styrolution Business's customers across its various end-user sectors, that the focus industries accounted for 56% of the Styrolution Business's revenue for the year ended December 31, 2019, with household making the largest contribution at 24%. Outside our focus industries, high-volume sales in the packaging sector contributed 27% of the Styrolution Business's revenue for the year ended December 31, 2019. Below is a summary of the allocation of our revenue for the year ended December 31, 2019 by industry.

Electronics. In the year ended December 31, 2019, the electronics sector accounted for approximately 6% of our consolidated revenue. Growth in the electronics industry has been fueled by widespread digitalization and increasing demand from emerging markets. We believe there is potential for further styrenics-related growth particularly in the fields of optics and haptics. The electronics industry has been characterized by cost pressures on mature devices that have reached the end of their life cycles. We serve the electronics sector through our PS, ABS Standard and Specialties businesses. We believe that we can capture market share in this industry in particular as a result of interpolymer substitution as well as due to demand growth in Asia.

Healthcare. In the year ended December 31, 2019, the healthcare sector accounted for approximately 3% of our consolidated revenue. The healthcare industry has been fueled by the rise of wealth- and age-related diseases. Recent developments relevant to styrenics include mobile diagnostic solutions and new drug delivery approaches. Health-related innovations have been particularly sought out in Asia, which is one of our target emerging markets. The healthcare industry is also characterized by strict regulation, compliance with which can give styrenics industry participants an edge over competitors. We serve the healthcare sector mainly through our PS and Specialties businesses. We have already established strong ties with the healthcare industry with the creation of a tailored healthcare service package, through which we provide services such as notifications of change, prolonged supply guarantees and extended raw material certification.

Household. In the year ended December 31, 2019, the household sector accounted for approximately 24% of our consolidated revenue. The household industry has been fueled by improving wealth and infrastructure, particularly in emerging markets. Brands, designs and haptics have also acquired increasing significance in such markets, as has the development of environmentally sustainable solutions globally. We serve the household sector through our PS, ABS Standard and Specialties businesses. We believe we can capture a greater household industry market share by increasing our presence in emerging markets.

Automotive. In the year ended December 31, 2019, the automotive sector accounted for approximately 14% of our consolidated revenue. We estimate that global vehicle output by units produced (the "**Vehicle Production Rate**") in the automotive industry declined by approximately 5% globally in the calendar year 2019. We estimate that in 2020 global vehicle output further declined by nearly 20%. A recovery is expected in 2021 but current projections indicate that a recovery to 2018 vehicle production levels will only be achieved by 2025. The automotive industry is characterized by mass customization and a focus on design and has lately been impacted by more stringent emissions requirements and the shift toward electrical vehicles. It seeks to use lightweight materials and make so-called "lean" process improvements to increase efficiency. We serve the automotive sector mainly through our ABS Standard and Specialties businesses. We believe that the main assets we bring to this industry are our high aesthetics solutions produced at low cost and weight.

Construction. In the year ended December 31, 2019, the construction sector accounted for approximately 9% of our consolidated revenue. The construction industry has been fueled by continued urbanization across the world and a need for affordable housing materials. Industry participants have also recently focused on achieving high energy efficiency. We serve the construction sector through our PS, ABS Standard and Specialties businesses. We believe we can capture demand growth in the construction industry, in particular in Asia, due to our broad, multi-niche product offerings.

Toys, sports & leisure. In the year ended December 31, 2019, the toys, sports and leisure sector accounted for approximately 8% of our consolidated revenue. We serve the toys, sports & leisure sector through our PS, ABS Standard and Specialties businesses.

Packaging. In the year ended December 31, 2019, the packaging sector accounted for approximately 27% of our consolidated revenue. We serve the packaging sector mainly through our PS and Specialties businesses. Although the

packaging sector accounts for a high percentage of our revenue, it is not one of our focus industries because of its poor growth prospect. Demand for Styrenics (Polystyrene) for Packaging in Europe has been declining by 2% to 3% in recent years and the decline is expected to accelerate due to Single Use Plastics bans and potential taxes on packaging. In the Americas, demand has been stagnant to declining while demand in Asia continues to grow at a low pace (1% to 2%).

Within each of our end markets, we have long-standing relationships with large and well-established players in the industry (*e.g.,* Samsung, Lego, Covestro, BASF, Bayer, Stora Enso, Lanxess, Benvic, INEOS, Huntsman, Brenntag, Haier, Ravago, BSH, Rehau, Whirlpool, Electrolux, Bosch, Ficosa, Magna, Panasonic, Solvay, Danone, Pactiv, Thermofisher, Kemira, B. Braun, BMW, Daimler, Pentaplast and Volkswagen). Our top 10 customers collectively accounted for 17.9% of our revenue in the nine months ended September 30, 2020. Our largest customer accounted for 3.3% of our revenue, with the second accounting for 2.7%, the third accounting for 2.6%, the fourth accounting for 1.9% and the fifth accounting for 1.4%.

Below is an overview of our main customer profile for each of our product categories.

SM. Because we produce nearly as much SM as we consume in our production of polymers, we consider our polymers business to be vertically-integrated. However, there are imbalances in the geographical distribution of our SM production as compared to the location of our polymers production. As a result, we sell a portion of our SM production to external customers, mainly in the Americas, where we have regional over-production. In 2019, we sold approximately 46% of our annual production to external customers for various industrial and consumer applications. Our external SM customers include a number of consumers of SM, which produce materials used across all of the major end markets, including electronics, healthcare, household, automotive, construction (*i.e.,* insulation, paint, and carpet adhesives) and packaging.

PS. In the PS market, we currently serve approximately 87% of our customers on a direct basis and rely on distribution partners to reach smaller customers. We have long term relationships with industry leading customers, including household names in the consumer electronics and appliance segments, as well as some of the largest producers in the consumer packaging segment.

ABS Standard. In the ABS Standard market, we serve the automotive, electronics and household sectors, mainly in the EMEA region but also in the Americas. We have recently experienced strong ABS Standard competition from imports out of South Korea, Taiwan and the Middle East.

Specialties. For Specialties, we focus on offering customized products and on developing tailored solutions. The primary focus is on working directly with our customers to support them by designing products with characteristics (in terms of grade and color) that will meet their specific needs. In particular, within the Specialties business (as well as for ABS Standard), we are actively seeking to continue increasing our exposure to our five focus industries (electronics, healthcare, household, automotive and construction) as we expect that these will grow faster than GDP in the coming years.

Research, Product Development and Engineering

At the time of the formation of the Styrolution Business, INEOS and BASF contributed considerable proprietary know-how, which positioned us as a technologically advanced business from the outset. Today, the Styrolution Business's global asset footprint is complemented by six research and development centers located in the U.S., Europe, India and South Korea. The table below summarizes the product focus of each Styrenics R&D site.

Overview of R&D sites

R&D site	Country	Product focus	Geographical focus
Cologne	Germany	ABS Standard and ABS/ASA/SAN Specialties	Global and regional
Channahon	U.S.	PS, ABS Standard, ABS/ASA/SAN Specialties and SMMA	Regional
Ulsan	South Korea	ABS and ABS/ASA/SAN Specialties	Regional
Wingles	France	SBC and PS	Regional
Antwerp	Belgium	SBC	Global
Moxi	India	ABS	Global and regional

Neue Materialien Bayreuth GmbH (external partner)	Germany	Lightweight solutions, styrenic polymers for 3D printing, new electroplating routes and styrenic polymers for high end surface decoration

Source: Company information.

Our Styrenics R&D resources are provided through our global R&D sites in Cologne, Antwerp and Moxi and our regional development centers in Cologne, Wingles, Channahon, Moxi and Ulsan, as well as our external R&D partners, which include Neue Materialen Bayreuth GmbH. Our Styrenics R&D sites, which previously received services from BASF when it was a shareholder of the predecessor of INEOS Styrolution, are now fully independent of BASF R&D resources in all research fields.

We believe that our styrenics industry research centers facilitate the joint development of high value added products with our styrenics customers.

Globally, we have the equivalent of approximately 113 full-time employees in our styrenics R&D community, which is composed of units for basic R&D, technology, market development, technical product development, technology service and future business innovation. Our approach to Styrenics research and development is twofold: (i) for commodity (SM) and standard products (ABS Standard, PS), we focus on optimizing the manufacturing process to further improve our cost position; whereas (ii) for Specialties, our objective is to develop tailor-made solutions for customers to generate a unique value proposition by end market- and region-focused teams. In the year 2019, we have spent a total of €13.8 million on Styrenics global research and development activities. In 2019, global R&D costs made up 3.2% of operating costs, excluding costs of sales (2018: 3.3.%, 2017: 2.7% and 2016: 3.3%).

Our market development functions are integrated into our marketing organization and they work directly with our customers to devise innovative solutions for their businesses. To strengthen our Styrenics R&D capabilities, in 2013 we entered into a partnership with the University of Bayreuth and Neue Materialien Bayreuth, an independent research and technology development provider in the field of new materials. This cooperation goes beyond traditional models of corporate cooperation with academia as it features a dedicated research team that constantly evaluates new technologies for use in styrenics. We believe that this strategic partnership, coupled with our global Styrenics R&D network, accelerates the pace of customer-centric innovation and further positions us for future growth. Since 2013, we have established further partnerships in this field: we are co-developing new high-strength fiber composites (StyLight®) together with the institute Neue Materialien Fuerth. We recently entered into a collaboration in the field of sustainable materials with the University of B-Ghent. In the past three years, we successfully conducted research on an advanced polystyrene recycling process under the publicly funded Project “Resolve” (funded by the German Ministry of Education and Research). In Asia and the Americas, we maintain cooperations with established institutes for polymer science (Ulsan University, Rutgers University) to discuss development needs in local projects.

Intellectual Property

The Styrolution Business owns intellectual property associated with our manufacturing, with an extensive range of approximately 1,000 patents and patent applications covering polymerization processes, products and applications for all major styrenics markets. The Styrolution Business also owns approximately 1,000 trademark registrations globally. Thus, we maintain a portfolio of registered patents and trademarks in a large number of territories in order to support our global Styrenics sales and to ensure broad freedom to operate. In addition, we maintain trade secrets and proprietary information through customary non-competition undertakings with our employees and contractors and through confidentiality agreements with our contractors, development partners and customers. We receive certain intellectual property and technical knowledge related services from our affiliates on arm’s length terms.

Since 2017, we have also created intellectual property in the field of chemical recycling of styrenic polymers as a result of our active research and development into sustainability topics.

We are not aware of any threatened, proposed or actual proceedings that have been or will be brought against us for infringement of third-party rights or any infringement of our rights by third parties that if successfully prosecuted would have a material and adverse effect upon the Styrolution Business.

Competition

SM. In 2020, we were the second largest global producer of SM by owner, accounting for an estimated 6% of global capacity according to NexantECA. We were also the largest SM producer in North America, where we held an estimated 29.0% market share according to NexantECA. In North America, the second largest producer was Americas Styrenics (a 50:50 JV between Trinseo and Chevron Phillips Chemical Company), which accounted for an estimated 17.8% of regional capacity, followed by LyondellBasell (10.3%). In Western Europe, we held an estimated 9.5% capacity share according to NexantECA (including through the operation of the largest integrated styrenics plant in Europe at our Antwerp site), placing us sixth in the region. For our Group, Asian demand is either met by Asian producers, primarily from Chinese, Japanese or South Korean sources or through imports from Middle Eastern or U.S. producers. Depending on economics, we might transport our own U.S.-based product to meet Asian demand, although, historically, we have not done so consistently.

PS. In 2020, we were the largest global producer of PS, accounting for an estimated 15.4% of global capacity by owner according to NexantECA. We were also the largest producer in Western Europe, where we held an estimated 38.7% market share, and in North America, where we held an estimated 30.4% market share according to NexantECA. In Western Europe, Trinseo was the second largest producer (25.3%) followed by Total (20.8%) and Versalis (15.2%). In North America, the Styrolution Business and Americas Styrenics are the joint largest producers—American Styrenics has a 30% market share split evenly between joint venture partners Trinseo and Chevron Phillips—the third largest producer was Total, which held an estimated 27.4% market share. In Asia we recently expanded our footprint in China through the acquisition of two PS plants in Ningbo and Foshan in February 2019. The acquisition resulted in the Styrolution Business becoming the largest producer in 2019, accounting for 8.8% of the market's capacity. In 2018 we accounted for 4.3% of capacity, resulting in fifth position in the region. In 2020 we accounted for 9.3% of capacity, resulting in the first position in the region. The acquisition resulted in an additional estimated market share of 5.1% in Asia. The Asian PS market is much more fragmented than the European and North American markets, as demonstrated by the fact that the second largest Asian producer, Chi Mei, accounted for only an estimated 7.6% of the market in 2020.

ABS Standard. In 2020, we were the third largest global producer of ABS, with an estimated 11% of global capacity, behind LG Chem (14%) and Chi Mei (13%) according to NexantECA. In Western Europe, we held a number one position, with an estimated 49.7% market share by capacity in 2020. Trinseo was the second largest producer, representing an estimated 23.1% of the market, followed by Elix Polymers, with an estimated 20.8% market share. In North America, we were the second largest ABS producer by capacity, with an estimated 41.3% market share, behind SABIC (44.6%). In Asia, we had a small capacity footprint accounting for an estimated 5.6% of the market, which corresponded to a sixth position ranking in Asia. The Asian market for ABS Standard is dominated by LG Chem and Chi Mei (17.2% and 16.1% of estimated capacity, respectively). Formosa also has a significant presence in the region, accounting for an estimated 10% of regional capacity.

Specialties. Based on management estimates, we believe we held the number one position for styrenic Specialties globally, as well as in Europe, the Americas and in India in 2020, in each case as measured by owner and treating joint ventures as separate owners from their joint venture partners. However, our presence in China and in wider Asia remains relatively small. Our sites in India and South Korea produce and sell Specialties and we have upgraded our plant in Thailand to better serve the Specialties market. We believe our main global competitors in the Specialties product category are UMG, LG Chem, SABIC and Lotte.

Sales, Marketing and Distribution

The sale and marketing of all of our styrenics products is managed by our own global and regional industry sales teams and product management teams. The styrenics sales and product management teams are distributed across Europe, the Americas and Asia and focus on the interaction with customers on all commercial and technical topics. The product management teams further evaluate any required actions by our R&D, supply chain and productions departments, thereby ensuring fast and effective product life cycle management.

Our dedicated industry sales teams operate depending on the characteristics of the target industries. We have industry sales teams for our target industries and also coordinate the efforts on a global basis for each of the electronics, healthcare, household, automotive and construction industries. Together the sales teams focus on existing as well as new styrenics applications with original equipment manufacturers ("**OEMs**") and their suppliers (*e.g.,* molders). By harnessing their in-depth industry and product knowledge, application development teams create new styrenics applications in close collaboration with end product manufacturers.

Account management and customer service for our styrenics customers are organized regionally. For selected styrenics customers, we have established a Key Account Management structure. We conduct most of our styrenics sales directly with B2B customers in a wide range of industries. The remainder of our styrenics sales take place through a network of distributors. Most of our sales arrangements are based on sales contracts with a term of one year or less, in line with industry practice. Nevertheless, our customer relationships are long-lasting, with some having been in place for decades.

We have access to a comprehensive transportation network and associated logistics infrastructure. We believe this network enables us to move feedstocks and products at competitive rates. We typically distribute our styrenics products by sea, rail or truck or a combination thereof.

INOVYN

We currently operate the INOVYN Business through four main business units:

- *General Purpose Vinyls Business Unit:* The General Purpose Vinyls Business unit offers a portfolio of vinyls products to a number of industries, including the building and construction, electronics and packaging industries. The INOVYN Business produces Suspension PVC products and PVC resins ("**general purpose PVC**"), which are typically used in potable (used for drinking water) and gravity (used for wastewater) pipes, window frames, cable insulation, food and pharmaceuticals packaging, automotive and domestic appliances and medical supplies. According to IHS Markit, we are the largest producer of general purpose PVC in Europe, based on our capacity as of December 31, 2020.

- *Specialty Vinyls Business Unit:* Our Specialty Vinyls business unit develops a number of Emulsion PVC products and specialty grade Suspension PVC products (together, "**specialty PVC**"), which in general have higher specifications than general purpose PVC and may be used in, among other things, flooring and wallcoverings; clothing and furniture; high-tech dashboards, interiors and endurance components for cars; lightweight composites for clean energy; and medical equipment in hospitals. According to IHS Markit, we are the largest producer of Emulsion PVC in Europe based on our capacity as of December 31, 2020.

- *Organic Chlorine Derivatives Business Unit:* The Organic Chlorine Derivatives business unit produces various chlorine derivatives for use throughout the chemical industry, including chlorinated paraffins, chlorinated solvents, allylics and ECH. We are a key supplier of ECH to Greater Europe and an important player with significant market share in the U.S. market. According to IHS Markit, we are the second largest producer of ECH in Europe based on its capacity as of December 31, 2020, but we believe that we are number one in terms of merchant market sales since our competitors consume most of their production. The business unit also includes the Sulphur chemicals business which the INOVYN Business acquired from the wider INEOS Group on March 1, 2019.

- *Chlor-Alkali Business Unit:* Our Chlor-Alkali business unit produces chlor-alkali chemicals, including caustic soda and caustic potash, chlorine and chlorine by-products, brine and water and salt, which are all essential ingredients in a wide variety of everyday industrial applications and are used in the production of many of the INOVYN Business's other products. According to IHS Markit, we are the largest producer of caustic soda in Europe.

The following tables present the INOVYN Business's historical Revenue and EBITDA before exceptional items.

	For the year ended December 31,		For the nine months ended September 30,		
	2017	2018[1]	2019[2]	2019	2020
			(in €million)		
Revenue	3,324.6	3,359.3	3,105.4	2,365.3	2,118.1
EBITDA before exceptional items[3]	667.9	691.1	606.1	470.9	434.7

(1) The INOVYN Business adopted IFRS 15 and IFRS 9 from January 1, 2018, although this has not had a material impact on its financial statements. INOVYN adopted IFRS 15 and IFRS 9 from January 1, 2018 and did not restate comparative financial information presented in our consolidated financial statements. Therefore, the financial information presented for the year ended December 31, 2017 may not be comparable to the financial information presented for each of the years ended December 31, 2018 and 2019. See *"Presentation of Financial*

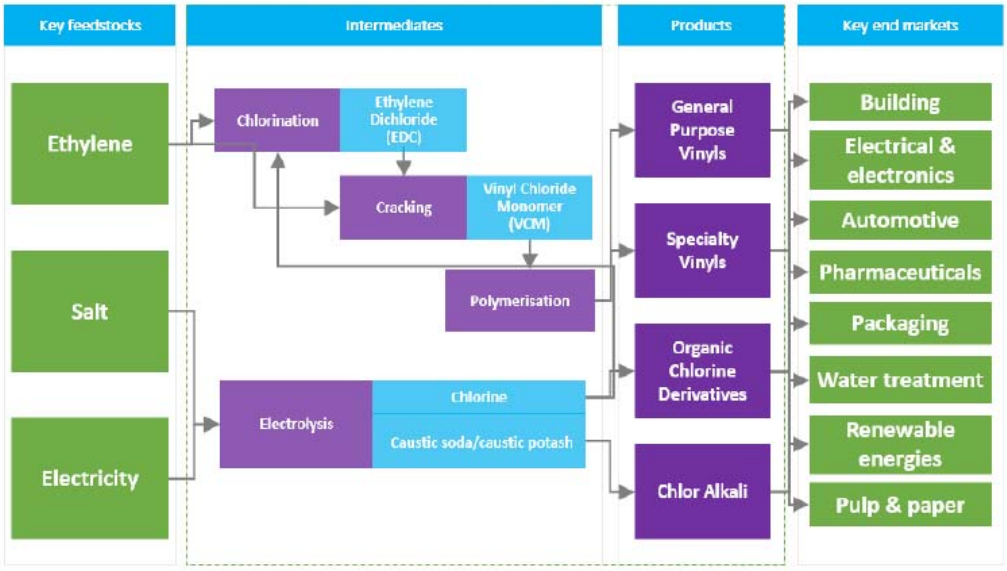
and Other Information—Adoption of new accounting standards—IFRS 15—Revenue from Contracts with Customers" and "—IFRS 9—Financial Instruments".

(2) The INOVYN Business adopted IFRS 16 on January 1, 2019 and did not restate comparative financial information presented in the INOVYN Business's consolidated financial statements. Therefore, the financial information presented for the years ended December 31, 2017 and 2018 may not be comparable to the financial information presented for the year ended December 31, 2019.

(3) EBITDA before exceptional items is a non-IFRS measure. See "*Summary Historical Financial and Other Information*" for a reconciliation of the INOVYN Business's results from net income to total EBITDA before exceptional items. See *"Presentation of Financial and Other Information—Adoption of new accounting standards—IFRS 16—Leases".*

The balance and diversification of the INOVYN Business's product portfolio is also supported by the diversification of revenue generated across its business units.

The following diagram sets forth a summary of the inputs and outputs of the production chain for the INOVYN Business's major product families, namely, general purpose PVC, specialty PVC, chlorine derivatives and chlor-alkalis.



Products and Manufacturing

EDC, VCM and PVC

VCM is the primary raw material used in the manufacture of PVC resins and is produced by the reaction of ethylene and chlorine, which produces EDC that is transformed into VCM by thermal cracking. PVC resin is then formed by the polymerization of VCM. PVC is made as two main product types, each subdivided into a range of grades to meet the requirements of our customers' specific applications. We produce PVC according to two types of polymerization techniques: suspension PVC, or SPVC (also known as "Suspension PVC"), and emulsion PVC, or E-PVC (also known as paste PVC, P-PVC or "Emulsion PVC"). Some special grades produced by the suspension technique can also be used as a substitute for Emulsion PVC resins. We actively review our range of PVC resin grades in cooperation with our customers to reduce the costs of production, to improve customers' yields with our PVC, to maintain high quality standards and, where possible, to cover a wide range of PVC applications. In the case of specialty PVC, we provide highly tailored technical grades to tackle specific customer needs. Our VCM and PVC resin production facilities are located in Belgium, France, Germany, Norway, Spain, Sweden and the UK.

We produce VCM principally for our own internal use in the production of PVC and we are able to produce substantially all of our required VCM. In addition, we produce EDC at Zandvliet, Belgium. The Zandvliet operation is based on a chlorine cycle: chlorine produced by INOVYN is supplied to BASF for the production of methylene diphenyl diisocyanate ("MDI"); BASF then sends anhydrous gaseous hydrochloride, also called HCl, a by-product of MDI production, back to INOVYN for transformation into EDC, which is used in our downstream operations, particularly at our Jemeppe and Rheinberg facilities, for VCM production. EDC is also manufactured at the site at Runcorn, UK and most is used to feed our VCM asset in Martorell, Spain.

Suspension PVC and Emulsion PVC

General purpose PVC includes resins produced for general applications through suspension technology and represents roughly 94% of worldwide volumes as of December 31, 2020. The Suspension PVC production process involves the polymerization of VCM in large-scale batch reactors, in the presence of water, together with catalysts and additives. Once the reaction is essentially complete, unreacted VCM is removed and the polymer is isolated by centrifuging and drying. Individual grades produced are characterized by their melt flow properties and suitability for rigid (unplasticized) or flexible (plasticized) applications. As of December 31, 2020, the INOVYN Business's production capacity of Suspension PVC was approximately 1,795 kilotonnes. Our Suspension PVC production sites are located in Belgium, France, Norway, Spain, Sweden, Germany and the UK.

For the nine-month period ended September 30, 2020, general purpose Suspension PVC represented approximately 81% of the INOVYN Business's total PVC sales volumes (by tonnage). Suspension PVC is the type of PVC resin used for virtually all calendaring, extrusion, injection molding and blow molding and for the manufacture of films and foils. Typical applications include potable and gravity pipes, window frames, cable insulation, food and pharmaceutical packaging, automotive and domestic appliance components and medical supplies such as tubing and blood bags. We offer an extensive range of these Suspension PVC grades marketed under the trade name of INOVYNTM .

Specialty PVC comprises resins produced via emulsion polymerization (including micro suspension, mini-emulsion, seeded emulsion, latex and nano-emulsion) and also specialty Suspension PVC grades (such as, extender (or filler), copolymer, very-high molecular weight, very-low molecular weight and medical grades). Our Specialty Vinyls business unit is strongly focused on research, innovation, high-technology solutions and key partnerships to generate value for stakeholders. In our Emulsion PVC production process, the polymerization state involves an emulsion of very fine droplets of VCM in water, and the polymerization process takes place to form a stable emulsion, or latex, of polymer in water. After the removal of unreacted VCM, the water is removed by evaporation in spray drying equipment to obtain Emulsion PVC in its final form. Our INOVYNTM Emulsion PVC ranges have been developed to cover all the major application outlets and also the more niche areas of gloves, fine printing, composites, technical textiles and coil coating applications that require more specialized fine grade resins. Our Emulsion PVC manufacturing facilities are located in France, Germany, Norway and Sweden. As of December 31, 2020, our production capacity of Emulsion PVC was approximately 265 kilotonnes.

For the nine-month period ended September 30, 2020, Emulsion PVC represented approximately 12% of the INOVYN Business's total PVC resin sales volumes (by tonnage) and roughly two-thirds of our specialty PVC capacity, with the remainder represented by specialty Suspension PVC grades. Emulsion PVC is used in a wide range of specialty applications involving coating, molding, dipping and spreading operations, and also extrusion and calendaring. In customers' production processes, Emulsion PVC is generally converted into a usable form by the addition of plasticizers to form a "plastisol", or paste, and mixed with performance enhancers to manufacture flexible plastic products. Typical applications for Emulsion PVC include coated fabrics, conveyor belting, cushion and wear layers of flooring, mastics, wall coverings, and core foams for wind turbines. Individual applications demand specialized grades of Emulsion PVC and, consequently, the development and manufacturing processes are technologically sophisticated and more complex than for Suspension PVC.

Specialty Suspension PVC grades comprises five special product types: extenders (or fillers), copolymers, medical grades and very-low and very-high molecular weight PVC. All of these five types of products are produced through a suspension polymerization process (similar to Suspension PVC) but each one with its own specificity. INOVYN also has specific dryers for this type of production. For the nine-month period ended September 30, 2020, Specialty Suspension PVC represented approximately 7% of the INOVYN Business's total PVC resin sales volumes (by tonnage), and approximately one-third of its specialty PVC capacity.

In the case of copolymers, the specificity occurs from the addition of a co-monomer, vinyl-acetate, which reacts together with the VCM in batch reactors in the presence of water, together with initiators and additives. Once the reaction is essentially complete, unreacted vinyl-acetate and VCM are removed and the polymer is isolated by centrifuging and drying. Copolymers are used mainly in specific calendaring applications, such as rigid foils or sleeves for packaging, credit cards, pharmaceutical blister packaging and vinyl records. Our copolymer production facility is located in Jemeppe, Belgium.

In the case of medical grades, the specificity relates to the fact that no antioxidants are added to the recipes during polymerization and any significant changes in the polymerization recipes have to be approved by the customer. Main applications are blood bags and medical tubing. Our medical grades production facilities are located in Jemeppe, Belgium, and in Stenungsund, Sweden.

We also produce very-high and very-low weight PVC resins. The main applications for our very-low molecular weight PVC resins are injection molding of rigid pieces (multi-cavity molds), foams and adhesives. Our low molecular weight Suspension PVC is produced in Jemeppe, Belgium. The main applications for our very-high molecular weight PVC resins are dynamic gaskets and high performance membranes, cables and swimming pool liners. Our high molecular weight Suspension PVC is produced in Jemeppe, Belgium, and in Stenungsund, Sweden.

In the year ended December 31, 2019 and the nine months ended September 30, 2020, the general purpose Vinyls business revenue totaled €1,279.1 million and €867.8 million, respectively, and its EBITDA before special items was €240.1 million and €186.4 million, respectively. In the year ended December 31, 2019 and the nine months ended September 30, 2020, the specialty Vinyls business revenue totaled €369.2 million and €253.5 million, respectively, and its EBITDA before special items was €156.6 million and €113.6 million, respectively.

BIOVYN™

In October 2019, INOVYN launched its latest generation of PVC under the brand name BIOVYN™ becoming the world's first commercial producer of bio-attributed PVC using a supply chain fully certified by The Roundtable on Sustainable Biomaterials ("RSB"). The RSB is a European Commission-approved voluntary scheme used to demonstrate compliance with the sustainability criteria of the EU's Renewable Energy Directive. This was initially manufactured at Rheinberg, Germany, but certification was extended to our site in Jemeppe, Belgium in 2020. BIOVYN™ is made using bio-attributed ethylene, a renewable feedstock derived from biomass that does not compete with the food chain. BIOVYN™ is certified by RSB as delivering a 100% substitution of fossil feedstock in its production system, enabling a greenhouse gas saving of over 90% compared to conventionally produced PVC.

Bio-attribution is used to measure the extent to which fossil fuel-derived ethylene has been substituted by renewable ethylene. The bio-ethylene is attributed to the finished PVC product by means of a certification process approved by the RSB whereby it is tracked to its precise output in the PVC product. The final product carries an attribution according to the displacement of fossil fuel-derived raw materials. This avoids any physical determination in the finished product and negates the need for huge investments in duplicate tanks and pipes to segregate the renewable and fossil fuel-derived feedstocks from one another.

Sales of this resin started in December 2019 through a collaboration with one of our flooring customers, Tarkett. Other business sectors, including automotive and profile and pipe industries have since indicated their interest in this product. The development of BIOVYN™ forms part of our wider sustainability program, through which we are developing a new generation of PVC grades that meet both the rigorous product quality and performance needs of our customers, whilst moving us closer towards a circular, carbon-neutral economy for PVC. Driven by the increasing global focus on the circular economy, there is growing demand for specialist, renewable PVC that decouples its production from the conventional use of virgin fossil feedstocks. BIOVYN™ meets that demand and demonstrates that we can substitute the use of virgin fossil feedstocks without compromising the unique product qualities such as durability, flexibility and recyclability that make PVC one of the most widely used, sustainable plastics in the world. It is expected to have numerous value-added applications across a range of industry sectors, including highly specialized end-uses such as automotive and medical.

BIOVYN™ has been incorporated into our existing extensive portfolio of both general purpose and specialty PVC grades, underpinning our market leading position and demonstrating our focus on both sustainability and innovation.

The bio-attributed ethylene is sourced from the INEOS owned cracker at Cologne, Germany and is delivered via the ARG pipeline to our VCM plant at Rheinberg. The quantities of bio-attributed ethylene accounts for a very small part of our overall ethylene consumption. However, this is a major step forward in our journey to sustainability and demonstrates our commitment to working within the emerging bio-economy and developing innovative solutions that address society's needs.

Chlorine, Caustic Soda and Caustic Potash

Chlorine, caustic soda and caustic potash are produced in cellrooms by passing a powerful electric current through a brine solution (salt dissolved in water). The resultant chemical reaction produces chlorine and caustic soda, or chlorine and caustic potash, in fixed ratios (roughly, in weight, 1.1 units of caustic soda to 1 unit of chlorine and 1.5 units of caustic potash to 1 unit of chlorine), along with a small amount of hydrogen that can be used as fuel or for other chemical applications. Chlorine can be sold in bulk, delivered by pipeline to external customers or used, in gaseous or liquefied form to produce chlorine derivatives.

Caustic soda is a widely used industrial chemical, including in pulp and paper, detergents, packaging, agriculture, environmental protection, water treatment, foodstuffs, health, textiles and in the chemical, construction and car industries. Caustic soda comes in liquid and solid forms. Liquid caustic soda is a strong base used as a chemical reagent, a pH-regulator, an ion exchange resin regenerating agent, catalyst and etching and cleaning agent. Solid caustic soda has similar properties but is manufactured by evaporation of water from liquid caustic soda, followed by solidification into micro pearls. Caustic potash is mainly used in the manufacture of other potassium salts for use in soaps and detergents, fertilizers, airport and aircraft de-icing fluids and batteries.

We produce chlorine and liquid caustic soda at our Antwerp/Lillo, Jemeppe, Rafnes, Rheinberg, Rosignano, Runcorn, Stenungsund and Tavaux sites. We also produce solid caustic soda (from liquid caustic soda) at our Tavaux plant in France.

We use modern membrane technology, which is low-maintenance and energy-efficient, at our Antwerp/Lillo, Jemeppe, Rafnes, Rheinberg, Rosignano, Tavaux sites, and at Runcorn where we co-own the cellroom with VYNOVA. We also have a polymer diaphragm plant at Rheinberg. In response to the European Union's BREF Document for the Production of Chlor-Alkali, which required all European mercury-based chlor-alkali production facilities to cease operations by the end of 2017 the INOVYN Business has incurred substantial capital expenditures and remediation costs on cellroom closure and conversion projects. The last remaining mercury cellroom at Runcorn, UK ceased production at the end of 2015. The mercury electrolysis plant at Zandvliet, Belgium ceased production in October 2016, this being aligned to the expansion of the membrane cellroom at the near-by Lillo facility. In May 2018, production ceased at the INOVYN Business's mercury cellroom in Stenungsund, Sweden (following a five-month extension granted by the Swedish authorities), and in January 2019 manufacturing commenced at our new state of the art electrolysis plant. The mercury cellroom at Martorell, Spain ceased production in December 2017. No decision has yet been taken regarding any future conversion project at Martorell. In the meantime, the VCM/PVC complex at the Martorell site is being supplied by EDC imported by deep-sea vessels to Barcelona with subsequent transport to the Martorell site via rail. We have secured third party supply arrangements for EDC, which run to a minimum term of 2041, although we have discretion over the level of offtake from 2022 onwards. Some EDC will also be supplied from the INOVYN Business's other manufacturing locations.

We consume most of the chlorine we produce in our cellrooms internally, either in our vinyl chloride monomer ("**VCM**") production or in the production of products in our Organic Chlorine Derivatives business unit. At some facilities, the chlorine is sold in liquid form to external customers by pipeline, by trucks or by railcars. In the Antwerp area most of our chlorine is supplied to BASF and is used by them to produce MDI. The MDI manufacturing process produces hydrochloric acid as a byproduct, which we use to produce EDC which, in turn, is used to make PVC at Jemeppe and Rheinberg. The chlorine arrangements with BASF effectively share the costs of the chlorine produced, thereby benefiting both BASF and the INOVYN Business.

In the nine-month period ended September 30, 2020, the INOVYN Business sold over 94% of our caustic soda liquid and solid production volume externally. We use the remainder of our caustic soda to make sodium hypochlorite for sale to the market, to supply our Brine and Water business, and for use in our VCM production facilities.

All of our caustic potash is manufactured at our membrane facility at Lillo in Belgium which is well situated to serve caustic potash customers in Europe and beyond via the nearby port of Antwerp and benefits competitively from having direct pipeline links to its major customers for the co-produced chlorine. It is also strategically positioned to receive imports of potash, a key production raw material. In the nine-month period ended September 30, 2020 the INOVYN Business sold 100% of its caustic potash liquid production volume externally.

In the year ended December 31, 2019 and the nine months ended September 30, 2020, the INOVYN Business's combined caustic soda and caustic potash revenue totaled €953.8 million and €619.0 million, respectively.

Epichlorohydrin

We are a key global producer of epichlorohydrin ("**ECH**") supplying a variety of businesses dealing in epoxy resins for paints and coatings, composites, adhesives, electronics, pulp and paper, water treatment and healthcare. Approximately 80% of our ECH production volume (by tonnage) uses propylene as a raw material; the remaining 20% of our ECH is manufactured using natural and renewable glycerin as a raw material. The ratio can be varied depending on the relative price of propylene and glycerin.

In the propylene-based process, allyl chloride is a precursor to epichlorohydrin and is sold to customers in Europe and the U.S. We also sell co-products, such as monochloropropene, dichloropropene and trichloropropane,

generated in the propylene-based ECH production process, giving us competitive advantage over those players in the market who do not separate and purify these co-products for sale.

Chlorinated Paraffins

We believe we are the largest chlorinated paraffins producer in Europe. We produce chlorinated paraffins under the CERECLOR™ brand name for use as a PVC plasticizer, extreme pressure additive for metal working fluids, fire retardant/plasticizer in paints, fire retardant in other compounds, in polyurethane foams, and in a range of rubbers and carbonless copying papers. We produce chlorinated paraffins at our Runcorn facility in the UK. Please see "*Our Facilities*".

Chlorinated Feedstocks and Solvents

We produce chloromethanes (methylene chloride, chloroform and carbon tetrachloride) by reaction of methane gas with chlorine out of our Tavaux facility in France and our Rosignano facility in Italy, and believe that we are the fourth largest producer in Europe based on production capacity as of December 31, 2020. Methylene chloride is used as an effective extraction medium in the synthesis of pharmaceuticals, as a solvent in low temperature metal cleaning, and is consumed in the production of HFC-32. Chloroform is mainly used as a solvent in pharmaceuticals and as a raw material feedstock in the manufacture of HCFC-22, which in turn is consumed in the production of fluoropolymers such as polytetrafluoroethylene ("PTFE") (marketed under the names Teflon, Hostafluon, Fluon and others), and to a lesser extent fluoroelastomers. Our purified carbon tetrachloride, since the phaseout of CFC-11 and CFC-12, is primarily used as a raw material feedstock for the manufacture of hydrofluorocarbons such as HFC-365mfc, and has potential as a raw material in the production of the next generation of hydrofluoroolefins. We are also a leading manufacturer of Perchloroethylene, with the brands PERSTABIL® used as an industrial solvent and for dry cleaning, SOLTENE™ used for metal degreasing; and CATALYST grade used in petrochemical refineries as a chloriding agent, for both isomerization and reforming catalysts.

Chlorine By-Products

We manufacture a range of other chlorinated products which are part of our chlor-alkali business, including mainly:

- *HCl.* We produce hydrochloric acid for use in a wide variety of industrial and chemical applications, including as a manufacturing aid in the pharmaceuticals industry, metallurgy, electronics and the food industry. HCl is mainly produced at our facilities in Tavaux, Rheinberg, Runcorn and Rosignano.

- *Sodium hypochlorite.* We supply sodium hypochlorite, a powerful cleaning agent and disinfectant, to a variety of businesses and utilities companies. We produce sodium hypochlorite mainly at our facilities at Jemeppe, Lillo, Tavaux, Rosignano, Tavazzano, Runcorn and Rafnes.

Brine and Water

Brine is an essential raw material used by the chemical industry. The brine and water division is mainly active in the extraction and purification of brine from salt deposits located on land owned by the INOVYN Business in Cheshire, UK. Through a process of solution-mining, we have the capacity to extract up to 20,000 km^3 of brine per year from brine fields located near Northwich in Cheshire, which is located approximately 20 kilometers from our Runcorn facility. The brine fields are situated on salt deposits, and salt is extracted by pumping water into boreholes to create the raw brine solution. The brine is pumped to a processing plant for purification and then distributed through our network of pipelines to our customers. The key raw materials used in the production of brine are water, pumped from nearby rivers, and caustic soda and soda ash, which are used to remove calcium and magnesium salts from the brine. Caustic soda is supplied by our membrane cellroom in Runcorn, and soda ash is supplied externally.

In the UK, a proportion of our brine capacity is supplied to the cellroom in Runcorn, which we co-own with VYNOVA. The remainder is supplied to TATA Chemicals' soda ash plant located at Northwich, and the salt plant at Runcorn which the INOVYN Business acquired from the INEOS group in March 2019.

In Northwich, our brine and water business division has also successfully developed a gas storage business in Cheshire. This includes projects with three large international energy companies resulting in three major gas operational storage facilities and which have been secured under long-term contracts. We benefit from the long-term contracts

because we are able to use the new boreholes that will be drilled by the energy companies to produce new brine solution and salt.

Salt

On March 1, 2019, the INOVYN Business acquired the Salt business from the wider INEOS group. Based at Runcorn, the salt business is one of only two UK producers of evaporated salt. The plant uses multiple effect evaporation to produce dried and un-dried fine salt, granular salt and salt tablets. Applications are wide ranging and include water softening, human and animal food, food preservation and as a base raw material within the chemical industry. The plant is registered for food production, and food grade pure dried vacuum salt is certificated to the BRC Global Standard for Food Safety. Our customer base is diverse ranging from large corporations to small businesses and retail consumers. In the nine-month period ended September 30, 2020, approximately 56% of the INOVYN Business's external sales by volume was sold in the UK with the remainder being delivered to European export markets, including some for our own internal use. The key raw material used in the production of salt is brine, supplied by the Brine and Water Business, and steam, supplied internally from the sulphuric acid plant and the Runcorn TPS Combined Heat and Power Energy from Waste plant, both of which are located at Runcorn.

Sulphur Chemicals

On March 1, 2019 the INOVYN Business acquired the sulphur chemicals business located at Runcorn, UK from the wider INEOS group making the INOVYN Business the number one supplier of sulphuric acid in the UK. The Runcorn site operates the only large-scale sulphur burner/processor in the UK and is involved in two main activities: producing "sulphur burnt" sulphuric acid (a higher-priced, higher quality grade of sulphuric acid) and SO3 derivatives such as oleum, SO2, 100% acid and ultrapure acids, which are more specialist products used in a variety of industrial applications. The business also trades in lower quality and lower-priced "smelter" bulk sulphuric acid to meet customer demand and provide the business with a wider product offering, although the gap between "smelter" and "sulphur burnt" acid in terms of quality and pricing has narrowed significantly in recent years. The business also produces high pressure steam, which is a valuable by-product from the production process which is used by our chlor-alkali business at Runcorn. Sales of sulphur chemicals are predominantly to the UK, where our Sulphur Chemicals business unit has a large market share, and several customers in mainland Europe for liquid sulphur trioxide and ultrapure acid.

The key raw material for the business is sulphur, which is a by-product from the oil refining industry. Oil refiners have to remove sulphur from crude oil to ensure that the fuel they manufacture allows vehicles to meet stringent emission standards. UK oil refineries have historically had limited means of disposing of the sulphur they produce, and export options were difficult to access. Accordingly, INEOS was able to contract for sulphur at competitive prices from the major UK oil refineries. This situation has now changed because opportunities have arisen recently for oil refineries to export the molten sulphur via vessel to the more rewarding continental European market. As a consequence of the attractive export alternative available to the refineries, we are no longer in a privileged situation on raw material, and with little possibility to pass on the increase in prices to the market because of smelter acid quality, availability and prices, the margins available on bulk "sulphur burnt" acid have deteriorated in recent years.

Raw Materials and Energy

The principal raw materials (including feedstock) and input costs for the INOVYN Business are ethylene, propylene, naphtha, glycerin, brine/salt, potash and electricity. In the nine-month period ended September 30, 2020, ethylene, energy (electricity, gas and steam), naphtha, brine/salt, propylene and potassium chloride accounted for 41%, 20%, 7%, 5%, 3% and 3%, respectively, of our INOVYN Business's raw material expenses. We also purchase the intermediates, EDC and VCM, from third party suppliers, the volume of which is dependent on the level of turnaround and plant maintenance activity at our own EDC and VCM assets.

Our raw materials supply is highly integrated along our production chain, and we are vertically integrated into several facilities with INEOS Group affiliates that produce our feedstock chemicals, providing us with the opportunity to purchase a portion of our feedstock without paying for transportation costs, which are typically passed on to customers.

Ethylene

Ethylene is a key building block of the petrochemical industry and is used to produce a large number of higher value-added chemicals including polyethylene and PVC. As one of the largest merchant buyers of ethylene, the INOVYN Business's plants are well positioned to secure ethylene on competitive terms. In addition, the INOVYN Business has a direct 42.5% economic interest in a steam cracker in Feyzin, France. The availability of ethylene from

INEOS has increased since 2016 after INEOS's Grangemouth (UK) and Rafnes (Norway) crackers started receiving shipments of competitively priced ethane from the U.S., enabling those crackers to run at maximum capacity. We source roughly one-third of our ethylene requirements from INEOS.

In Norway and Sweden, the plants are pipeline-connected to crackers that are deemed to be top-quartile producers in Europe, driven by lower feedstock costs, providing us with improved pricing for our ethylene. More than 85% of our ethylene requirements at our Norwegian and Swedish plants is provided by the cracker in Rafnes, Norway, owned by INEOS Olefines & Polymers, which is a division of the INEOS Group.

The INOVYN Business's plants in Rheinberg, Jemeppe and Antwerp/Zandvliet are all pipeline-connected to the European ethylene pipeline system ("**ARG System**"), providing us with access to large crackers in Germany, Belgium and the Netherlands and flexibility in our sourcing, and enabling us to access a key spot market. Ethylene for these plants is currently sourced under contracts from three different producers: BASF, INEOS Olefins & Polymers, BP Refining & Petrochemicals which enhances our sourcing flexibility. A one-year supply agreement with INEOS Olefins & Polymers is currently under negotiation for the supply of U.S. sourced ethylene to our Jemeppe plant starting in 2021, enabling us to compete more effectively with U.S. and Asian PVC producers in export markets.

In France, our ethylene requirements at Tavaux are predominantly supplied by our share of the ethylene cracker production in Feyzin, which is fully integrated with the Total Petrochemicals refinery on site for feedstocks, supplemented by external contracts with LyondellBasell Group. Ethylene is supplied to the Tavaux site by the French pipeline system on which we have rights to move ethylene. We also benefit from ethylene storage rights at Viriat, which enables us to have a higher integrity of supply for Tavaux.

Ethylene for the manufacture of EDC at our Runcorn site via a toll manufacturing agreement with VYNOVA is being sourced by INEOS Olefines & Polymers under a contract which runs until November 2021. In Spain, ethylene is supplied by Repsol via our own pipeline from Tarragona to the site.

In October 2019, the INOVYN Business announced the launch of a new generation of PVC under the brand name BIOVYN™ manufactured from bio-attributed ethylene as a renewable feedstock derived from biomass (wood pulp residue). The biomass from which the ethylene is produced does not compete with the food chain and the ethylene has been certified by The Roundtable on Sustainable Biomaterials (RSB) as delivering 100% substitution of fossil fuel derived ethylene. The bio-attributed ethylene is sourced from the INEOS Olefins & Polymers division owned cracker at Cologne, Germany and is delivered via the ARG pipeline to our Rheinberg and Jemeppe facilities. INEOS Olefins & Polymers manufacture the bio-attributed ethylene from wood pulp residue supplied by UPM Biofuels under a long-term supply agreement. The quantities of bio-attributed ethylene accounts for a very small part of our overall ethylene requirements. However, this announcement demonstrates our commitment to working within the emerging bio economy.

Naphtha

The main feedstock for most European-based steam crackers is naphtha which is derived from the oil refining process. This is the case for the steam cracker at Feyzin, with the naphtha being sourced at market prices from the refinery on the site, owned by TOTAL Petrochemicals. The close proximity of the refinery contributes to the economic performance of our cracker, with for example, by-products generated during the production of ethylene and propylene being sold locally to TOTAL Petrochemicals, rather than being exported. On occasions where we need to access the naphtha market, we are able to achieve this via our import and storage rights agreements with TOTAL Petrochemicals. These rights allow the INOVYN Business to source naphtha from a refinery at Lavéra, owned by Petroineos which is 50% owned by INEOS.

Propylene

Propylene is also a key building block of the petrochemical industry and is used to produce a large number of higher value-added chemicals, including polypropylene and allyl chloride. Our shareholding in the Feyzin steam cracker in France provides us with sufficient propylene to both meet the requirements of our demand at Tavaux and generate sales by pipeline to third parties. The propylene requirements in Rheinberg are provided by three external contracts with Cressco AG, Helm and AB Chemicals. Given our position in Feyzin, we have insight into propylene producer economics, which allows us to better understand the fundamentals of the propylene market. Because we manufacture much of our own propylene we are also able to conduct propylene 'swaps' with other sellers when it is advantageous to do so.

Glycerin

Glycerin is mainly used for the production of ECH at our Tavaux facility, whilst it is also used in smaller quantities at our Rheinberg facility for the production of high purity polyglycerols (diglycerol, polyglycerol-3 and polyglycerol-4). Glycerin is supplied to Rheinberg via tank trucks from Cremer Oleo GmbH under a contract which is 12 months in duration, whilst the requirements at Tavaux is met via spot purchases. We are actively looking for new sources of glycerin, in order to further diversify our supply options. Moreover, we are investigating the possibility of using sustainable waste cooking oil-based grades of glycerin which does not compete with the food chain, instead of technical vegetable-based grades.

Salt

Salt is one of the basic raw materials for the production of chlorine and caustic soda. Much of the salt required for our chlorine and caustic soda production comes from internal supply on integrated sites. The ability to source low-cost salt internally provides us with an advantage over our competitors and assists with negotiations with third parties when purchasing the balance of our salt requirements. Part of the salt is delivered in brine form (concentrated salt solution) when suitable for the manufacturing process, which is the case for salt provided to our caustic soda production facilities at Runcorn, Jemeppe, Rheinberg, Tavaux and Rosignano.

Our Rheinberg, Rosignano and Jemeppe facilities are supplied brine as a raw material via pipeline under long-term contracts with the Solvay Group. At Stenungsund and Rafnes we are supplied with salt by Nouryon under long-term contracts, whilst at Runcorn we are the owner of the brine which is obtained from salt deposits in Northwich, Cheshire. Our cellroom in Lillo is mainly supplied with salt via barge from our Jemeppe site and we supplement this with additional quantities from the Runcorn salt plant. In France, the INOVYN Business entered into a long-term partnership with Storengy in 2017 for the supply of brine to the Tavaux site from the brine fields at Etrez and Attignat. Storengy benefit from the opportunities to store gas, whilst we obtain a low cost source of brine under a long-term agreement.

Potash

Potash is one of the basic raw materials for the production of chlorine and caustic potash. This is purchased externally from three suppliers, namely Canpotex Limited, Belarusian Potash Company and K+S Kali GmbH via long-term contracts of at least one year in duration.

Sulphur

Sulphur is the key starting material for the manufacture of sulphuric acid, oleum, sulphur dioxide and sulphur trioxide at our facility in Runcorn, UK. Approximately, 40,000 tons per annum is purchased externally from oil refineries owned by Petroineos, Valero, Essar and Phillips 66 on contracts lasting between one and two years in duration.

Electricity

Electricity is a key raw material and utility throughout our production processes and businesses. The production of chlorine, caustic soda and caustic potash by electrolysis requires large amounts of electricity, and the production of VCM and PVC also requires electricity as a utility. In the nine-month period ended September 30, 2020, the INOVYN Business purchased approximately 4,200 GWh of electricity.

Across most of our sites we purchase electricity directly from wholesale traded electricity markets. Specific arrangements vary from site to site but generally we have access to commonly traded spot and forward market products and purchase through a combination of these.

Electricity across Europe is highly regulated and subject to a range of environmental and climate policies, for example costs associated with the deployment of renewable electricity generation. As a highly electro-intensive and trade exposed manufacturing sector, the chlor-alkali process is protected to varying extents from the full cost of taxation and environmental policies. For example, in the UK, the consumption of electricity for electrolysis is fully exempt from the Climate Change Levy. More widely across Europe, a range of policy costs are significantly reduced, typically requiring us to enter into formal agreements obliging us to meet energy improvement targets.

In the case of the EU Emissions Trading System ("**EU ETS**"), the cost of permits for electricity generators has increased wholesale electricity prices across Europe in recent years. EU ETS prices also increased through 2019, however, wholesale electricity prices actually fell due to the greater impact of weaker coal and natural gas prices.

Member states provide compensation against these indirect costs to varying extents and we are currently receiving compensation in the UK, Norway, Belgium, Germany, France and Spain.

Specifically, in the UK, the government imposes a tax on electricity generators for fossil fuels used to generate electricity via Carbon Price Support and this further increases our electricity costs. Again, compensation is provided against these additional costs.

Further, national governments impose a range of specific energy taxes on electricity and gas. For electricity used in electrolysis 100% exemption from such taxes may apply with electricity being treated as a raw material. For other energy uses, a range of exemptions or degressive schemes may apply which limit the amount of tax paid on energy consumed. Such arrangements may require that we sign up to specific agreements with government bodies, for example with binding commitments to improve energy efficiency of our operations. These taxation and exemption/compensation arrangements are all derived from common European regulation. So, while the precise detail amongst member states may differ, the principles are very similar. Across all our sites we engage in available and applicable schemes in order to minimize our energy costs.

Electricity cannot be stored and national electricity grid operators must continually perfectly balance supply and demand. This is normally done through matching generation with demand. However, in a number of countries, grids operators offer incentives to large users to vary their consumption in order to help manage supply and demand, through so called Interruptibility or Demand Response arrangements. The relative flexibility of the electrolysis production process is ideal for providing this flexibility to the grid operators while enabling further reduction in our electricity costs. We entered into such arrangements in the UK, France, Belgium and Italy in 2020.

In the UK, our electricity costs have benefitted from long term contracts negotiated with Runcorn TPS, our associated undertaking. Runcorn TPS operates a Combined Heat and Power Energy from Waste plant and has entered into contracts to accept and burn fuel derived from waste arising under the Greater Manchester Waste Disposal Authority's 25-year private finance initiative ("**PFI**") contract. A second plant owned exclusively by Viridor has also been constructed on the same site and is sharing some of the infrastructure. Both plants are located on land owned by the INOVYN Business at its Runcorn site, and we are committed to buying all electricity from both plants and steam from the Runcorn TPS plant under long-term agreements. Electricity is bought at below market prices with the INOVYN Business providing appropriate routes to market and ensuring that all environmental and regulatory incentives are maximized for Runcorn TPS and Viridor.

Electricity is supplied to our Norwegian facilities through a fixed price contract with Statkraft running until 2023. Electricity supplied to our Stenungsund, Lillo, Martorell and Rheinberg facilities is through market-based contracts with local suppliers. In France, approximately 50% of the electricity requirements for the Tavaux facility are supplied from the Exeltium consortium via an agreement with Solvay, which provides electricity at prices based on nuclear generation costs. The remaining electricity requirements for the site are sourced from the market.

Electricity for the Rosignano facility in Italy is supplied via Solvay Chimica Italia SpA. with roughly 80% of electricity requirements being supplied via a Virtual Interconnector agreement. This agreement provides electricity at a price linked to the German electricity market giving a discount to Italian market prices.

In Jemeppe, Belgium and Newton Aycliffe, UK, we operate highly efficient CHP plants which produce the majority of our physical electricity requirements. We purchase natural gas to fuel these plants using market-based contracts with local suppliers. On each site, any surplus electricity generated, or top-up required is sold or bought at market prices via local electricity suppliers.

Gas and Steam

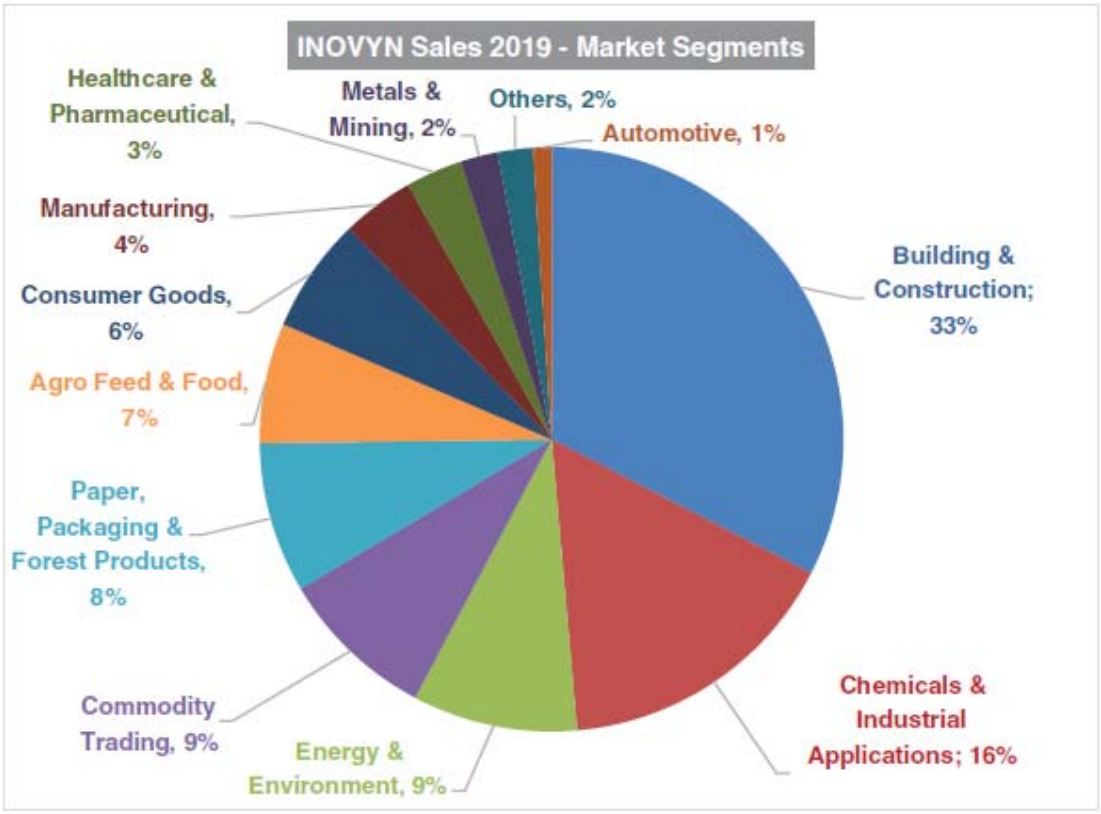
Across the business we use quite significant volumes of fuel gas and steam as sources of heat in the various and extensive chemical transformations that we carry out.

In the nine-month period ended September 30, 2020, the INOVYN Business purchased approximately 3,500 GWh of fuel gas (including volumes of natural gas purchased at Jemeppe and Newton Aycliffe which is used to make electricity in our own-generation CHP plants). At most of our facilities we purchase fuel gas in the form of natural gas from the market. However, at our Rafnes and Stenungsund facilities, fuel gas is purchased from the Olefines & Polymers division of INEOS and Borealis respectively, as by-products from their gas cracking manufacturing process.

Steam is a further source of heat used in drying, concentrating, distillation and steam cracking processes. In the nine-month period ended September 30, 2020, the INOVYN Business purchased approximately 2.5 million tons of steam from third parties, including Runcorn TPS in the UK which is a related party associated undertaking in which the INOVYN Business holds a 25% economic interest. In addition, at some of our facilities we generate our own steam using a mixture of imported fuel gas and by-product hydrogen produced from our cellrooms.

Customers

The INOVYN Business has a global and diverse base of approximately 3,000 customers, through which it serves a wide range of end markets in more than 100 countries. The INOVYN Business focuses on key end markets, such as building and construction, chemicals and industrial applications, energy, environment and paper, packaging and forest products, which, when considered along with sales to distributors, constituted 75% of INOVYN's sales revenue in 2019.



The INOVYN Business does not depend on any customer for a significant portion of its sales volumes. In the nine months ended September 30, 2020, no single customer represented more than 5% of the INOVYN Business's total sales volume (by tonnage) and our top 25 customers represented 38% of the INOVYN Business's total sales volume (by tonnage). None of our INOVYN business segments is dependent on a single customer for a significant portion of its sales.

Below is a summary of the key end markets.

Building and Construction. In the year ended December 31, 2019, the building and construction sector accounted for approximately 33% of the revenue of the INOVYN Business. The construction industry has been supported by continued urbanization across the world and a need for affordable, durable and sustainable building materials. The INOVYN Business supplies the construction sector primarily through our PVC business, which provides the material of choice for many of the basic products that are fundamental to infrastructure development. Growth rates for this sector are expected to be modest for developed economies, but much higher for emerging economies, such as

China, India and the rapidly developing economies in Southeast Asia, where the development of basic infrastructure still requires significant investment.

Chemicals and Industrial Applications. In the year ended December 31, 2019, the chemicals and industrial applications sector accounted for approximately 16% of the revenue of the INOVYN Business. This broad sector encompasses many of the primary manufacturing activities required for producing both durable and non-durable goods. The INOVYN Business serves this sector with a number of key basic materials used by chemical companies and industrial manufacturers for their production processes and products. In particular, these include the chlor-alkali business products: chlorine, caustic soda and caustic potash, the allylics business products: ECH and allyl chloride, and the products of the chloromethanes business. The manufacturing activities of the chemicals and industrial applications sector are distributed across all major regions and demand growth for this sector is generally aligned with economic output growth.

Energy and Environment. In the year ended December 31, 2019, the energy and environment sector accounted for approximately 9% of the revenue of the INOVYN Business. The energy and environment sector includes power and energy generation and transportation from both conventional and renewable sources, extraction and refining of fuels, battery manufacture and water treatment. Continuing global industrialization and urbanization is driving demand growth for energy generation and associated infrastructure along with environmental applications such as water treatment, renewable energy equipment and batteries. Our chlor-alkali business provides basic chemicals such as hypochlorite and caustic soda for water treatment, which is also used in the manufacture of lithium electrode chemicals for batteries, an application that is expected to grow with the increased demand for electric vehicles. Our allylics business also supplies a raw material used in the manufacture of wind turbines and in the production of chemicals for wet strength resins.

Paper, Packaging and Forest Products. In the year ended December 31, 2019, the paper, packaging and forest products sector accounted for approximately 8% of the revenue of the INOVYN Business. This sector is often referred to as the pulp and paper industry, which involves the processing of hard and soft woods to separate out cellulose fibres for the production of paper and cardboard products. The major producing regions for wood pulp are North America, South America and Western Europe and global demand for products of the pulp and paper industry, especially tissue for health and sanitary products and cardboard for packaging, is expected to grow. Our chlor-alkali business serves this sector by supplying caustic soda, the chemical that is used to digest wood in order to make pulp.

Based on management information, we estimate that 89% of the sales volume of our INOVYN Business is used for high or very high added value applications (of which 45% is used for very high value added applications) as compared to 78% of the market sales volume (of which 12% are used for very high value applications).

Below is an overview of our main customer profile for each of our product categories.

PVC. Our PVC customers produce materials for the building and construction, consumer goods, manufacturing, packaging, automotive and healthcare and pharmaceutical sectors. PVC applications include pipes, window frames, cable insulation, flooring, wall coverings, domestic appliances, automotive parts, food and pharmaceutical packaging, medical supplies, pharmaceutical products, conveyor belting, mastics, coated fabrics and core foams for wind turbines.

Caustic Soda and Caustic Potash. Caustic soda and caustic potash are widely used industrial chemicals with numerous applications, including detergents, pulp and paper, packaging, agriculture, environmental protection, water treatment, foodstuffs, health, textiles as well as applications in the chemical, construction and automotive industries.

Organic Chlorine derivatives (chloromethanes, chlorinated paraffins, perchloroethylene). The key end market sectors for our chlorine derivatives are chemicals and industrial applications, consumer goods, building and construction, metals and mining sectors. Organic chlorine derivative applications include intermediate chemicals for PTFE production, pharmaceuticals, additives for metal working fluids, fire retardant/plasticisers, metal degreasing, PU foams, solvents and drycleaning.

ECH. Our ECH is used by customers in sectors such as chemicals and industrial, energy and environment, healthcare and pharmaceutical, paper, packaging and forest products. ECH is used to make epoxy resins for protective coatings, adhesives, composites for aircraft and wind turbine blades, along with water treatment chemicals and elastomeric materials for use in the automotive and aerospace industries, for roofing membranes, and in paper mills.

Research, Product Development and Engineering

We offer a set of innovative product solutions for the INOVYN Business's customers, with over 50 different grades of PVC and a dedicated research and innovation team. There are INOVYN Business research, technology and engineering facilities in Jemeppe, Belgium; Runcorn, UK; Porsgrunn, Norway; and Rosignano, Italy. The headquarters for the research and innovation activity is located in Jemeppe and covers electrolysis, VCM, PVC, allyl chloride, epichlorohydrin, perchloroethylene and chloromethanes processes. The electrolysis pilot plant is located in Rosignano and is focused on improvements in the electrolysis portion of the chlorine and caustic soda manufacturing processes. The main VCM and PVC pilot plants are located in Jemeppe. At Porsgrunn, we have a satellite facility focusing on the improvement of VCM processes, and on the development of new PVC grades for the Nordic countries. The Runcorn team provides engineering support for all assets and major investment projects in the Group.

The research, technology and engineering activities of the INOVYN Business are focused on:

- Improving variable production costs, reliability and productivity of all processes, including, for example:
    - *Electrolysis:* maximizing current density, prevention of brine pollution, optimizing re-membraning and recoating activities, and the utilization of lower quality sources of salt;
    - *VCM:* studying ways to reduce energy consumption, increasing asset reliability, optimizing catalysts to enhance ethylene yield and avoiding corrosion;
    - *Allyl chloride and epichlorohydrin:* improving the quality of the final products, minimizing corrosion, improving propylene yield and converting intermediate byproducts to more sustainable products;
    - *Chloromethanes:* improving the reliability of the installation and the quality of chloroform; and
    - *PVC:* developing proprietary PVC stripping technology, initiator synthesis technology and kinetics control technology through appropriate polymerization inhibitors and optimizing PVC batch production and recipes by testing new additives;
- Developing new resins and new applications and producing products that generate higher value on the market (for example, co-polymers, extenders, specialty Emulsion PVC grades and PVC latex formulations) in line with customer and legislative requirements;
- Optimizing the product mix along with the different production lines;
- Improving the quality of our existing grades; and
- Performing research and innovation activities for the potassium chloride electrolysis process, which the INOVYN Business started successfully in 2017 in Lillo, Belgium.

To assist in these projects, we have laboratory-scale production facilities that simulate the electrolysis, VCM and PVC cycles from chlorine production to the final processing of PVC resins. Our laboratories contain processing equipment and product analysis facilities to provide information on the composition, properties and performance of PVC products. We have established best practices groups for our main products across our businesses, allowing internal experts to compare their practices and generate ideas for improving safety, quality, capacity and reducing production costs. These resources also actively support our commercial activities in product sales.

In addition to these research activities, the INOVYN Business's Research, Technology and Engineering team is heavily involved in major capital improvement projects. The INOVYN Business's engineering experts are involved in capital improvements from basic design to commissioning and work closely with the research team to ensure the successful transfer of technology to the plants. One of the INOVYN Business's central engineering integrity groups is based in Runcorn, and they are available to be dispatched to all of the INOVYN Business's sites and production facilities. Examples of recent and current capital investment projects include the conversion from mercury to membrane electrolysis at Stenungsund, Sweden (completed January 2019), the expansion of electrolysis and VCM capacity at Rafnes, Norway by 35 and 70 kilotonnes respectively (completed in first quarter of 2020), and the 200 kilotonnes expansion of general purpose PVC capacity at Jemeppe, Belgium (completion expected by mid 2021). The INOVYN Business is also progressing well with its specialty PVC growth plan strategy with capacity increases realized at

Jemeppe, Tavaux and Stenungsund during 2019 via de-bottlenecking projects. Further increases in capacity were executed at Porsgrunn and Stenungsund in 2020. In some specific cases, the growth plan requires the development of new grades by our scientists using our new world-class state of the art research center in Jemeppe, Belgium.

Intellectual Property

The INOVYN Business has developed and maintain a portfolio of registered patents and trademarks in a number of territories. Moreover, in 2018, the INOVYN Business acquired from Solvay their Chlor-vinyls Intellectual Property covering the manufacture of caustic soda, chlorine, EDC, VCM, SPVC, specialty PVC, chloromethanes and other chlorinated derivatives, excluding the manufacture of ECH using the Epicerol® process.

We maintain our trade secrets and proprietary information through careful selection of our partners and the locations of our research facilities, through non-competition undertakings with our employees and contractors and through confidentiality agreements with our contractors, developers and customers.

We are not aware of any threatened, proposed or actual proceedings that have been or will be brought against the INOVYN Business for infringement of third-party intellectual property rights or any infringement of our intellectual property rights by third parties that, if successfully prosecuted, would have a material adverse effect upon our business.

Competition

Although the global PVC market is fragmented, the European market is relatively consolidated. In particular, the announcement of the joint venture between INEOS and Solvay was followed by further consolidation resulting in the acquisition of Vinnolit by Westlake and of Vestolit by Orbia Advance Corp. (formerly Mexichem). The General INOVYN Business competes with all of the major European PVC producers, some of which are subsidiaries or divisions of large chemical companies.

According to IHS Markit, we are the largest producer of Suspension PVC in Europe, based on our capacity as of December 31, 2020 and our main competitors are Kem One Holdings SAS, VYNOVA and Westlake Chemical Corp. According to IHS Markit, we are the largest producer of Emulsion PVC in Europe, based on our capacity as of December 31, 2020 and our main competitors are Westlake Chemical Corp., Orbia Advance Corp. and Kem One Holdings SAS.

In ECH production and sales, we compete with all three of the other major European ECH producers, including Olin, Hexion and Spolchemie. According to IHS Markit, based on our capacity at December 31, 2020 we are the second largest ECH producer in Europe, but number one in terms of merchant market sales since our competitors consume most of their production.

Our chlor-alkali business unit competes with all the major European caustic soda and caustic potash producers, some of which are subsidiaries or divisions of large chemical companies. The top six producers in the West European caustic soda market account for more than two-thirds of the market's capacity, but the rest of the market is fragmented. According to IHS Markit, we are the largest producer of caustic soda in the European market, based on our capacity as of December 31, 2020, and we believe our four closest competitors are Dow Inc, Nouryon, Covestro A.G. and Kem One Holdings SAS.

In chloromethanes production and sales, we mainly compete with other European producers, including Olin Corp., Kem One Holdings SAS and Nouryon. In chlorinated paraffins we compete with other European suppliers such as Caffaro Industrie in Italy and Leuna-Tenside in Germany.

Sales, Marketing and Distribution

Sales of all of our INOVYN products are managed by our own dedicated sales team by business area. Our core INOVYN sales team is located throughout continental Europe, the Nordic countries and the UK, and we have a small sales operation in the U.S. Our INOVYN customer service function is organized around two hubs, located in the UK and Belgium. Most of the European sales of our key INOVYN products are made directly with key end-users in a wide range of industries, but we also operate with a network of agents to sell into our key export markets. The majority of our INOVYN European sales arrangements are based on structured sales contracts with a term of one year or less.

We typically distribute our INOVYN products by sea and overland by rail or truck. Most of our INOVYN customers are geographically close to our production facilities, allowing us to typically deliver our products within two to

three days of an order being placed. If we are responsible for the delivery, the prices of all of our products include applicable delivery and transportation charges. We manage most of our delivery and transportation logistics internally.

PVC Resins

According to IHS Markit, we are the largest supplier of PVC resins in Europe, and we market a significant range of grades for a wide range of applications. The wide geographical Northwest European spread of our PVC resin plants has enabled us to respond rapidly and flexibly to individual customer requirements in each of our principal markets. Key account managers specifically manage our sales to pan-European accounts where we have a strong position. We have focused our marketing initiatives on those customers who have a strong position in the higher growth sectors of the market.

Our main market for Suspension PVC sales is Europe, especially the countries in the European Union, and we are increasingly targeting Central and Eastern Europe, particularly Poland. Our current key markets of the Nordic countries, Germany, France, Spain, the Benelux countries and the UK already benefit from manufacturing facilities that are in close proximity to customers, which reduces our distribution costs and delivery lead times to customers in these countries. Technical service is an important function in supporting resin sales. We have teams of technical service managers based in the UK, Sweden, Belgium, France, Spain and Germany that work in conjunction with sales personnel and our key customers to promote resin development. Suspension PVC is also sold globally on export markets through a network of distributors and agents covering key global markets, such as Turkey, Middle East, India, South East Asia, North East Asia and South America.

Our target markets for specialty PVC are global. Our teams are based in Europe and work with a robust global network of distributors and agents, allowing us to cover our core and export markets in Continental Europe, Nordic countries, UK, CIS countries, Turkey, North America and South America, Africa and Asia/Pacific countries. Sales quantities are, in general, managed to meet maximum production output and product mix optimization in order to extract the highest added value from the portfolio. We are focused on protecting our stable high margins, on increasing sales to selected customers and products, on creating value through innovation and on growing sales of high-value new products.

Caustic Soda

Our most important caustic soda markets are the UK, the Nordic countries and mainland Europe (in particular, France, Germany, Spain and Italy). We are well positioned in Norway and Sweden to distribute caustic soda to the pulp and paper industry in the Nordic countries, which accounted for approximately 25% of the INOVYN Business's caustic soda sales volumes in the nine-month period ended September 30, 2020. We have built a strong logistics platform to be able to supply the key pulp and paper producers who rely on bulk shipments of caustic soda. The alumina industry is also an important sector for our caustic soda sales in Europe, and for many years we have been a significant supplier to this sector.

Caustic Potash

Our most important caustic potash markets are Belgium, Germany, Denmark, France, Spain, Netherlands and the UK, which together accounted for 84% of the INOVYN Business's sales volumes in the nine-month period year ended September 30, 2020.

Chlorine and Chlorine Derivatives

The UK and the Benelux countries are core markets for our sales of bulk liquid chlorine and chlorine derivatives. We service a wide range of important industries: water and power companies, food companies, refineries, silica producers and other industrial chemical sectors. Our UK and European sales teams manage direct sales to key customers and also manage sales to different sectors using a network of chemical distributors.

We are one of the leading players in the ECH European merchant market. An important part of our ECH in Europe is sold to epoxy resin manufacturers, but in order to reduce exposure to a single market, we also diversify into water treatment and pulp and paper applications. Our chloroform is a vital precursor in the manufacture of PTFE polymers in Europe and we have major long-term chloroform supply contracts with Solvay Specialty Polymers Italy SpA.

Our INOVYN export and sales teams, based in the UK, Europe, the U.S. and Asia manage our sales of chloromethanes and chlorinated paraffins through a global network of distributors and agents. The CERECLOR™ brand

of chlorinated paraffins has a wide range of applications, and we sell globally to the PVC, foam, paints, metal working fluids and sealants and adhesive sectors.

Salt and Sulphur Derivatives

According to internal estimates, we are the leading sulfuric acid producer in the UK, based on the sulphur burning technology. For bulk acid of different strengths (77-96-98%), we serve the UK market with a local team, competing with imported acid from metal smelters. The applications include a wide range of chemical processes, but the major ones include water treatment and fertilizer production. We also produce certain dedicated derivatives (SO^2, SO^3, 100% acid, ultra pure acid) and these are sold both in the domestic UK market and in other close geographic markets (France).

Aromatics and Acetyls

The Aromatics and Acetyls Businesses are operated as two distinct businesses, separately dealing with the aromatics chain (PTA and PX) and the acetyls chain (acetic acid, anhydride and their derivatives). In the year ended December 31, 2019, the Aromatics Business accounted for $5,321 million, or 85%, of the Aromatics and Acetyls Business's revenue (excluding revenue from joint ventures) and $417 million, or 83%, of its EBITDA. In the year ended December 31, 2019, the Acetyls Business accounted for $940 million, or 15%, of the Aromatics and Acetyls Business's revenue (excluding revenue from joint ventures and profit sharing arrangements) and $85 million, or 17%, of its EBITDA.

In approaching the integration of the Aromatics and Acetyls Businesses INEOS will adopt the same strategies that it has used in its previous acquisitions, including lessons learnt from the acquisitions of Innovene, VAM and EtAc and the Forties pipeline from BP. These activities represent an investment of the INEOS management into the improvement of the businesses, however they are based on the experience and expectations of INEOS in managing previous acquisitions. These include rigorous approaches to cost control implemented from day one of the acquisition. This includes immediately reducing delegations of authority and reviewing capital spending, and other major and minor spend. This will enable each of the businesses to focus its spend on its core activities. More widely, the INEOS approach to safety and operations will be examined, and the opportunities to apply INEOS practices will be used. It will seek to use the experience represented by the wider INEOS group to both challenge and improve current practices. The businesses will look to replace the various transition services agreements that remain with BP as soon as is practical. Based on INEOS' previous experience, the businesses expect that a number of opportunities exists to either find alternatives, in house or externally, and strengthen the underlying operations. Further, the businesses will examine commercial synergies with the wider INEOS group, for example in-sourcing or combining services, examining feedstock or product synergies. For INEOS Acetyls, this will include opportunities to work with the INEOS ethyl acetate business at Hull, where being co-located and linked through a supply relationship, the businesses will look for synergies in operations and market opportunities.

The Aromatics Business Overview

The Aromatics Business primarily produces PTA and in Europe and North America it also produces PX as feedstock for PTA together with smaller volumes of benzene and metaxylene as by-products. PTA goes into a variety of products including, among others, polyester fibres, PET resins, and polyester film, which in turn are used in a variety of end markets such as textiles, upholstery, household items, food packaging, flexible films and industrial products. As of December 31, 2020, the Aromatics Business had 5,929 kilotonnes of PTA production capacity and 1,595 kilotonnes of PX production capacity, with total production capacity of 7,744 kilotonnes. The Aromatics Business is the largest producer of PTA in the U.S. and Europe and benefits from innovative PTA technology, which allows it to maintain an advantageous cost basis and offer competitively priced products to its customers, further strengthening its market position. According to Wood Mackenzie and internal estimates, in 2020 the Aromatics Business was the largest producer of PTA in the U.S. and Europe, with an estimated share of production capacity of 45% and 43% respectively, the largest producer of PX in the U.S., with an estimated share of U.S. production capacity of 28% and the second largest producer of PX in Europe, with an estimated share of European production capacity of 28%.

The Aromatics Business operates material regional businesses in the U.S., Europe and Asia, near the key global aromatics demand centers with advantaged logistics platforms to access feedstocks and serve customers. These regional businesses include five sites operated directly by the Aromatics Business, each of which is in the first quartile for cost competitiveness in its region. In 2019 the Aromatics and Acetyls Businesses had sales and other operating revenues of $2.8 billion in Asia ($3.1 billion in 2018), $2.0 billion in the U.S. ($1.8 billion in 2018) and $1.4 billion in Europe ($1.8 billion in 2018). In the twelve months ended September 30, 2020, the Aromatics and Acetyls Businesses had sales

and other operating revenues of $1.8 billion in Asia, $1.4 billion in the U.S. and $1.2 billion in Europe. In 2019 the Aromatics Business had sales and other operating revenues of $5.3 billion ($5.6 billion in 2018). In the nine months ended September 30, 2020, the Aromatics Business has sales and other operating revenue of $2,361 million. All of the facilities deploy the Aromatics Business's proprietary PTA technology. The Zhuhai facility in China benefits from the Aromatics Business's latest technology on its Z3 asset that delivers significant variable cost savings on older technologies, lower capital cost and improved environmental performance. The plants at Cooper River, U.S. and Geel, Belgium were retrofitted with an earlier version of the technology in 2016/2017 and the plant in Merak in Indonesia is undergoing a retrofit in the first quarter of 2021.

The Aromatics Business also includes a 61% interest in the CAPCO joint venture in Taiwan. The Aromatics Business has board appointment rights to the CAPCO joint venture.

The Aromatics Business has approximately 150 customers who are typically large B2B customers operating under annual term contracts with rateable demand offtake. Most customers are unique to the regions with limited cross regional cutover.

The Acetyls Business Overview

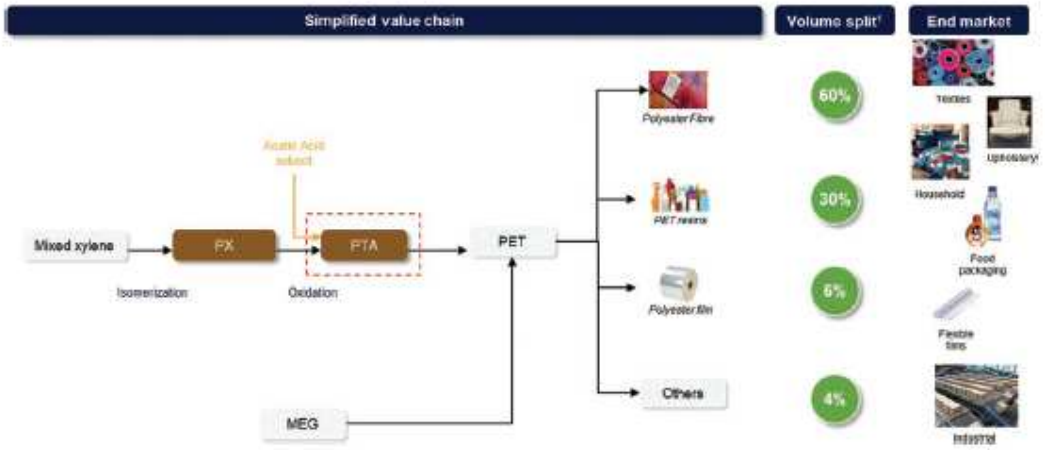
The Acetyls Business primarily produces acetic acid and a range of derivatives including acetic anhydride, methanol, ethyl acetate and vinyl acetate monomer. Acetic acid and the derivatives are used in a wide variety of end market applications, including, among others, building and construction materials, paints and coatings, automotive glass, polyester fibre, PET bottles, surface coatings, inks and solvents, cigarette filters, washing powders, wood acetylation, de-icers, bleaching agents, pharmaceuticals, and herbicides and pesticides. According to IHS Markit in 2020, the Acetyls Business was the second largest global producer of acetic acid, with an estimated share of global production capacity of 12% and the largest European producer of acetic anhydride with an estimated share of European production capacity of 49%. In 2019 the Acetyls Business had sales and other operating revenues of $940 million (2018: $1.1 billion).

The Acetyls Business operates as three regional business units, focused on serving the North America, Europe and Asia, which correspond to the three key global acetyls demand centres. In 2019 the Aromatics and Acetyls Businesses had sales and other operating revenues of $2.8 billion in Asia ($3.1 billion in 2018), $2.0 billion in the North America ($1.8 billion in 2018) and $1.4 billion in Europe ($1.8 billion in 2018). In the twelve months ended September 30, 2020, the Aromatics and Acetyls Businesses had sales and other operating revenues of $1.8 billion in Asia, $1.4 billion in the North America and $1.2 billion in Europe. These regional businesses include one site operated directly by the Acetyls Business in the United Kingdom and five sites operated as joint ventures in Asia, a joint venture in Trinidad and Tobago, and a profit sharing agreement with Eastman Chemicals in the U.S. The Acetyls Business's joint ventures in Asia are organized as standalone legal entities with their own boards of directors. The Acetyls Business has board appointment rights to each joint venture. The Acetyls Business is also responsible for technology and catalyst support to the joint ventures and is the sole supplier of catalyst to the joint ventures. Each joint venture markets its own production in-country and the Acetyls Business has exclusive off-take rights for all exports. The Acetyls Business also benefits from a profit sharing agreement with Eastman Chemicals at Eastman's Texas City site and operates a purchase for resale contract with Eastman for acetic acid, marketing surplus acetic acid supplied from the Eastman Kingsport site, each located in the U.S.

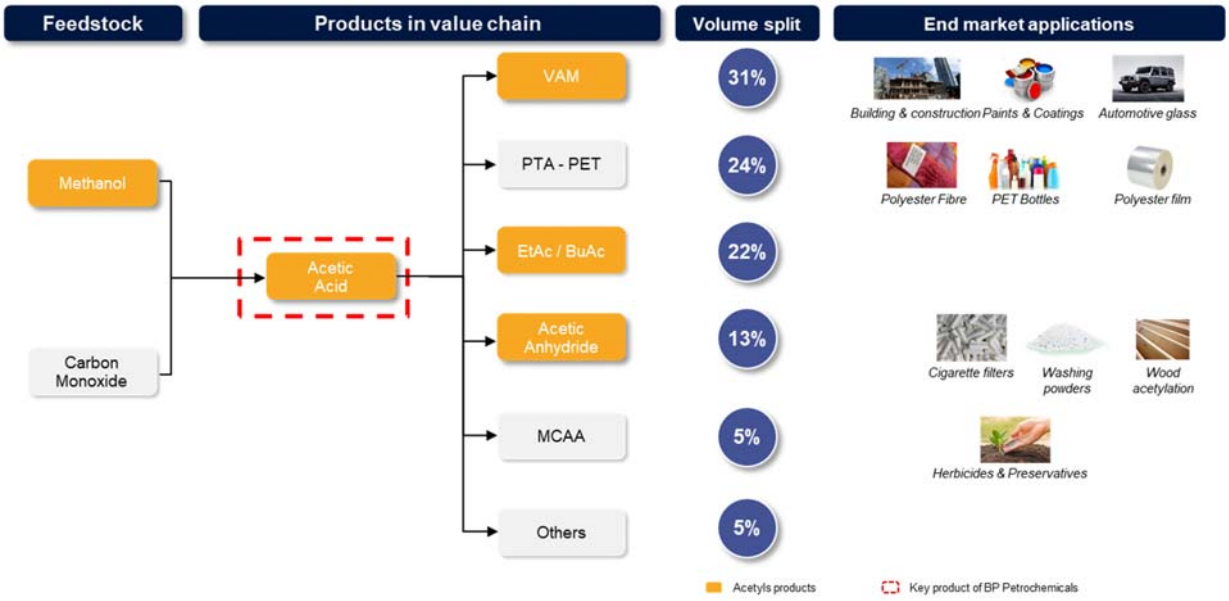
The Acetyls Business had a production capacity of 3,663 kilotonnes (including 2,563 kilotonnes of acetic acid capacity, 165 kilotonnes of acetic anhydride capacity and 600 kilotonnes of methanol capacity) at December 31, 2020.

The following diagram sets forth a summary of the inputs and outputs of the production chain for the Aromatics Business's and Acetyls Business's major product families, namely, PTA, PX, acetic acid and acetic anhydride.

Key business drivers of the Aromatics chain



Overview of Acetyl value chain



Source: Company information.

- The Aromatics Business currently operates a total of five sites in four countries (two in the Americas, one in Europe and two in Asia), including sites operated by the Aromatics Business and sites operated by a joint venture in which the Aromatics Business holds an ownership interest. The Aromatics Business also includes a 61% interest in the CAPCO joint venture in Taiwan.

- The Acetyls Business currently comprises eight sites in seven countries (two in the Americas, one in Europe and five in Asia), including sites operated by the Acetyls Business and sites operated by seven joint ventures in which the Acetyls Business holds an ownership interest.

We believe that the Aromatics Business operates the most efficient assets in every region in which it operates, with leading technology providing cost advantages over competitors. For the Acetyls Business, each of the regions in which we operate is driven by economies of scale as a result of the production units, their feedstock position and, in Asia specifically, the co-location of JV partner sites providing integration into large industrial clusters.

The Aromatics Business benefits from the cost advantages of operating large-scale, integrated facilities strategically located near major transportation routes and customer locations, including the largest and most efficient integrated PX/PTA/PET production site in Europe at Geel, Belgium (30 miles east of Antwerp), with canal, rail and road access on a shared site with INEOS's polypropylene facility and JBF's PET facility, the largest PX production site in North America in Texas City, U.S., which is integrated with a Marathon Oil refinery for feedstocks and other utilities on a shared site with INEOS's Styrolution facility, and the largest PTA facility in North America in South Carolina with sea, rail and road access.

Our Acetyls Business benefits from integration through the JV with Methanex in Trinidad and Tobago for the supply of methanol to the Acetyls Business's acetic acid production plants. In addition, in Asia, our Acetyls Business partners, through its joint ventures, with leading producers in their domestic markets, benefiting from site integration and advantageous feedstock supply. The Acetyls Business also benefits from downstream integration with the Aromatics Business and with the INEOS Group in the production of PTA, VAM, ethyl acetate and butyl acetate.

The Aromatics and Acetyls Businesses have made significant investments in all their facilities in the past five years, with investments of $90 million in the nine months ended September 30, 2020, $122 million in 2019 and $96 million in 2018 as well as investments in maintenance and growth projects, with particular emphasis on PTA technology retrofit projects at Geel (2015/2016), Cooper River (2017), Zhuhai (Z2) (2019) and Merak (which is under construction and due for completion in the first half of 2021), which are focused on driving cost efficiency and resulted in modest de-bottlenecks at Merak and Cooper River. In the Acetyls Business, though the LTBP joint ventures the Ulsan acetic plant benefitted from a de-bottlenecking project and a new VAM plant constructed, while an on-going project will see the feedstock converted to natural gas from low sulfur fuel oil ("**LSFO**") which will improve the economic position of the LTBP JV. We believe these investments allow the Aromatics and Acetyls Businesses to operate at lower cost and higher utilization rates than most of their competitors, and help them to maintain positive margins and cash flows even during industry downturns or periods of decreased customer demand.

In approaching the integration of the Aromatics and Acetyls Businesses into the Group, the businesses plan to adopt the same strategies used in previous acquisitions, including applying the lessons learned from the acquisitions of Innovene, VAM and EtAc and the Forties pipeline from BP. These activities represent an investment of the INEOS Group management into the improvement of these businesses, however they are based on the experience and expectations of INEOS Group in managing previous INEOS acquisitions. Specific initiatives include rigorous approaches to cost control implemented from day one of the acquisition, immediately reducing delegations of authority and reviewing capital spending and other major and minor spend to enable the businesses to focus spending on core activities. More widely, the INEOS Group approach to safety and operations will be examined and opportunities to apply proven INEOS Group practices will be leveraged using the experience represented by the wider INEOS group to challenge and improve current practices. We also look to replace the businesses' various TSAs that remain with BP as soon as practical. Based on previous experience, we expect that a number of opportunities exist to either find alternatives, in house or externally, and strengthen the underlying operations. Further, there will be a focus to examine commercial synergies with the wider INEOS Group such as in-souring, combined services, feedstock and product synergies opportunities. For the acetyls business, this will include opportunities to work with our ethyl acetate business at Hull with co-locationing and supply relationship linkage should provide for synergies in operations as well as market opportunities.

Geographical overview

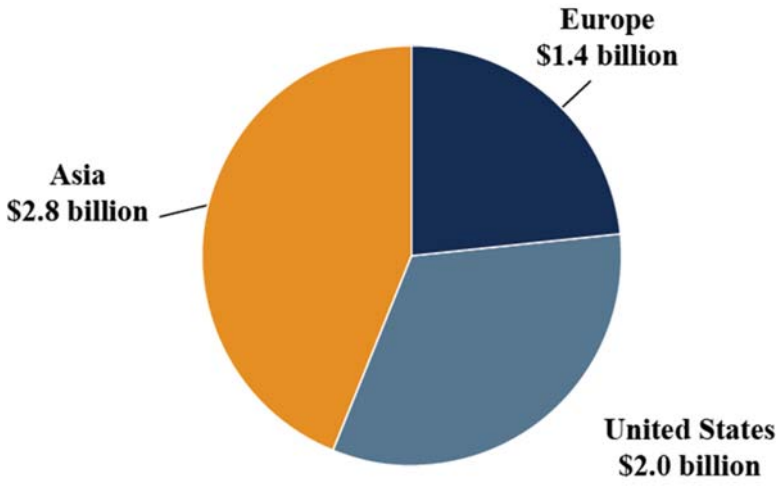
Each of the Aromatics Business and the Acetyls Business is organized around three regional businesses in Europe, the North America and Asia.

North America is the largest region by volumes of sales for both the Aromatics Business and the Acetyls Business. The Aromatics Business in North America produces both PX (much of which is used internally in PTA production) and PTA and MX sold to third parties and serves North America, which is considered to be one of the regions of the world with the highest profit margins and the rest of the Americas. The Acetyls Business in North America is a marketing business built around an arrangement with Eastman Chemicals pursuant to which the Acetyls Business markets all of the Eastman Chemicals acetic acid production from its Texas City site and surplus acetic acid at its Kingsport site to customers in the U.S., as well as South America and Europe, and receives 63% of the related profits.

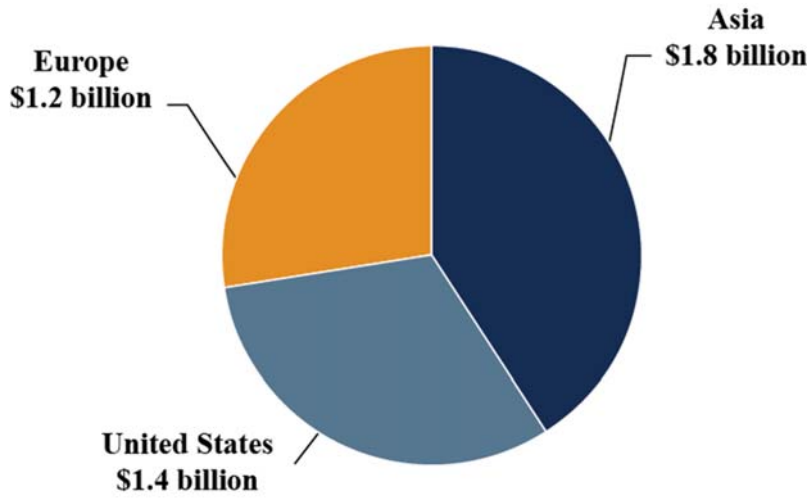
Asia represents the next largest region in terms of volumes of sales and production capacity for both the Aromatics Business and the Acetyls Business, providing advantaged access to the largest demand market in the world in China and across the region. In Asia, the Aromatics Business primarily produces PTA, and the Acetyls Business primarily produces (through joint ventures) acetic acid.

Europe is the smallest region for both the Aromatics Business and the Acetyls Business in terms of volumes of sales. The Aromatics Business serves Europe from production facilities located in Belgium, producing PX (all of which is used internally in PTA production) and PTA and primarily serves customers in Europe and Turkey. The Acetyls Business serves Europe from production facilities located in the UK, producing acetic acid and acetic anhydride and primarily serves customers in Europe.

Revenue by region (2019) $6,261 million



Revenue by region (twelve months ended September 30, 2020) $4,488 million



Source: Company information.

Product overview

The Aromatics Business primarily sells PTA products and the Acetyls Business primarily sells acetic acid products. In addition the Aromatics business also produces PX (much of which is used internally in PTA production) and MX and the Acetyls Business also produces acetic anhydride.

Business model overview

In both the Aromatics Business and the Acetyls Business, we believe we benefit from a lean and cost-efficient setup with a clear regional focus on delivering high reliability and meeting customer demands. Each of the regional businesses has dedicated commercial, sales and marketing teams focused on maximizing sales and margin contribution. Going forward, the Aromatics Business's regional businesses will take ownership of local costs, leading to greater

accountability and, we believe, faster bottom line growth. The Aromatics Business's main product, PTA, is primarily a commodity product with margins characterized by the quality of the production assets, the proximity to feedstocks and customers and the regional supply—demand position. The highest margin regions are Europe and the North America, both of which are deficit regions that require imports from Asia, resulting in higher pricing that reflects the costs of freight between regions. In the Acetyls Business, acetic acid is a commodity product, with margins driven by the plants competitive position, feedstock pricing and the regional supply / demand position. While inter-regional trade exists, Europe represents the highest margin region while Asia the lowest, reflecting the competitive position in the regions.

Products and Manufacturing

Aromatics

Purified Terephthalic Acid (PTA)

Terephthalic Acid (TA) is produced by the catalytic air oxidation of paraxylene in a continuous process. The reaction products are continuously discharged from the reactor as a hot slurry of TA in acetic acid. The slurry is cooled by flashing in a series of crystallizers and the crude TA is then separated from the acetic acid through a solvent exchange filter apparatus. The crude TA solid is then re-slurried in water, heated to a temperature where the TA is completely dissolved, and then passed through a heterogenous hydrogenation catalyst to remove impurities that would result in undesirable color in the polyester. Once again, the slurry is cooled by flashing in a series of crystallizers and the Purified Terephthalic Acid (PTA) is then separated from the water through a pressure filter apparatus and rotary steam tube dryer to produce the dry white powder that meets required specifications. All vents from the process pass through process equipment to recover valued components (*e.g.* un-reacted p-xylene and acetic acid) and are then catalytically oxidized and scrubbed to meet applicable environmental limits. Modern iterations of the process have been highly optimized for low variable operating cost through reaction condition optimization, intensive recovery of the heat of reaction, and heat integration. In addition, the capital cost of a new unit has been reduced through process simplification and the implementation of economies of scale.

Paraxylene (PX)

Paraxylene (PX) is produced from petroleum reformate, the product of a catalytic reforming unit present in most petroleum refineries. Reformate contains four xylene isomers: PX, meta-xylene, ortho-xylene, and ethylbenzene. The basic steps in a paraxylene unit involve converting the other xylene isomers and separating high purity PX. The paraxylene unit consists of four sections: Fractionation, Crystallization, Isomerization and Refrigeration. The PX production process creates a raffinate stream from which meta-xylene can then be produced using UOP Honeywell MX Sorbex™ technology, an innovative adsorptive separation method for highly efficient and selective recovery of high purity chemicals that cannot be separated by conventional fractionation. The continuous Sorbex process simulates a moving bed of adsorbent with continuous counter-current flow of a liquid feed over a solid bed of adsorbent.

Acetyls

Acetic Acid

Acetic acid is manufactured using our Acetyls Business's proprietary Cativa® process through the carbonylation of methanol with carbon monoxide. The carbon monoxide feedstock is derived from synthesis gas (also known as syngas—a mixture of carbon monoxide and hydrogen produced from either natural gas or coal). Carbon monoxide and methanol are mixed at elevated temperatures and pressures, and in the presence of an iridium catalyst produce acetic acid. The acid from the reaction is purified, with the wastes recycled to the main reaction and the purified acetic acid cooled and sent to storage. The various by-products and either recycled or incinerated.

Acetic Anhydride

Our Acetyls Business's proprietary technology allows the simultaneous production of both acetic acid and acetic anhydride. The nature of the chemistry means that the feedstocks are the same (methanol and carbon monoxide) as for acetic acid, as the required acetic acid can be produced by the reaction and recycled. The crude mixture of products is purified, and the acetic acid separated then either recycled or purified for sale, while the acetic anhydride is purified for sale.

Methanol

Methanol is manufactured by reacting pressurized synthesis gas, a mixture of carbon monoxide and hydrogen, in the presence of a catalyst. Synthesis gas is produced by steam reforming natural gas or the gasification of coal, which is then compressed and sent to the methanol reactor where, through chemical reactions, raw methanol is made. The last stage of the methanol production process is distillation, where the liquid raw methanol mixture is heated to separate the components to obtain pure methanol.

Raw Materials and Energy

The majority of the Aromatics and Acetyls Businesses' raw materials are supplied under short, medium and long-term contracts from leading industry participants at market prices.

The principal raw materials (including feedstock) and input costs for our Aromatics and Acetyls Businesses are mixed xylene, paraxylene, acetic acid, methanol, natural gas, oxygen and carbon monoxide.

Mixed xylene

Mixed xylene is primarily a mixture of three different xylene monomers (metaxylene, orthoxylene and paraxylene) and ethylbenzene and is mostly used in the production of PX. Smaller volumes are also used in the solvents industry and in gasoline blending. It is produced in refineries by extraction from reformate which is a gasoline blend component. The Aromatics Business purchases mixed xylene feedstocks in Europe on medium term contracts with a duration of five years from Total (Antwerp) and Shell (Germany) and 10 years from BP Gelsenkirchen (Germany). The favorable terms of this new 10-year contract are expected to result in approximately $5.5 million of annual run-rate EBITDA improvements, based on the difference between the average historical price under the contract and the average historical spot price and assuming we purchase the full annual supply of mixed xylene available thereunder, which is planned from 2022 onwards. The Aromatics Business's mixed xylene purchases in the U.S. are made under a long-term contract with Marathon Petroleum Corporation from the co-located Galvaston Bay Refinery, as well as under short-term contracts from Shell and Total . Mixed xylene prices are primarily linked to crude oil with secondary linkage to the regional / global supply demand dynamics of gasoline.

Paraxylene (PX)

PX is the main raw material for PTA and is typically produced via the separation of mixed xylenes. In Europe, the Aromatics Business purchases approximately 25% of its PX demand under contract with Exxon (Netherlands), Shell (Germany) and imports from Russia. In North America, Texas City typically produces more PX than is required at the Cooper River PTA facility. As a result, the commercial strategy around purchasing / selling PX changes each year depending on operating rates and market conditions and there are no medium / long term PX contracts. PX feedstock for all the Asian assets is managed as a portfolio with major term contracts with Exxon, China National Offshore Oil Corporation, Reliance Industries Limited and IKC. These contracts are typically one to two years. PX prices are primarily linked to crude oil with secondary linkage to the regional / global supply demand dynamics of PX.

Acetic Acid

Acetic acid used in our Aromatics Business's PTA assets are purchased from our respective regional Acetyls businesses on an arm's length market basis.

Methanol

Methanol is a key raw material for the production of acetic acid. Our Acetyls Business's European operations and Eastman Chemicals's Texas City operations currently source methanol via BP's Trading and Supply ("BP T&S"). BP T&S in turn contracts with third party methanol producers on a contract/spot formula basis. The Asian joint ventures source their methanol under medium term contracts and upon the termination of the TSA, our Acetyls Business will also source its own methanol.

Natural Gas

Natural gas is used in the production of carbon monoxide, which is a key raw material, along with methanol, for the production of acetic acid. The Acetyls Business's European operations and YARACO joint venture in China produce their own carbon monoxide, with natural gas feedstocks sourced via BP T&S in the case of the European operations and

by local JV partners in the case of YARACO. Some operating sites purchase CO over the fence from co-located producers that also use natural gas as feedstock, including Eastman in Texas City, U.S., the BYACO joint venture in China, and the BPPA joint venture in Malaysia. The FBPC joint venture in Taiwan and LTBP joint venture in South Korea both produce their own CO, but use alternative feedstocks, naphtha and low sulphur fuel oil, respectively, although the LTBP joint venture has a new project to convert feedstock from LSFO to natural gas, which is expected to improve the feedstock cost position.

Carbon Monoxide

Carbon monoxide is a key raw material in the production of acetic acid and is produced either by the reforming of simple hydrocarbons (*e.g.* natural Gas, fuel oil or coal) or via partial oxidation (POx) of hydrocarbons with oxygen. Across the portfolio of assets, both technologies are used with differing feedstocks and different participation models as follows:

Asset	Technology	Feedstock	Participation (Make vs buy CO)
Hull (UK)	Reformer and POx	Natural Gas	Make
Eastman (U.S.)	POx	Natural Gas	Buy
LTBP (South Korea)	POx	Low Sulphur Fuel Oil, being converted to LNG	Make
FBPC (Taiwan)	POx	Naphtha	Make
YARACO (China)	Reformer	Natural Gas	Make
BYACO (China)	Reformer	Natural Gas	Buy
BPPA (Malaysia)	Reformer	Natural Gas	Buy

Customers

Aromatics Business. In Europe, the Aromatics Business targets local sales in Europe and Turkey, with small volumes of PTA sold outside the region, primarily in the Middle East and India. Approximately 30-35 contract customers encompass over 90% of the total customer counterparties in Europe, with the top 14 of such customers accounting for over 80% of total PTA sales revenue. This includes JBF, which has a co-located PET plant (Europe's largest) on the Aromatics Business's Geel site and a 330 kilotonnes PTA offtake agreement through 2025. The majority of remaining sales are made to customers via annual contracts that calculate pricing monthly with a fixed spread over monthly quoted European PX prices. Approximately 25% of sales in Europe go to PTA customers operating in less commoditized price sensitive sectors, where margins are higher and more stable. In North America, the Aromatics Business targets local sales in the Americas with small volumes sold outside the region, primarily in the Middle East. The Aromatics Business has approximately 20-25 contract customers in North America, with the top three customers accounting for approximately 80% of total PTA sales revenue in North America. Customer contracts are priced based on the North America PTA contract price formula with each customer having individually negotiated discounts off this formula price. In Asia, the Aromatics Business has approximately 90 contract customers in China and 11 contract customers in Indonesia. In both China and Indonesia, PTA is priced off the China PTA marker, with a floor protecting downside in Indonesia. Nanya, located in South Carolina, nearby Cooper River PTA plant and CCRC, located close to Zhuhai PTA operations, are the Aromatics Business's largest global customers of PTA, each with approximately 500 kilotonnes in sales annually.

Acetyls Business. In Europe, the Acetyls Business has three co-located customers at the Hull site (INEOS and Nipon Goshei for acetic acid and, by mid 2021, Tricoya for acetic anhydride, with the plant currently under construction). In Europe, six sectors make up approximately 90% of acetic acid demand, with each sector typically led by two or three major companies. These main sectors are ethyl acetate (INEOS), vinyl acetate (Celanese and Wacker), PTA (BP, Indorama, PKN), butyl acetate (INEOS, BASF, Oxea), MCA (CABB, Nouryon, PCC), and acetic anhydride (BP, Cerida and Lonza). The Acetyls Business had approximately 100 European acetic acid customers, with the top 16 customers accounting for approximately 80% of the total European acetic acid sales revenue in the year ended December 31, 2019. In the U.S., three key sectors (vinyl acetate, esters and PTA) account for more than 65% of acetic acid demand, with peracetic acid, a growing fourth sector, increasing from 3% volume in 2018 to 10% in 2019. Demand in the U.S. is spread across approximately 80 consumers, with the top 10 customers accounting for approximately 60% of demand. Two-thirds of sales are made on a cost-plus formula with the prices for the remaining sales based on monthly or quarterly negotiation with the customer. Sales of Acetyls products in Asia are predominately managed directly by the Acetyls Business's joint ventures, although the Acetyls Business has exclusive off-take rights for all exports and sells this directly into the Asian markets.

Research, Product Development and Engineering

The Aromatics and Acetyls Businesses' global asset footprint is complemented by two research and development centers located in the U.S. and the UK. The table below summarizes the product focus of each of our R&D sites.

Overview of R&D sites

R&D site	Country	Product focus	Geographical focus
Naperville	U.S.	PTA, PX, rTA (Recycled PTA from waste PET)	Global
Hull	UK	Acetyls	Global

Source: Company information.

The Aromatics and Acetyls Businesses' R&D resources are provided through its global R&D sites in Hull and Naperville. R&D spending is primarily focused on improving cost and capital efficiency and selling and supporting licenses. The Aromatics and Acetyls Businesses' research and development efforts have resulted in technological advances that offer the Aromatics and Acetyls Businesses various competitive advantages. For example, the Aromatics Business's PTA technology platform used in the newer Zhuhai plant has resulted in $60-120 million in capital expenditure savings compared to conventional technology used for a 1.25 MT PTA unit and reduced equipment count by 30% from the previous generation of technology. These technological advancements have also lowered variable costs by up to $60 per MT and have reduced GHG emissions by 65%, water discharge by 75% and solid waste disposal by 95%.

In the Acetyls Business, acetic acid, using the Acetyl Business's Cativa® technology, has been continuously optimized and commercially operated in multiple plants since first being deployed 25 years ago. The latest development, Cativa® XL process, offers advantaged capital efficiency through reduced process complexity and variable cost improvements through efficient heat integration leading to reduced steam consumption.

The SaaBre™ Process is the Acetyls Business's recently developed new acetic acid technology, developed at the R&D facility in Hull. The process avoids the use of methanol and utilizes synthesis gas directly to produce acetic acid.

Globally, the Aromatics and Acetyls Businesses have approximately 200 full-time employees in its R&D department. The Aromatics Business's research and development activities are primarily carried out at the Naperville (U.S.) campus, a research and technology complex offering a variety of lab services. The Acetyl's Business research and development activities are carried out at the Hull (UK) site. In 2019, global R&D was 0.84% of operating costs (excluding costs of sales) and was 0.92% in 2018.

Intellectual Property

The Aromatics and Acetyls Businesses own intellectual property associated with their manufacturing, with an extensive range of approximately 780 patents and patent applications in approximately 130 cases, covering processes, products and applications for the production of PTA, PX, acetic acid and acetic anhydride. The Aromatics and Acetyls Businesses also own approximately 10 trademark registrations globally. These cover a large number of territories to support their global sales and to ensure broad freedom to operate. In addition, the Aromatics and Acetyls Businesses maintain trade secrets and proprietary information through customary non-competition undertakings with their employees and contractors and through confidentiality agreements with their contractors, developers and customers.

We are not aware of any threatened, proposed or actual proceedings that have been or will be brought against the Aromatics and Acetyls Businesses for infringement of third-party rights or any infringement of their rights by third parties that if successfully prosecuted would have a material and adverse effect upon their business.

Competition

The Aromatics Business is the largest merchant producer of PTA in the U.S. and Europe according to Wood Mackenzie and management estimates.

The main PTA competitors in North America are Indorama, Eastman Chemicals and DAK Americas, with increasing competition from imports from South Korea. All the other domestic PTA producers in North America are downstream integrated into PET leaving the Aromatics Business as the only pure play merchant PTA producer.

Indorama also competes in Europe together with PKN Orlen, but the largest competitive pressure comes from imports from South Korea (Hanwha and Taekwang) due to the free trade agreement between the EU / Turkey and South Korea. Most other countries with major PTA capacity, e.g. China, have duties into Europe and North America which make sales uncompetitive.

In China, the key competitors are two global PTA leaders, Yisheng and Hengli, with a further nine players with production capacities over 1 MT per annum.

Competition is not an issue for PX given that it is fully integrated and not sold to third parties.

The Acetyls Business is the second largest producer globally of acetic acid and the largest producer of acetic anhydride in Western Europe, according to IHS Markit and management estimates. The Acetyls Business's acetic acid producing assets compete with all the major global acetic acid producers, including Celanese, Sopo, Huayi, Eastman Chemicals, Sinopec and Shangdong Yangco. The Acetyls Business's primary acetic anhydride competitors include Cerdia and Lonza.

Sales, Marketing and Distribution

The Aromatics and Acetyls Businesses are characterized by a relatively small number of large volume B2B customers, and a small portion of acetyls sales are managed through distributors. Each of the regional businesses has a dedicated commercial team focused on delivering the customer offer and maximizing margin contribution.

Each regional commercial team consists of:

- A sales team consisting of experienced account managers who own the direct relationship with the customer. Typically, each region has between two to five account managers.
- A business team consisting of production planners, customer service reps, logistics coordinators and business analysts who provide performance insights and market intelligence to the commercial team.
- A feedstocks team focused on securing advantaged feedstocks to the business whilst ensuring high reliability of supply (specific to the Aromatics Business).
- A logistics contracts team focused on creating a robust set of third party providers focused on driving a highly efficient logistics network fully aligned with the customer offer. Across the global business, products are sold via canal, road, rail and sea containers or a combination thereof.

Our Facilities

Overview

We are a geographically diverse global producer of various styrenics, vinyls, aromatics and acetyls products. We are present in all key industry regions and, as of December 31, 2020, operated (including joint ventures) a total of approximately 50 manufacturing facilities in 19 countries. Our plants are well maintained and we believe they constitute an industry benchmark for world class facilities as they rank among the most cost efficient globally.

Our facilities are located in the Americas, Europe and Asia. We own most of our facilities and we have lease agreements for buildings and/or equipment for the facilities we do not wholly own. With these facilities, we believe we offer customers throughout the world a high standard of service as well as consistent product quality. Most of our facilities are situated on integrated chemical sites, facilitating the secure and efficient delivery of our principal raw materials.

Styrolution Facilities

As of December 31, 2020, the Styrolution Business operated a total of 20 manufacturing facilities in 10 countries. The following table sets forth the product, location and actual capacity as of December 31, 2020 of each of our styrenics production facilities.

Styrolution production facility capacities (December 31, 2020)

REGION	COUNTRY	FACILITY	SM (kilo-tonnes)	PS (kilo-tonnes)	ABS Standard (kilo-tonnes)	SBC (kilo-tonnes)	Other Specialties[1] (kilo-tonnes)	Other products contributed
EMEA	Belgium	Antwerp[3]	**560**	**475**	**260**	**65**	**—**	**EB (350 kilotonnes), SAN**
	France	Wingles[2]	**—**	**116**	**—**	**—**	**—**	
	Germany	Cologne	**—**	**—**	**—**	**—**	**125**	**SAN**
	Germany	Ludwigshafen	**—**	**—**	**—**	**—**	**227**	
	Germany	Schwarzheide	**—**	**—**	**—**	**—**	**(*)**	**(*) compounding of Specialties (55 kilotonnes)**
Americas	Canada	Sarnia	**445**	**—**	**—**	**—**	**—**	
	Mexico	Altamira	**—**	**175**	**110**	**45**	**70**	**SAN**
	U.S.	Bayport[6]	**771**	**—**	**—**	**—**	**—**	
	U.S.	Channahon	**—**	**399**	**—**	**—**	**—**	
	U.S.	Decatur	**—**	**193**	**—**	**—**	**—**	**SMMA**
	U.S.	Texas City	**454**	**—**	**—**	**—**	**—**	
Asia	India	Dahej	**—**	**78**	**—**	**—**	**—**	
	India	Nandesari	**—**	**—**	**—**	**—**	**27**	
	India	Moxi[5]					**(*)**	**(*)compounding of Specialties (100 kilotonnes)**
	India	Katol					**100**	**SAN**
	South Korea	Ulsan	**—**	**266**	**244**	**—**	**43**	**SAN**
	South Korea	Yeosu				**55**		
	China	Foshan		**200**				
	China	Ningbo[4]		**200**				
	Thailand	Map Ta Phut	**—**	**—**	**—**	**—**	**117**	
TOTAL			**2,230**	**2,102**	**614**	**165**	**709**	

Source: Company information; NexantECA

(1) ABS (Novodur), SAN (Luran), ASA (Luran S), MABS (Terlux), PA+ABS (Terblend N).

(2) The plant in Wingles, France, is currently in the process of partially being converted from PS into mass ABS production. We currently expect the partial conversion to be completed in the first quarter of 2021.

(3) The Antwerp SM plant completed an expansion of its capacity from 500 kilotonnes to 560 kilotonnes in the third quarter of 2020. Capacity testing was completed at the end of 2020.

(4) We completed the acquisition of this facility in 2019. We are currently in the process of building 600 kilotonnes new ABS Standard capacity at the Ningbo facility to further improve our ABS Standard position in China. This project is expected to be completed in the second half of 2023.

(5) The facility has recently undergone an expansion from 66 kilotonnes to 100 kilotonnes, which was completed in the fourth quarter of 2019. A research and development center is part of the facility, serving customer needs for India.

(6) This facility will be home to the new 100 kilotonnes ASA production site that is currently under construction, and is expected to be completed by mid 2022.

INOVYN Facilities

The INOVYN Business currently operates a total of 15 manufacturing sites in eight countries. Our Runcorn, Rafnes, Stenungsund, Antwerp/Lillo, Antwerp/Zandvliet, Jemeppe, Rheinberg and Rosignano facilities all have tri-modal logistical capability (or road, rail and water access). With these facilities, we believe we are able to offer customers throughout the world a high standard of service, as well as products of consistent quality. Most of our facilities are situated on integrated chemical sites, facilitating the secure and efficient delivery of our principal raw materials. All of our production facilities are owned unless otherwise indicated in the table below. As of December 31, 2020, our INOVYN facilities had a total replacement value of €9.4 billion for insurance purposes.

The following table sets forth the product, location and production capacity as of December 31, 2020 for each of our production facilities.

INOVYN production facility capacities (December 31, 2020)

Product by Facility	Country	Capacity (kilotonnes per annum[1])
Vinyls Businesses		
Suspension PVC		
Jemeppe	Belgium	475
Tavaux	France	200
Rheinberg	Germany	240
Porsgrunn	Norway	155
Martorell	Spain	280
Stenungsund	Sweden	145
Newton Aycliffe	UK	300
Total		**1,795**
Emulsion PVC		
Tavaux	France	75
Rheinberg	Germany	45
Porsgrunn	Norway	55
Stenungsund	Sweden	90
Total		**265**
VCM		
Jemeppe	Belgium	525
Tavaux	France	320
Rheinberg	Germany	310
Rafnes[5]	Norway	570
Martorell	Spain	290
Stenungsund	Sweden	160
Total		**2,175**
Organic Chlorine Derivatives and Sulphur Business		
Tavaux (chloromethanes, ECH and perchloroethylene)	France	125
Rheinberg (ECH and other allylics)	Germany	63
Rosignano (chloromethanes)	Italy	35
Runcorn (chlorinated paraffin)	UK	56
Runcorn (sulphuric acid)	UK	280
Total		**559**
Chlor-Alkali Business		
Caustic Soda and Caustic Potash		
Jemeppe	Belgium	182
Antwerp/Lillo (Caustic soda)	Belgium	443
Antwerp/Lillo (Caustic potash)	Belgium	150
Tavaux[4]	France	396
Rheinberg	Germany	120
Rosignano	Italy	165
Rafnes	Norway	353
Stenungsund	Sweden	146
Runcorn[2]	UK	281
Total		**2,236**
Chlorine		
Jemeppe	Belgium	165
Antwerp/Lillo	Belgium	500
Tavaux	France	360
Rheinberg	Germany	180
Rosignano	Italy	150
Rafnes[5]	Norway	320
Stenungsund	Sweden	130

Runcorn[2]	UK	255
Total		**2,060**
Ethylene and Propylene		
Feyzin[3]	France	170
Brine and Water		
Northwich	UK	11,000
Salt		
Jemeppe	Belgium	510
Runcorn	UK	650
Total		**1,160**

(1) Except for brine production, which is presented in km^3 per annum.

(2) The Runcorn MCP site in the UK is 50% owned by INOVYN; capacity figures represent our percentage of ownership interest in the facility.

(3) 42.5% owned by INOVYN; capacity figures represent 42.5% of total capacity.

(4) Includes 106 kilotonnes of solid caustic soda capacity.

Aromatics and Acetyls Facilities

As of December 31, 2019, our Aromatics and Acetyls Businesses had material regional businesses in all key global demand centers and operated a total of 14 manufacturing facilities in 9 countries. The Aromatics Business's plants are well maintained and we believe they constitute an industry benchmark for world-class facilities as they rank among some of the most cost-efficient globally—with 94.0% reliability in 2019 and some of the lowest cost profiles across the three regions and positioning in the first quartile of the industry's cost curve within their respective market regions. In the Acetyls Business, the combination of the leading Cativa® technology, strong cost base and feedstock positions as well as co-location on large petrochemical sites allows the business to offer among the lowest cost units in the markets in which it operates. The Aromatics and Acetyls Business's facilities are located in North America, Europe and Asia, with joint venture interests in Asia and Trinidad and Tobago. With these facilities, we believe the Aromatics and Acetyls Businesses offer customers throughout the world a high standard of service as well as consistent product quality. Many of the facilities are situated on integrated chemical sites, facilitating the secure and efficient delivery of the businesses' principal raw materials and products to customers.

The following table sets forth the product, location and capacity based on equity shareholdings as of December 31, 2020 of each of the Aromatics and Acetyls Businesses' production facilities.

Aromatics and Acetyls production facility capacities based on equity shareholdings (December 31, 2020)

REGION	COUNTRY	FACILITY (Ownership Share)	PTA (kilo-tonnes)	PX (kilo-tonnes)	AA[1] (kilo-tonnes)	ANH (kilo-tonnes)	Other products contributed
Europe	Belgium	Geel (100%)	1,400	670	—	—	BZ (90 kilotonnes)
	UK	Hull (100%)[4]	—	—	540	165	
Americas	Trinidad and Tobago	Atlas (37%)	—	—	—	—	MN (1800 kilotonnes)
	U.S.	Texas City (100%)	—	925	—	—	MX (130 kilotonnes)
	U.S.	Cooper River (100%)	1,400	—	—	—	
Asia	Malaysia	BPPA (70%)	—	—	560	—	
	Taiwan	FBPC (50%)	—	—	370	—	
	China	BYACO (50%)	—	—	550	—	
	China	YARACO (51%)	—	—	420	—	EA (80 kilotonnes)
	China	Zhuhai (92%)	2,500				
	South Korea	LTBP (51%)[6]	—	—	700	—	VAM (400 kilotonnes)[2]
	Taiwan	CAPCO (62%)	500	—	—	—	
	Indonesia	Merak (100%)[5]	576[3]				
TOTAL[7]			5,986	1,595	1,963	165	

Source: Company information

(1) AA (Acetic Acid), ANH (Acetic Anhydride), MX (Metaxylene), BZ (Benzene), EA (Ethyl Acetate), MN (Methanol), VAM (Vinyl Acetate Monomer).

(2) Includes 200 kilotonnes per annum completed in 2020.

(3) Includes 76 kilotonnes per annum due for completion by March 31, 2021.

(4) The Tricoya Ventures UK Limited JV (TVUK), a consortium which is constructing the world's first Tricoya wood acetylation plant, and will be a consumer of acetic anhydride, will also be co-located on the Hull site.

(5) Our Aromatics Business is currently constructing a major revamp project to debottleneck the site and improve variable costs, which is expected to be completed during the second quarter of 2021. As a result of these improvements, we expect to achieve approximately $9 million of annual run-rate EBITDA improvements at our Merak facility after the full realization of increased operational efficiency and higher throughput benefits, assuming middle-of-cycle market conditions and sufficient domestic demand to absorb the increased production at this facility.

(6) A new vinyl acetate monomer plant was commissioned in 2020. The site now has 700 kilotonnes of acetic acid capacity and 400 kilotonnes of vinyl acetate monomer capacity. A new project to convert feedstock from LSFO to natural gas is underway and is expected to improve the feedstock cost position.

(7) Accounts for equity shareholdings.

In 2020, BP invested around $60 million in the improvement of the Merak plant in Indonesia and there are plans to introduce further cost efficiencies at the Merak plant, including increasing the production capacity. There is also a de-bottleneck project in Zhuhai which will increase production capacity.

Turnarounds

Our manufacturing facilities are periodically shut down for scheduled turnarounds to carry out necessary inspections and testing, to comply with industry regulations and to carry out any necessary maintenance activities. SM facilities typically undergo major turnarounds every three to five years, with each turnaround lasting four to six weeks. PS, ABS and Specialties facilities are subject to a somewhat shorter shutdown cycle. VCM crackers typically undergo major turnarounds every two to four years, with each turnaround lasting six weeks. Similarly, cellrooms used in chlor-alkali production typically undergo major turnarounds lasting two to four weeks every one to three years. Derivative plants have turnarounds every two to three years lasting three to four weeks. Turnarounds for PVC plants are more frequent, typically every one to two years, but generally last only one to two weeks, with one exception which is every three years and lasts three weeks. Derivative plants have turnarounds every one to five years lasting three to five weeks. PTA facilities typically undergo major turnarounds every 24 to 30 months, with each turnaround lasting about 4 weeks. Extending this period to 36 months is possible, but not without reliability penalty. Our PX facilities typically undergo major turnarounds every 5 years, with aspiration to extend the period to six. Each turnaround of our PX facilities typically lasts 4 to 5 weeks. Acetic acid facilities typically undergo major turnarounds every 2 to 3 years, with each turnaround lasting 5 to 6 weeks.

Health, Safety, Security and Environmental (HSSE)

Overview

Our facilities and operations are subject to HSSE requirements in each of the jurisdictions in which we operate. These requirements govern, among other things, air emissions, water usage and wastewater discharges, releases of hazardous materials into the environment, human exposure to hazardous materials, the classification and registration of chemical products and raw materials, the storage, treatment, transportation and disposal of wastes and hazardous materials, the clean-up of contamination, process safety and accident prevention, the maintenance of safe conditions in the workplace and the security of our facilities. Our business involves the use, manufacturing, handling and distribution of large volumes of hazardous materials and other chemicals and wastes. We have incurred, and will continue to incur, substantial capital and operating expenditures to maintain compliance with current and future HSSE laws and regulations, including the limits and controls contained in our operating permits and approvals. In some jurisdictions, HSSE laws and regulations may impose product or raw material use, import or sale restrictions on us or on our

customers. For example, it is possible that certain of our products or by-products or the raw materials we use may, in the future, be classified as hazardous or harmful, which could impact our production or demand for our products and, in turn, could materially and adversely affect our business and/or results of operations.

Any violations of HSSE laws, regulations or permit requirements, or failure to obtain any required permits, also could result in restrictions or prohibitions on our operations, obligations to install costly pollution control equipment, civil or criminal sanctions and penalties and/or damage claims for environmental contamination, natural resources or property damages and personal injury. In the ordinary course of our business, we are subject to periodic governmental inspections and we also self-monitor and self-report as required by law and/or our permits. In some cases, these oversight activities have resulted in, and may in the future result in, compliance findings leading to fines or penalties or required expenditures for environmental or safety controls or improvements. In addition, numerous operating permits held by our production facilities are subject to renewal, modification and, in certain circumstances, suspension or revocation by government authorities. The enactment of new, or changes in existing, HSSE regulations or the more stringent enforcement of such requirements could result in significant unanticipated operating or capital expenditures, limit or interrupt our operations or business, or require us to modify our facilities or production.

HSSE Compliance and Expenditures

We believe that our operations are currently in material compliance with all HSSE laws, regulations and permits. We actively monitor and assess HSSE compliance issues in connection with our operations and properties, and we believe that we have systems in place, including safety controls and materials handling practices, to limit the environmental impacts of our operations and for the protection of employees in accordance with applicable laws and regulations. For example, we are managing the phase-out of mercury at our Chlor-alkali facilities. Our aim is to meet regulatory requirements with a risk-based approach according to the "Responsible care program of the chemical industry" supported by Euro Chlor. Our pro forma capital and operating expenditures for compliance with HSSE requirements and LTO were approximately €230 million in 2019 and €193 million in 2020 and are projected to be in line with current expenditures. Estimates of future environmental costs and liabilities are inherently imprecise, however, and the imposition of new or unanticipated costs or obligations in excess of budgeted amounts could have a material adverse effect on our business, financial condition or results of operations in the period in which those costs are incurred.

We believe that our employees, contractors and on-site logistics personnel are our most valuable assets, which is why workplace safety is and remains our undisputed first priority. We are convinced that being a market leader goes hand-in-hand with an outstanding safety record. We take our responsibility for HSSE matters very seriously and are fully committed to delivering a continually improving performance across all our operations. Core to our HSSE standards is our HSSE policy, which aims to promote executive management and individual responsibility, adherence to operating procedures and training, and requires our sites to be designed, operated and managed with the goal of preventing major incidents. We have developed internal audit programs (20 Principles) designed to identify, track and correct any deviations from acceptable performance. In addition, each of our businesses has adopted the U.S. OSHA standard for monitoring our safety performance. Our INOVYN Business has made progressive improvements with the rate of OSHA recordable injuries per 200,000 hours declining from 0.26 in 2017 to 0.08 in 2018, 0.10 in 2019 and 0.13 in the nine months ended September 30, 2020 making INOVYN consistently one of the top performers in the chemical industry. The Styrolution Business has also adopted the U.S. OSHA standard with the rate of OSHA recordable injuries per 200,000 hours declining from 0.40 in 2016 to 0.17 in 2017, 0.20 in 2018, 0.12 in 2019 and 0.23 as of September 30, 2020. Similarly, the Aromatics and Acetyls Businesses have adopted this standard with the rate of OSHA recordable injuries per 200,000 hours declining from 0.31 in 2016 to 0.18 in 2017, 0.16 in 2018, 0.20 in 2019 and 0.21 in 2020.

We have established a HSSE culture of open dialogue, coaching and trust that reinforces our HSSE performance. It aims to minimize the impact our facilities have on local communities and local environments. This means working in close partnership with community groups and key stakeholders to ensure that we are a responsible neighbor and partner. We strive to meet, and where feasible exceed, strict safety and health performance regulations and targets.

In addition, all of our facilities participate in the INEOS Asset Care program whereby each is subjected to audits in the areas of asset condition, work standards, general housekeeping and civil and construction debris. Each site is allocated a score, the results of which is taken into account in the calculation of annual performance bonuses payable to employees.

Greenhouse Gas and Other Air Emissions Regulations

Our operations in Europe are covered by the European Union Emissions Trading Scheme (the "**EU ETS**"), an EU-wide system for industrial greenhouse gas ("**GHG**") emissions. Industrial sites receive or purchase allowances

("**EUAs**") to emit GHGs and must surrender one allowance for each ton of carbon dioxide or equivalent amount of other GHGs emitted. Companies that have lower GHG emissions than their allowances cover are able to sell the excess allowances, whereas those that emit more must buy additional allowances through the EU ETS. We receive fewer free allowances than our actual emissions and as a consequence are required to purchase additional allowances from the traded market. Going forward, we expect continued reduction in the number of free allowances granted to industrial sites that emit GHGs. The UK Emissions Trading Scheme, which replaces the EU ETS in the UK, operates on a similar basis and the aforementioned points made in respect of EU operations are also relevant to our UK operations. In addition, as a result of the Paris Agreement, an international treaty that entered into force in November 2016, the EU has proposed to gradually intensify the reduction of its GHG emissions, to at least 40% of the 1990 levels by 2030, on the condition that other major economies undertake to do their part in the global attempt to reduce emissions. The UK continues to be a party to the Paris Agreement (separate from the EU) and so this is also relevant to our UK operations. As a result, in addition to purchasing more of the allowances we use, we also expect that we will be required to make emissions reductions at our facilities, which could cause us to incur additional compliance and/or capital costs and/or adversely impact our production and our results of operations. However the costs of those allowances are not currently anticipated to be material to our businesses.

Air emissions regulations in the U.S. and Canada include, among other things, monitoring and reporting of GHG and other air emissions at certain facilities, including those that produce and distribute petrochemical and other products. We actively monitor state, regional, provincial and federal GHG initiatives and other regulatory developments in anticipation of any potential impacts on or costs to our operations. The U.S. is not a party to the Kyoto Protocol, and has not yet adopted an economy-wide federal program for regulating GHG emissions. Furthermore, in November 2019, the U.S. began the process to withdraw from the Paris Agreement although, following an election in November 2020, the President- Elect has indicated his intention to rejoin that agreement in early 2021. The U.S. Congress has, from time to time, considered comprehensive federal legislation regarding climate change, and various regional initiatives regarding emissions associated with climate change are in effect or proposed. The nature, scope and timing of any proposed legislation, including climate change legislation and/or other proposed rules regulating GHGs, is highly uncertain and, currently, we do not know what precise effect, if any, such legislation will have on our financial condition and operations.

In the U.S., stringent controls on certain air emissions, including the need to purchase nitrogen oxide emissions credits for certain of our facilities in Texas, impact our operations and, indirectly, the cost of our products. Credit pricing is subject to general economic conditions, but we believe such credits should remain available and affordable. The USEPA issued revised ozone standards in late 2015, which require states to restrict or prohibit emissions that "significantly contribute" to non-attainment of, or interfere with a state's ability to maintain, the revised ozone standard in other "downwind" states. In July 2020, the USEPA reversed its position and published a proposal to retain the original standard. At this time, it is not clear whether emissions permits issued by states and/or the federal government to facilities such as ours will contain stricter limits for nitrogen oxides, including best available control technology, or other operating limitations that could cause us to incur additional compliance and/or capital costs and/or adversely impact our production and our results of operations.

In Ontario, Canada, the Petrochemical Industry Standard (PCIS) came into effect on July 1, 2016. We have taken measures in our capital investment plan to upgrade our Ontario operations to reduce benzene emissions in accordance with the requirements set out under this standard. We do not expect that the costs of implementing such measures will have a material adverse effect on our financial position or operations.

In South Korea, we are subject to the Framework Act on Low Carbon Green Growth, requiring us to prepare an emissions inventory and, in cooperation with the national government, to set and comply with carbon emissions reductions targets. We are currently conducting an inventory as well as an engineering study to evaluate options for reducing carbon emissions. It is not expected that the costs involved in implementing these measures will have a material adverse effect on our competitive or financial position or our ongoing results of operations. South Korea has proposed or is considering additional regulations on air emissions and we are actively monitoring the progress of those legislative initiatives.

Chemical Regulation and Product Stewardship

The EU regulates chemical products within the EU by imposing on all affected industries the responsibility for ensuring and demonstrating the safe production, use and disposal of chemicals. The Registration, Evaluation, Authorization and Restriction of Chemicals ("**REACH**") Regulation requires the registration of all chemicals produced or imported into the EU (either alone, in mixtures, or in certain cases, in articles) with the European Chemicals Agency ("**ECHA**"). The regulation requires formal documentation in the form of a dossier of the hazard data for each substance registered, as well as risk assessments for their registered uses. Most uses of high hazard substances such as those

classified as carcinogens or "substances of very high concern," will require authorization by the ECHA. REACH also requires extensive toxicological testing, documentation and risk assessments of the substances we produce and of many of our raw materials, though the responsibilities for dossier submission are typically handled by our suppliers.

We manufacture various hazardous products and by-products and we continuously engage with the ECHA to ensure that the hazard status of the substances are consistent with the available data. We believe that we are currently in material compliance with the requirements of the REACH regulation. Methyl chloride, carbon tetrachloride, methylene chloride and medium-chain chlorinated paraffins have undergone substance evaluation as part of the Community Rolling Action Plan. Some hazard clarifications may, or may in the future, result in restrictions in certain consumer uses.

For example, under the REACH Regulation, VCM and EDC, as well as other substances we use in I our production processes or products, are designated as "Substances of Very High Concern". Accordingly, there are additional risks, costs and requirements associated with the processing, distribution, sale and transport of these substances, although we believe that our on-going strategies to evolve our manufacturing towards large, fully integrated (chlorine to EDC to VCM to PVC) sites reduces such risks to the business. Companies that use EDC as a solvent are required to obtain prior authorization. However, the use of EDC to manufacture VCM is exempted from the authorization procedure since it is for intermediate use only. Additionally, EDC is subject to the EU Prior Informed Consent ("**PIC**") Regulation, meaning that exports of it from the EU are subject to licensing by ECHA. INOVYN is registered with the relevant IT systems with the European Chemicals Agency to obtain PIC licenses for any such shipment. We are also participating in further studies on the Mode of Action study for breast cancer for EDC, the outcome of which will be important for the determination of exposure limits for EDC. Whilst we will incur costs in connection with the foregoing, we do not expect additional capital expenditures to be material.

In addition to being extensively used in the chemicals industry, acetic anhydride is a category 2A drug precursor and therefore is subject to stricter regulations to prevent its use in illicit narcotic substances. The Acetyls Business is required to have End User Declarations (EUDs) and valid Customer Registration documents from the competent authorities prior to any sale.

As a corollary to the REACH Regulation, the EU has adopted the Classification, Labeling and Packaging Regulation ("**CLP**") to harmonize the EU's system of classifying, labeling and packaging chemical substances with the United Nation's Globally Harmonized System. This regulation standardizes communication of hazard information of chemicals and promotes regulatory efficiency. It introduces new classification criteria, hazard symbols and labeling phrases, while taking account of elements that are part of the current EU legislation. We believe we are in material compliance with applicable regulations under CLP, which affects many of our products, including products imported into the EU.

In the U.S., our products are subject to environmental, health and industrial hygiene regulations of TSCA requiring the registration and safety analysis of the substances contained in them. Pursuant to the Frank R Lautenberg Chemical Safety for the 21st Century Act, passed in 2016, the USEPA is currently revising TSCA regulations to comply with the new law which may result in additional or more stringent regulatory testing, labelling and notification requirements; risk screening of certain of our products by USEPA; and new or more stringent regulatory obligations and/or restrictions, including, potentially, prohibitions on manufacture and sale of certain products. USEPA has published lists of chemical substances that are the subject of USEPA's initial chemical risk evaluations, as required by TSCA, which includes chemicals that we manufacture. In addition, while styrene and ethylbenzene were not among the first 40 chemicals for prioritization identified in March 2019, their review is expected as they were on the previous TSCA chemical Work Plan list. Moreover, we are engaged in ongoing discussions with the USEPA regarding risk reduction measures in relation to the use of medium-chain chlorinated paraffins and long-chain chlorinated paraffins and have signed up to a new testing program with other manufacturers to assess the risks and hazards associated with these substances. There is a possibility that the results of these tests may result in restrictions on uses for such products in the U.S. market, which could have an adverse effect on our business, financial condition or results of operations.

SM and ethylbenzene, in particular, require specialized handling procedures due to their acute and chronic toxicity. In the U.S., the National Toxicity Program of the Department of Health and Human Services has classified styrene as "reasonably anticipated" to be a human carcinogen. In addition, the USEPA has been reviewing styrene toxicology and environmental exposure through its Integrated Risk Information System ("**IRIS**"). ECHA has also classified styrene as a substance "suspected of damaging the unborn child" and as causing "damage to hearing organs" through prolonged or repeated exposure under the REACH and CLP Regulations.

The International Agency for Research on Cancer has also classified styrene as "probably" carcinogenic to humans. Subsequently, the European Commission mandated the European Food Safety Authority (the "**EFSA**") to review styrene regarding its use to make plastics used in food contact applications. The EFSA has issued an initial

opinion on styrene. It was stated in the opinion that concern for genotoxicity associated with oral exposure to styrene could not be ruled out. The European Commission now needs to decide if it wants to implement risk management measures for styrene, such as an appropriate Specific Migration Limit, which could restrict certain applications for these plastics. This is expected to be concluded during 2021. A further mandate is expected for EFSA to continue their review on genotoxicity. This is expected to take a further two to three years.

In 2019, the American Conference of Governmental Industrial Hygienists adopted a new Occupational Exposure level of 10 ppm for styrene. A similar processes is planned in Europe expected to start in 2021 or 2022. Classification of styrene as "probably" carcinogenic to humans, along with tightening occupational exposure legislation related to styrene and other monomers, could result in additional restrictions on our manufacturing operations, including more burdensome requirements for additional ventilation or protective equipment for workers at our plants, or on our sale or distribution of styrene, including relevant warnings on our material safety data sheets or on the packaging for our products, as well as legal action relating to product and other liabilities. Other jurisdictions could enact similar legislation. In addition, acrylonitrile is under review in Europe, together with a proposal for a lower occupational exposure limit.

Butadiene has been classified as a known human carcinogen by the IARC, the NTP and USEPA. The U.S. Occupational Safety and Health Administration currently limits the permissible employee exposure to butadiene. If future studies on the health effects of butadiene result in additional regulations in the U.S. or new regulations in Europe that further restrict or prohibit the use of, and exposure to, butadiene, we could be required to change our operations, which could affect the quality of our products and increase our costs. Other jurisdictions could enact similar legislation.

Several states in the U.S. are, or are in the process of, including chemicals of concern relating to our monomer products and polymer products, such as styrene and ethylbenzene, in their safety legislation, requiring additional declarations, labelling or reporting requirements. In addition, in the EU, additional requirements under REACH are contemplated which would specifically regulate polymers, in addition to the existing regulation that covers the registration of substances. If enacted, this could lead to an increased regulatory burden or new constraints for production or use of styrenic polymers. Discussions are at an early stage and it is unclear currently how our polymers may be affected.

Other jurisdictions across the world are considering, or have proposed or enacted, similar chemical control legislation to the EU REACH regulation or simpler Global Inventory legislation. For example, South Korea and Turkey have enacted similar legislation to REACH. In Ontario, Canada, in 2021 the Toxics Reduction Act will be repealed in favor of the federal Chemicals Management Program.

Our polymer products have widespread end-uses in a variety of tightly regulated consumer industries, including food packaging and medical applications. Regulations relating to sensitive end consumer applications such as food contact and toys are evolving rapidly in several jurisdictions. This is giving increasing concern related to residual monomer levels, such as acrylonitrile and butadiene, with some of our products. This is also imposing increasing requirements for improved risk assessments of our products. For example, an amendment to the EU Plastics Food Contact Regulation with an application date for March 2021 for new products and articles and September 2022 for existing products and articles has been introduced. This requires that all substances where genotoxicity has not been ruled out be communicated to the customer in the document of compliance. Previously, industry applied a level of 10ppb for their risk assessment work as a practical analytical limit. This new requirement has a substantially lower limit. Work is on-going, in collaboration where possible with other European producers in industry associations, to review food contact recipes and to ensure that our products meet the requirements. This could lead to restrictions on certain applications of our products.

Prevention of Major Accidents/Seveso II Directive

Within the European Union, an EU directive on the control of major accident hazards (the "**Seveso II Directive**"), regulates facilities that present a risk of accidents involving hazardous materials and imposes specific plans and procedures on such facilities, particularly for the storage of such materials. The Directive provides for control measures aimed at preventing and limiting the consequences of major accidents. All operators under the scope of the Directive must provide a safety plan and establish a major-accident prevention policy, and all of our facilities must undergo annual audits to certify compliance with those requirements. In addition, any of our major production sites which qualify in the top tier of regulation under the Seveso II Directive due to the quantity of dangerous substances stored at such sites must establish a major-accident prevention policy, safety reporting system, safety management system and emergency plan.

In the U.S., our manufacturing facilities are subject to USEPA's Risk Management Program ("**RMP**"), which requires facilities that produce, handle, process, distribute or store certain highly hazardous chemicals to develop a risk management plan and program in the event of an accidental release of such chemicals. RMP also requires facilities to assess potential impacts to off-site populations in the event of a credible worst-case release and to document the policies, procedures, equipment and work practices in place to mitigate identified risks. Similar risk management requirements are imposed upon our facilities under the Emergency Planning and Community Right-to-Know Act, which contains chemical emergency response planning, accident release and other reporting and notification requirements applicable to our U.S. manufacturing facilities. The USEPA finalized changes to the RMP regulations in late 2016 that became effective in September 2018. The USEPA further modified the RMP program in late 2019. In addition, our U.S. facilities are subject to standards including the OSHA Process Safety Management ("**PSM**") standard, which requires development of a program to manage workplace risks associated with highly hazardous chemicals. We are planning facility siting studies that could result in the need to implement safety measures and relocate or strengthen structures, which could result in the incurrence of material costs. Both the PSM standard and the RMP regulations require our Businesses to conduct compliance audits of their prevention programs at least every three years.

For locations outside the EU and U.S., country specific regulations continue to develop for the prevention of major process safety accidents. Pertinent for our operations, these countries include Korea, Thailand and China. The businesses continue to monitor such developments and adapt existing operations via its capital plan to resolve potential issues. For example, in April 2020, the China government bureau (GB) issued a new code to implement assessment, planning and potential relocation of occupied buildings within chemical process facilities.

Security and Crisis Management

In the U.S., the Department of Homeland Security Act, the Marine Transportation Security Act and the Department of Transportation Hazardous Material security compliance regulations required some of our facilities to conduct a security vulnerability assessment. This assessment includes preparation of security mitigation plan measures, appointment and training of a designated security person and submission of plans for approval and inspection. The Chemical Facility Anti-Terrorism Standards regulation requires our facilities to assess potential security risks associated with listed chemicals. Additionally, individuals must have a Transportation Worker Identity Card (TWIC) to gain access to secure maritime facilities. These cards are issued by the U.S. Transportation Security Administration and the U.S. Coast Guard. Emergency procedures for responding to Transportation Security Incidents and Security Threats are in place.

Proposed EU legislation would require similar actions at certain of our European facilities. Our facilities across all jurisdictions are periodically assessed to ensure that they meet appropriate security standards and safeguards and have appropriate systems for emergency response and crisis management.

In an environment where there is a high threat from terrorism, the security of our people and assets has increased in importance. To identify potential improvements at our facilities, an extensive site security audit program, led by specialized security advisors has recently been completed at our INOVYN sites. As a result of this exercise, each INOVYN site is currently working on an improvement plan to address the audit recommendations. Such improvements, where applicable, consist of procedural changes and capital investments such as additional closed-circuit television, fencing and turnstile gate entry. Total expenditures on security improvements in the next three years is expected to be in the region of €20 million. Similar to INOVYN, security audits (security vulnerability assessments) have been completed at Styrolution facilities worldwide. Corrective actions have been completed and Styrolution facilities are now in compliance with INEOS Group facility security guidelines.

Environmental Remediation and Closure Liabilities

Environmental laws and regulations may require us to investigate, remediate or otherwise address impacts resulting from the disposal or release of hazardous substances or wastes at our current or former sites or at other third-party properties or facilities used in connection with our business. Under some of these laws and regulations, including the U.S. Superfund law, a current or previous owner or operator of property, or a party who sent, or arranged to send, wastes to such a property, may be held liable for the costs related to clean-up of hazardous substances on that property regardless of whether that party knew of or caused the contamination and regardless of whether the practices that resulted in the contamination were legal at the time they occurred.

Some of our production and R&D sites, particularly those with an extended history of industrial use, have known or suspected soil and groundwater contamination, and in some cases, the contamination is believed to have migrated off site. We are currently, and from time to time have been or may be, required to investigate and remediate

releases of hazardous substances or wastes at or migrating from certain of these sites, as well as properties we formerly owned, leased or operated. We are currently remediating a number of sites with known contamination and we are incurring, have in the past incurred, and may in the future incur, costs to investigate, remediate or contain such contamination. In addition, we are currently managing the phase-out of mercury at our Chlor-alkali facilities. Our aim is to meet regulatory requirements with a risk-based approach according to the "Responsible care program of the chemical industry" supported by Euro Chlor. At certain locations, we are also investgatig and/or remediating environmental impacts related to these historical operations. We have and could, in the future, also be responsible for investigating and cleaning up mercury or other contamination at off-site locations where we or our predecessors disposed of or arranged for the disposal or treatment of hazardous substances or wastes. In addition, the sale, expansion or closure of our production and R&D sites could trigger obligations with respect to existing contamination that, but for the sale, expansion or closure, we would not otherwise be required to undertake. We are, from time to time, identified as a potentially responsible party at third-party or Superfund sites.

We may also be subject to claims alleging property damages or personal injuries, including those resulting from releases or migration of hazardous materials beyond the boundaries of our production or R&D sites and/or for the costs of addressing or repairing damages to public water bodies or other natural resources. In connection with contaminated properties, as well as our operations generally, we also could be subject to claims by government authorities, individuals and other third parties seeking damages for alleged personal injury or property or natural resources damages resulting from contamination by hazardous substances or wastes or human exposure to such materials that is caused by our operations, facilities or products. Baseline surveys of soil and groundwater conditions have already been conducted at many of our sites in the EU in connection with obtaining our Integrated Pollution Prevention and Control ("**IPPC**") permits, and the data from those surveys have been reported to the relevant authorities. In compliance with the Industrial Emissions Directive ("**IED**"), we are also conducting new baseline surveys when applicable.

The process of investigation and remediation can be lengthy, varies from site to site, and is subject to changing legal requirements and developing technologies over a number of years. We believe that we are able to address any currently known contamination at, or under, our operating sites, and we do not expect unanticipated remedial work related to such conditions to be required or that the costs of environmental remediation will have a material adverse effect on our competitive or financial position or our ongoing results of operations. Nevertheless, the discovery of previously unknown contamination, or the imposition of new obligations to investigate or remediate known contamination at our facilities, including in connection with newly acquired properties, could result in substantial costs in excess of currently budgeted amounts for such matters. We could in the future be required to establish or substantially increase financial reserves to address such obligations or liabilities.

Employee Matters

As of September 30, 2020, the Styrolution, INOVYN and Aromatics and Acetyls Businesses had approximately 9,494 employees worldwide on a pro forma basis. Of our total employee population, 60% work in EMEA, 14% in the Americas, 18% in Asia-Pacific and 8% are employed in global roles.

In part due to the technological and highly technical nature of our business, we put an emphasis on the acquisition and maintenance of skills and qualifications by our teams. Accordingly, we align our training programs to promote the development of our employees at all levels of our organization. Our remuneration policy consists of monetary and non-monetary components. We aim to pay our employees above market rates, including by providing for potentially large variable portions in annual compensation. We harmonize our local compensation practice with country-specific conditions, using chemical industry benchmarks for each of our locations.

We offer substantially all our employees' pension schemes or similar benefits, depending on the legal, economic and fiscal environment of each country in which we operate. The existing plans of the employees of the Styrolution Business and the INOVYN Business will remain in place. The impact of the BP Acquisition on pension arrangements within the Aromatics and Acetyls Businesses varies by country within a framework of benefit maintenance for one year after completion of the BP Acquisition. In the UK, certain employees were able to participate in a defined benefit pension scheme operated by BP. On completion of the BP Acquisition, those and other UK employees were invited to join a replacement defined contribution plan offered by INEOS. In the U.S., employees were able to participate in various retirement benefit plans offered by BP, including in respect of post-retirement medical benefits. Following completion of the BP Acquisition, employees will receive a special one-time cash payment of 10% of eligible earnings to reflect the differences between the BP and INEOS benefit packages, plus a further lump sum payment for employees who have not met the vesting requirements for BP's post-retirement medical benefits. Going forward, relevant U.S. employees will be eligible to participate in a 401(k) plan offered by INEOS, including a transition credit of up to 3% of eligible earnings for three years after completion of the BP Acquisition. In Belgium, employees were able to participate in various cash balance pension schemes, final salary pension schemes and defined contribution pension schemes (with interest

guarantees). Those pension arrangements (generally excluding former employees, but including both their assets and liabilities) were transferred to INEOS on completion of the BP Acquisition and will be operated by the existing INEOS pension fund in Belgium following completion of the BP Acquisition. In China, employees were able to participate in an enterprise annuity defined contribution scheme and were invited to join a replacement arrangement with INEOS on completion of the BP Acquisition. In Indonesia, certain employees were able to participate in a defined contribution plan. These arrangements have been taken on by INEOS from completion of the BP Acquisition. Various other replacement pension arrangements are in place in jurisdictions with smaller numbers of in-scope employees. The pension schemes—embedded in the local tax, economic and legal circumstances—are either defined contribution or defined benefit plans.

Membership in trade unions varies in accordance with the business areas, local practice and countries in which we operate. Other than management and professional personnel, as well as head office staff, the majority of our employees are represented by local trade unions or works councils or employee fora and covered by collective bargaining agreements. These agreements typically govern, among other things, terms and conditions of employment and dispute resolution procedures. Terms and conditions of union agreements reflect the prevailing practices in each country. We estimate that on a pro forma basis, as of December 31, 2020, at least 50% of our employees were members of a union. Currently there are no works councils for the head office.

Historically, we have enjoyed good labor relations, and we are committed to maintaining these relationships. There have been no material work stoppages or strikes at any of our sites during the past three years. We take a constructive approach to union relationships where there are unionized sites, and we have been able to secure the cooperation of both unions and the workforce with regard to significant changes and the process of continuous improvement of our businesses.

At our Antwerp, Belgium site, we have, after the social elections in 2020, set up a Technical Operating Unit within the INEOS Group, which includes INEOS Styrolution and INOVYN, and which will be managed by INEOS Styrolution.

Insurance

Our wholly owned sites benefit from insurance coverage under the group-wide INEOS Group insurance programs, while our joint ventures are covered by separate insurance arrangements. Our plants, machinery, equipment, inventories and other assets are insured under such programs on an all risk basis for property damage, business interruption, machinery breakdown, terrorism risks, public liability risks (*e.g.*, product liability and environmental risks), marine risks, construction risks and certain financial risks (*e.g.*, directors' and officers' liability insurance). The insurance policies are renewable on a yearly basis commencing on June 1, 2020. In addition to our global insurance policies, we have separate policies for our operations in India, which provide the same coverage on a regional basis.

Our major construction projects, defined as those with a total investment cost above €100 million, are insured separately with bespoke project insurance policies.

We believe our insurance policies are generally in accordance with customary industry practices, including deductibles and limits of coverage. Our broker, lead insurers and underwriters perform risk engineering surveys and routinely inspect all assets. Under the global INEOS Group insurance program we have to regularly revalue our assets. Such periodic valuations, which are prepared by third parties, are used by our insurance broker to establish the estimated replacement value ("**ERV**") of our properties and compare the ERV to the values we have declared for such properties. Because the declared values are used to calculate insurance premia, if the declared value of a property is lower than the actual ERV established by a valuation report, any payout under the property damage policy may be proportionately reduced to reflect the underpayment of premia.

BP Acquisition

Summary of Acquisition Agreements

BP Acquisition Agreement

Pursuant to an acquisition agreement dated June 29, 2020 (as subsequently amended on July 3, 2020, October 12, 2020 and December 29, 2020) between, *inter alios*, INEOS Holdings AG and BP (the "**BP Acquisition Agreement**"), certain subsidiaries of INEOS Quattro Financing Limited (formerly known as INEOS Styrolution Financing Limited), being INEOS 226 Limited, INEOS Acetyls UK Limited, INEOS Acetyls International Limited, INEOS 179 Limited, INEOS US Petrochem LLC, INEOS Acetyls Japan KK and INEOS Aromatics & Acetyls Trading

Shanghai Company Limited agreed to purchase the Aromatics and Acetyls Businesses from certain subsidiaries of BP, subject to certain terms and conditions. *See "The Transactions"*.

Transitional Services Agreement

On satisfaction of the conditions for closing of the BP Acquisition ("**Closing**"), a BP supplier entity ("**BP Supplier**") and the Company will enter into the Transitional Services Agreement to support the operation of the Aromatics and Acetyls Businesses on a short-term basis and its separation from the BP group. Under the TSA, BP Supplier will provide the Aromatics and Acetyls Businesses with certain global business and commercial services, and certain services relating to financing, IT, operations, personnel, property, tax and technology (the "**Services**"). The majority of the Services have a term of 12 months from the Closing, with certain Services having shorter terms. The Company may require BP Supplier to provide a Service for an extended term if the transfer of the Service to a successor operator has been delayed for reasons outside the Company's control, provided that the Company has used all reasonable endeavours to transfer the Service and mitigate the impact of the delay. Such extension will be for the period of the relevant delay. The charges for the Services will be calculated at cost, plus a 7.5% management fee. The TSA will commence on Closing and expire when the last Service term expires or the last Service is terminated. The Company can terminate the majority of the Services early for convenience by providing 30 days' notice to BP Supplier and paying associated early termination costs. Each party can also terminate the TSA for material breach by, or insolvency of, the other party.

Transitional Trade Mark License Agreement

On Closing, BP and the Company will also enter into the Transitional Trade Mark Licence Agreement (the "**TMLA**"). Under the TMLA, the Company will be licensed to use on a non-exclusive, royalty-free basis various trade marks related to the "BP" name, including: (i) the "BP" name and heliotrope logo (the "**Licensed Marks**"); and (ii) the green and yellow colour scheme associated with BP in relation to certain coloured trade marks that will be transferred to the Company as part of the transaction (the "**Colour Scheme**"). The Company's use of the Licensed Marks and Colour Scheme under the TMLA is limited to: (i) use on "BP" branded assets (*e.g.*, storage tankers) and branded stationery for a period of 12 months from the Acquisitions Closing Date (the "**Term**") solely in connection with the Aromatics and Acetyls Businesses; (ii) use in email addresses and domain names to the extent, and for such duration, necessary to receive services under the TSA; and (iii) use as part of a company name in invoices and other computer generated documentation until the relevant company names have been changed, which should be done within 30 business days of Closing under the SPA, and the relevant computer system updated, which should be done within 20 business days of the relevant company name being changed. In each case, the use is further limited by the use of the Aromatics and Acetyls Businesses in the 12 months immediately prior to the Closing and compliance with BP standards of quality. The TMLA is non-transferable, except that the Company is entitled to sub-license its rights under the agreement to the BP companies and joint venture companies transferred to the Company pursuant to the BP Acquisition to the extent such companies and joint venture entities are using the Licensed Marks as of Closing. BP can terminate the TMLA for material breach or misuse of any Licensed Mark by the Company or if the Company is the subject of an insolvency event. The Company can terminate the TMLA for convenience upon 30 days' notice. The TMLA otherwise expires at the end of the Term.

Legal proceedings

Like our competitors, we are and in the future may from time to time be involved in proceedings or litigation arising in the ordinary course of business. We do not believe that the ultimate resolution of these matters will materially affect our financial condition or results of operations.

On September 28, 2019, a cargo of styrene monomer produced by INEOS Styrolution America LLC in Pasadena, Texas allegedly polymerized while aboard the Stolt Groenland resulting in an explosion while moored in Ulsan, South Korea. The styrene monomer had been sold FOB Pasadena, Texas to Samsung C&T America Inc. and loaded on August 17, 2019. The Marine Accident Investigation Branch ("**MAIB**") out of the UK investigated the incident. The MAIB also informed INEOS Styrolution America LLC that in, mid-November 2019, a separate cargo of styrene monomer produced by INEOS Styrolution America LLC in Pasadena, Texas allegedly showed signs of temperature increases while aboard the Stolt Focus. The temperature of the cargo was controlled by the Stolt Focus by separating the cargo into multiple cargoes and adding sea water. This styrene monomer had also been sold FOB Pasadena, Texas to Tricon and loaded on August 4, 2019. On November 9, 2020 the MAIB held a conference call to review the results of its investigation. The key issues discussed involved proximity of the load to other heated cargoes, the lack of review by ship personnel of temperature data/trends and the failure to adjust settings for temperature alarms on the ship. It is not currently possible to determine whether INEOS Styrolution America LLC has any responsibility for either incident.

We have also recently been the subject of a tax audit in Italy relating to the years 2011 through 2017, which focused on whether certain of our German and Swiss subsidiaries entertained permanent establishments in Italy, which would have made them liable to pay certain taxes in Italy. Such audit also resulted in the initiation of a criminal investigation, with prosecutors alleging an unlawful failure to file tax returns in the relevant years. The Italian tax audit was concluded by settlement with the Italian tax authorities in December 2019, which included payment by the Group of € 7.0 million in taxes, interest and penalties. The expected closure of the criminal proceedings on the basis that the Italian tax authorities agreed in the settlement that such entities did not entertain personal establishments in Italy has not yet happened, due to a COVID-19 driven slowdown in administrative action.

Following the termination of a distribution agreement by INOVYN, Leichem, a distributor, claimed wrongful termination and abuse of dominance by INOVYN. In July 2017, Leichem initiated legal proceedings against INOVYN before the Commercial Court in Paris, France. Leichem's original claim amounted to €48 million in damages. On June 12, 2018, the Commercial Court of Paris sentenced INOVYN to pay €0.7 million in damages for failure to comply with the notice requirement. On July 13, 2018, Leichem appealed this judgment before the Paris Court, but dropped the claims for abuse of dominance and abuse of termination, but continued to claim €25.6 million in damages in lieu of the notice period. Upon the request of the court, the parties agreed to enter into a mediation process under the supervision of the "Centre de Mediation et d'Arbitrage de Paris" (CMAP). The mediation was closed on August 3, 2019 without agreement between the parties. The dispute remains with the Paris Court of Appeal, with an appeal hearing scheduled for December 16, 2020. We expect to receive the court decision in the first quarter of 2021.

The Aromatics and Acetyls Businesses have also recently been the subject of a tax audit in Trinidad and Tobago relating to the years 2005-2013, which focused on various fixed price contracts used to mitigate risk resulting from the volatile prices of products produced at our Atlas site. A final hearing before the Trinidad and Tobago Tax Appeal Board was held on February 4, 2020. The decision of the Tax Appeal Board is appealable by both our Aromatics and Acetyls Businesses and the Trinidad and Tobago Board of Inland Revenue. As of December 31, 2020, our Aromatics and Acetyls Businesses' share of exposure as a result of this tax audit is approximately $267 million. BP has also given an indemnity with respect to this matter.

Sustainability

We are dedicated to sustainability and the development of a circular economy for plastics is seen as a key strategic goal. Our Styrolution Business has already made successful advances toward this goal, which were recognized with the joint award in 2019 of an Independent Commodity Intelligence Services (ICIS) Innovation Award in the category "Innovation with Best Benefit for Environment and Sustainability". We were also nominated as a finalist by Chemical Week magazine for its 2020 Sustainability Awards under the category "best sustainability programme".

In addition, the Styrolution Business, our INOVYN Business and the INEOS Group as a whole have all undergone recent sustainability assessments by EcoVadis, which are detailed assessments focused on environment, ethics, labour and human rights, and sustainable procurement. Our Styrolution Business was awarded Silver Merit status in 2015 in an assessment of its Corporate Social Responsibility program by EcoVadis, the global independent assessor of environmental and labor practices/supplier sustainability. Since then, it has improved its EcoVadis score, reaching Gold Merit in 2017 and Platinum Merit in the most recent assessment, placing our Styrolution Business in the top 1% of plastics manufacturers assessed by EcoVadis and also the top 1% of all suppliers assessed by EcoVadis in all categories (around 65,000 suppliers).

Our INOVYN Business was awarded Gold Merit status in 2019 in an assessment of its Corporate Social Responsibility program by EcoVadis. In early 2020, our INOVYN Business delivered a further 10% year-on-year improvement in its overall score due to continued progress during 2019 towards making our INOVYN Business fully sustainable. In particular, our INOVYN Business improved its score associated with environment and labor/human rights practices, putting it in the top 3% and 1%, respectively, for these categories out of the 25,000 companies that were assessed. Overall, our INOVYN Business is in the top 3% of all companies assessed within its industry group.

We issued our latest Sustainability Report in the summer of 2020 and efforts are underway to the same for all of our businesses in the future. We currently calculate Scope 1 and Scope 2 (direct and indirect) emissions and expect to publish and update these annually, beginning in 2021. We also have work underway to estimate scope 3 emissions (essentially emissions associated with feedstock) and plan to publish and update these in the future as we integrate the recently acquired businesses into the Group. In addition, the INEOS Group also plans to publish key environmental metrics including emissions of NOx, SOx and CO, energy usage (including renewable energy components), waste, and water use. All of this data is calculated in line with GRI reporting guidelines and we are currently evaluating the requirements for CDP reporting and expect to reach a conclusion on participation in the first half of 2021.

To achieve transition to a net zero economy, we are taking concrete actions to create meaningful and measurable near and long-term reductions in footprint, whilst at the same time positioning ourselves to take advantage of new opportunities offered by the evolving markets including continuous optimization of current operations to reduce energy usage, acquisition or renewable energy sources to run our operations, development of clean hydrogen as fuel, capture and use or store of Carbon Dioxide off-gas, use of bio-based feedstocks instead of hydrocarbon feedstocks, development of new recycling technologies to produce polymer products containing recycled plastic and investment in new assets to create step change in emissions.

As a member of the INEOS Group of companies, we have committed to achieving the ambitious targets that were set by the INEOS Group for 2025, including (i) to offer a range of polyolefin products containing at least 50% recycled material, (ii) to incorporate 30% recycled material into polystyrene and related products, (iii) to incorporate 325 kt/a recycled material into products and (iv) to make all products recyclable. In response to those targets, the INEOS Group has (i) launched new RecylIN polyolefin grades for rigid and flexible products, (ii) demonstrated recycling of polystyrene back to food grade polystyrene, (iii) progressed on track to incorporate 325 kt/a recycled material into products and (iv) made all products recyclable. In each case, we have been working in collaboration with customers upstream and downstream in the value chain, as well as with new technology developers and providers. Actions vary from building on our established recycling methods through to new technology development. For example, in PVC, INOVYN has a long history of recycling and currently contributes ~290 kt of recycle annually to the industry total of 800 kt/a and our we have undertaken pioneering work to demonstrate recycling of polystyrene consumer waste back to food contact grade polystyrene. The Aromatics Business has developed Infinia, an enhanced chemical recycling technology, capable of processing currently unrecyclable forms of Polyethylene Terephthalate (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's new process will be chemically the same as virgin PET. The business model for Infinia is supported by regulations being introduced in Europe in 2025 which will require PET bottles to be manufactured using at least 25% recycled PET. The quality of PET produced by the Infinia process is expected to position us with a product quality advantage in the market. A pilot plant is currently being constructed at the Aromatics Business's technology center in Naperville U.S. ahead of the construction of the first commercial plant.

In 2019, we introduced INEOS Styrolution ECO, our new family of sustainable products. It comprises products made from post-consumer recycled material as well as renewable feedstock and complements our existing strong portfolio of styrenics standard products and specialties. Our aim is to grow our ECO portfolio over time to make more sustainable solutions available on a commercial scale.

Our Styrolution Business is one of the founding members of Styrenics Circular Solutions (SCS), promoting circular solutions in the industry in collaboration with the complete value chain and has committed to enabling a circular economy for styrenics, further improving its resource efficiency and promoting sustainable operations throughout its entire value chain. Our Styrolution Business has also demonstrated the advanced recycling capabilities of PS with the first production of PS from SM made only of depolymerized material. This technology facilitates a full recycling loop for plastics, which we expect to be applicable even to food contact applications.

For ABS Standard, our 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. Our Styrolution Business has also established co-operations to secure high quality waste for polystyrene and ABS feedstock.

Our Styrolution Business is now offering the integration of renewable feedstock as a replacement for fossil fuel in upstream existing petrochemical installations. In 2020, we 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 (RSB) to assess that they are managed in accordance with their sustainability criteria.

Globally, our Styrolution Business is collaborating with leading technology companies to implement technical and commercial solutions as well as beneficial life cycle assessments (LCA) to close the loop for styrenics, thereby helping to reduce waste to landfill and incineration. We have proven excellent environmental footprint of our solutions, where the greenhouse gas (GHG) emissions is significantly lower compared with fossil production and has additional significant end-of-life savings.

Sustainability is also a key corporate objective for our INOVYN Business with particular focus on people, planet and profit, and a number of product and process specific sustainability projects have recently been launched. A project is nearing completion that has benchmarked INOVYN sites on their environmental footprints in order for

comparisons to be made between sites and with European average data. The early conclusions show that INOVYN's overall carbon footprint is approximately half the European average for caustic soda and between 25% and 33% lower for PVC resins. This is largely due to significant use of renewable and/or nuclear energy by our sites.

In October 2019, our INOVYN Business launched bio-attributed PVC, known as BIOVYN™. BIOVYN™ is the world's first commercially available grade of bio-attributed PVC. This is manufactured at Rheinberg, Germany, using bio-attributed ethylene, a renewable feedstock derived from second-generation biomass that does not compete with the food chain. In 2020, certification was extended to our Jameppe site in Belgium. BIOVYN™ is certified by The Roundtable on Sustainable Biomaterials ("**RSB**") as delivering a 100% substitution of fossil feedstock in its production system, enabling a greenhouse gas saving of over 90% compared to conventionally produced PVC. Sales of this resin started in December 2019 through a collaboration with one of our INOVYN Business's flooring customers, Tarkett. Other business sectors, including the automotive and profile and pipe industries, have since indicated their interest in this product. The development of BIOVYN™ forms part of our wider sustainability program, through which we are developing a new generation of PVC grades that meet both the rigorous product quality and performance needs of our customers, whilst moving us closer towards a circular, carbon-neutral economy for PVC. Driven by the increasing global focus on the circular economy, there is growing demand for specialist, renewable PVC that decouples its production from the conventional use of virgin fossil feedstocks. BIOVYN™ meets that demand and demonstrates that we can substitute the use of virgin fossil feedstocks without compromising the unique product qualities such as durability, flexibility and recyclability that make PVC one of the most widely used, sustainable plastics in the world. It is expected to have numerous value-added applications across a range of industry sectors, including highly specialized end-uses such as automotive and medical.

In addition, our INOVYN Business recently launched a new business to develop and build clean hydrogen capacity across Europe, in support of the drive towards a zero-carbon future. As Europe's largest existing operator of electrolysis, INOVYN is able to utilize this critical technology which uses renewable energy to produce hydrogen. Currently, our INOVYN Business produces 300,000 tonnes of hydrogen a year mainly as a co-product from its chemical manufacturing operations. As a key sustainability goal, we aim to substitute the natural gas that we currently use in our operations with clean hydrogen to contribute to the decarbonization of our industrial assets. Clean hydrogen will also be used to decarbonize transport between our INEOS sites and to our customers (trucks and maritime transport). We plan to continue to build our hydrogen capabilities through, (1) the use of existing co-product hydrogen whilst working with partners to develop hydrogen applications in transport; power/heat generation and chemical feedstocks from 2021 onwards, (2) building first intent clean hydrogen production units based on water electrolysis and target 100Mw capacity in place by 2025, (3) developing local underground storage facilities to provide buffering capability for power generation and hydrogen supply system and (4) developing a electrochemistry technical center of excellence in co-operation with universities and governments. Our INOVYN Business is currently involved in several projects to develop demand for hydrogen, replacing existing carbon-based sources of energy, feedstocks and fuel. It expects to develop further partnerships with leading organizations involved in the development of new applications.

In addition to its company responsibilities, our INOVYN Business is a major funder and supporter of a number of European Voluntary Commitments including both VinylPlus® and Euro Chlor. Each year VinylPlus® has shown growth in post-consumer PVC recycling achieving 771 kilotonnes of PVC recycling in 2019, with a target of 800 kilotonnes by the end of 2020. This represents approximately one third of all PVC waste generated in Europe. Our INOVYN Business is also a signatory to Operation Clean Sweep®, a global initiative to ensure that there are no losses of plastic powders or pellets to the environment throughout any stage of its operations. Operation Clean Sweep® is a top priority for the European Plastics industry though the pan-European trade association, PlasticsEurope.

We also believe that sustainability is beginning to reshape the Aromatics Business's industry and that creating a circular economy for PET (the key use for PTA) will be of strategic, long-term importance. For the Aromatics Business, sustainability is a lever for growth that we believe will enable it to tap into new and emerging business models. With its Infinia technology in partnership with Danone, Unilever, Nestlé and P&G, the Aromatics Business is committed to enabling a circular economy for PET to convert difficult to recycle waste PET (such as black food trays and colored bottles) into new PTA and MEG monomers. The Aromatics Business is also at the forefront of developing bio-PX through its development agreement with Virent and Johnson Matthey.

The Aromatics Business has embedded sustainability into its decision-making across all functions and operations. At the same time, it continues to create and foster a working environment that respects human rights and promotes diversity of people, thoughts and ideas. The Aromatics Business has made significant progress toward contributing to a circular economy. For example, its 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.

In 2017, the Acetyls Business invested in TVUK, which as part of a consortium will build and operate the world's first Tricoya® wood elements acetylation plant at the Saltend Chemicals Park in Hull. The co-location of the TVUK plant with the Acetyls Business's 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.

Making safety our first priority

Our employees, contractors and on-site logistics personnel are our most valuable asset, which is why workplace safety is and remains our undisputed first priority. We are convinced that being a market leader goes hand-in-hand with an outstanding safety record. We take our responsibility for health, safety, security and environmental ("**HSSE"**) matters very seriously and are fully committed to delivering a continually improving performance across all our operations.

We have established a HSSE culture of open dialogue, coaching and trust that reinforces our HSSE performance. We aim to minimize the impact our facilities have on local communities and local environments. This means working in close partnership with community groups and key stakeholders to ensure that we are a responsible neighbor and partner. We strive to meet, and where feasible exceed, strict safety and health performance targets. We publish our performance results locally and nationally, as required. We further strive for continuous improvement of our safety performance and aim to reach our annual overall safety target. According to management estimates, the TCIR for our Styrolution Business, INOVYN Business and Aromatics and Acetyls Businesses for the year ended December 31, 2019 was 0.12, 0.10 and 0.20, respectively, and the TCIR for our Styrolution Business, INOVYN Business and Aromatics and Acetyls Businesses for the nine months ended September 30, 2020 was 0.23, 0.13 and 0.21, respectively.

Reducing our environmental footprint

Operating responsibly is deeply embedded in our corporate values. We are strongly committed to protecting the safety and health of individuals, using resources efficiently, and safeguarding the environment. As a leading petrochemicals manufacturer globally, we aim to use available resources efficiently and reduce our environmental footprint. Compliance with local and national environmental legislation is mandatory for our operations. We strive to continuously improve our operations as well as our sustainability performance by following the key drivers of our environmental policy:

- reduction in energy use and greenhouse gas emissions: Striving to continuously optimize the energy efficiency of our technology and operations;
- resource efficiency, including scrap reduction and waste management: Efficiently using raw materials, including reuse, recycling and recovery through optimization of our processes;
- efficient use of water: Reducing the use of water where possible and optimizing the water efficiency of our operations;
- reduction of air emissions and waste water discharge: Evaluating best available technology and prevention of accidental emissions through advanced process control; and
- transparency and open communication on our environmental performance with stakeholders (personnel, customers, authorities, communities).

To monitor the evolution of our environmental performance, we have integrated performance metrics on energy and water use, material yield, waste management and air emissions into our business and site procedures. The continuous tracking and improvement of our data accuracy and our improvement projects reflect the expertise of our manufacturing processes, and our target of operational excellence. Compliance with required regulations, especially for waste and air emissions, is part of our HSSE Excellence program and is managed by site, by regional and global HSSE representatives. This includes reporting data, investigation environmental incidents, risk assessments, defining and reviewing processes as well as internal and external ISO audits. In 2018, our Styrolution Business's North American headquarters as well as three manufacturing sites were successfully certified for ISO 14001. Our Styrolution Business achieved 100% ISO 14001 certification at the end of 2019, our INOVYN Business achieved 92% ISO 14001 certification at the end of 2020 and the Acetyls Businesses achieved 100% ISO 14001 certification at the end of 2020.

MANAGEMENT

Directors of the INEOS Group

INEOS Limited, a company incorporated in the Isle of Man, is our ultimate parent undertaking. INEOS Limited was incorporated on March 24, 2016 and became the ultimate parent undertaking on December 1, 2016.

The following table sets forth the name, age (as of the date of this offering memorandum) and principal position of each of INEOS directors and officers:

Name	Age	Position
James A. Ratcliffe	68	Chairman
Andrew Currie	65	Member of the Board
John Reece	63	Member of the Board
Jim Dawson	76	Non-Executive Director of INEOS Group

James A. Ratcliffe. James A. Ratcliffe has been the Chairman of INEOS since 1998. Mr. Ratcliffe, who has over 30 years of experience in the chemical industry, is experienced in managing buyouts of chemical companies. In 1992, he led the successful buyout of Inspec Group plc. In 1998, he left Inspec to lead the acquisition of INEOS plc (now INEOS Oxide) from Inspec. Mr. Ratcliffe started his career with Exxon Chemicals before moving to Courtaulds. He then completed his MBA at London Business School before joining Advent International and then Inspec.

Andrew Currie. Andrew Currie has been a director of INEOS since 1999. He was previously Managing Director, Laporte Performance Chemicals, having served as a director of the Inspec Group from 1994 until the Laporte acquisition of Inspec in 1998. Mr. Currie has a degree in natural sciences from Cambridge University and spent the first 15 years of his career with BP Chemicals in various technical and business management functions.

John Reece. John Reece joined INEOS as Finance Director in January 2000. He was previously a partner with PricewaterhouseCoopers LLP, where he advised companies in the chemical industry. Mr. Reece has a degree in economics from Cambridge University and is a Chartered Accountant.

Jim Dawson. Jim Dawson became a non-executive director of INEOS in 2005. Dr. Dawson has been serving as a consultant to INEOS since 2001. Dr. Dawson served as a director of Shell International Chemicals until 2000. Dr. Dawson has a first degree in chemistry and a doctorate of philosophy from Oxford University.

All of the members of the board of directors and officers of INEOS Limited have their business address at Fort Anne, Douglas, IM1 5PD, Isle of Man.

Directors of INEOS Quattro Finance 1 Plc and INEOS Quattro Finance 2 Plc

Johanathan Frank Ginns, Graeme Wallace Leask and Debra Smeeton are the directors of INEOS Quattro Finance 1 Plc and INEOS Quattro Finance 2 Plc. All of the directors of INEOS Quattro Finance 1 Plc and INEOS Quattro Finance 2 Plc have their business address at Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG, United Kingdom.

Executive Committee of the Styrolution Business

The Executive Committee is responsible for the day-to-day running of the Styrolution Business and meets on a regular basis to review the Styrolution Business's performance. The following table sets forth the name, age (as of the date of this offering memorandum) and principal position of each of the principal Executive Committee members.

Name	Age	Position
Kevin J. McQuade	64	Chairman
Steve Harrington	52	Chief Executive Officer
Markus Fieseler	56	Chief Financial Officer
Rob Buntinx	52	President, Asia-Pacific
Alexander Walter Glück	58	President, EMEA
Pierre Minguet	50	President, Operations
Greg Fordyce	54	President, Americas

Kevin J. McQuade. Chairman. Kevin McQuade has 40 years of relevant experience. He was Chief Executive Officer of the Styrolution Business from January 1, 2015 until July 1, 2020, when he became EXCO Chairman of the Styrolution Business. Prior to that, Kevin was Managing Director since the formation of our predecessor company as a joint venture between INEOS and BASF in 2011. He was appointed President, EMEA in March 1, 2013, prior to which he had acted as President, Americas since the formation of our predecessor company as a joint venture between INEOS and BASF in 2011. Mr. McQuade was President and Chief Executive Officer of the INEOS Styrenics Business from 2006 to 2011, including the time that the company was INEOS NOVA, a joint venture between NOVA Chemicals and INEOS Industries. Prior to that, from 2005, Mr. McQuade served as Commercial Director of the INEOS Styrenics Business and was responsible for global sales and marketing activities for styrene monomer and styrenic polymers. Mr. McQuade began his career in 1980 at American Cyanamid as a Research Engineer, then moving to Mobil Chemical Company in 1982 where he held various technical, production and commercial positions, and subsequently moving to BASF in 1992 to become Business Director for the styrenics division. Mr. McQuade represented INEOS Industries on the board of NOVA Innovene International S.A., the previous European styrenics polymer joint venture of NOVA Chemicals and INEOS Industries. Subsequently, he became CEO of INEOS NOVA joint venture and later INEOS Styrenics. He has chemical engineering degrees from The Cooper Union and the University of Delaware and an MBA from New York University.

Steve Harrington. Chief Executive Officer. Steve Harrington has 32 years of experience in the chemical industry. He has been Chief Executive Officer of the Styrolution Business since July 1, 2020 and was previously President, Asia Pacific since April 1, 2015 and President, Global Styrene Monomer since February 1, 2013. Mr. Harrington has worked in the styrenics industry since 2005 and previously held various senior commercial roles within INEOS businesses with territorial responsibilities including EMEA and North America. Prior to his roles at INEOS, Mr. Harrington worked for Imperial Chemical Industries (ICI) and Unilever. Mr. Harrington holds a degree in chemistry from Hull University in England and previously served as chairman of the Styrene Information and Research Center.

Markus Fieseler. Chief Financial Officer. Markus Fieseler has 29 years of relevant experience. He has been Chief Financial Officer of INEOS Styrolution Group GmbH since October 1, 2016. Prior to his appointment, Mr. Fieseler served 25 years in finance, accounting and controlling in the chemical industry. Mr. Fieseler worked at BASF SE in Internal Audit and Accounting with assignments in BASF Italy and BASF Corporation USA from 1995 to 1997. Subsequently, he held various senior executive roles, including CFO of BASF Business Center Russia from 1998 to 2001 and CFO of BASF Mexico and Central America and Caribbean from 2012 to 2016. Between 2002 and 2011, he served as Vice President Controlling for the Styrenics division at BASF SE. Initially, he was in charge of its global controlling department. Later, he was a core member of the negotiation team for the divesture of the Styrenics division. Mr. Fieseler holds a Diploma Degree in European Business from the Gesamthochschule Paderborn, Germany, and Trent Polytechnic Nottingham, England.

Rob Buntinx. President, Asia Pacific. Rob Buntinx was previously President, Europe, Middle East and Africa, where he held responsibility for the Styrolution Business's R&D, as well as its Global Automotive and Healthcare Industry teams. Mr. Buntinx has 30 years of relevant experience. He has been President of EMEA since 2014, having previously acted as Senior Vice President, Global Industry Management and Research and Development from 2013. Mr. Buntinx worked for DSM from 1990 to 1999 in various technical and marketing roles. In 1999, he joined BASF, where he filled a number of management positions in the company's specialty polymers organization. In 2011, he joined the Group and became Vice President, Styrenics Specialties EMEA. Mr. Buntinx holds a degree in chemical engineering from Hogeschool Zuyd in the Netherlands.

Alexander Walter Glück. President, EMEA. Alexander Glück has 27 years of relevant experience. He was President, Americas of the Styrolution Business from June 1, 2013 through July 31, 2020. He has been a Managing Director of INEOS Styrolution Group GmbH since March 22, 2013. Dr. Glück was senior manager for BASF's PS business in Asia before assuming responsibility as head of product management for Terluran and Luran in Europe. From 2008 onwards, he served as Vice President, Global Marketing and Innovation for the BASF Styrenics Division. At the Styrolution Business, Dr. Glück was first named Vice President, Global Marketing and Innovation before holding the position of Senior Vice President, Global Strategy, R&D and Procurement. Dr. Glück received his PhD in chemistry from Ludwig-Maximilians-Universität in Munich, Germany.

Pierre Minguet. President, Operations. Pierre Minguet is responsible for the Styrolution Business's manufacturing, engineering, project management and technology, globally. Mr. Minguet has 26 years of relevant experience. Prior to this role, he served as the Styrolution Business's Senior Vice President, Manufacturing EMEA. Mr. Minguet began his career in process engineering and manufacturing positions, first at Albemarle from 1994 to 1996 and later at Amoco from 1996 to 1998. Following this, Mr. Minguet assumed various commercial and product management roles at BP Innovene from 1998 to 2005. In 2005, he transitioned to INEOS where he was responsible for

the polystyrene business in EMEA under the JV named NOVA INNOVENE. When our predecessor company was formed as a joint venture between INEOS and BASF in 2011, Mr. Minguet became Business Vice President, Polystyrene EMEA. He holds a master's degree in chemical engineering from Faculté Polytechnique de Mons, Belgium.

Greg Fordyce. President, Americas. Greg Fordyce has 32 years of relevant experience. Prior to this role, he served as Vice President, Supply Chain & Procurement—Americas for the Styrolution Business. Mr. Fordyce began his career in supply chain and operations, first at Albemarle from 1988 to 1998, Nalco Company from 1998 to 2000 and later at Roquette America from 2009 to 2014. Following this, Mr. Fordyce transitioned to INEOS where he was responsible for supply chain and procurement in the Americas. He holds a Bachelor of Science degree in Supply Chain Management from The Pennsylvania State University and an MBA from Averett University.

Executive Committee of INOVYN

The Executive Committee of INOVYN is responsible for the day-to-day running of the INOVYN Business and meets on a regular basis to review the INOVYN Business's performance. The following table sets forth the names, ages and principal positions of each of the principal Executive Committee members.

Name	Age	Position
Chris Tane	64	Chairman
Geir Tuft	53	Chief Executive Officer
Mike Maher	52	Chief Financial Officer
Paul Daniels	54	Operations Director
Julie Taylorson	61	Procurement Director
Filipe Constant	63	Business Director
Tony Moorcroft	61	HR Director

Chris Tane. Chairman. Chris Tane has 42 years of experience in the chemical industry, primarily in commodity products such as fluorochemicals, chlorine, chloromethanes, chlor-alkali and PVC. Having held a variety of senior management positions with Imperial Chemical Industries ("**ICI**"), Chris has spent the last 20 years with INEOS, twelve of which have been as CEO of several European business units including INOVYN. Chris, in his previous roles, was chairman of Euro Chlor; a member of the boards of the European Council of Vinyl Manufacturers and VinylPlus®; and a member of the Council of the Chemical Industries Association in the United Kingdom. He is currently a member of the board of Plastics Europe. Chris has a degree in French and German from the University of Oxford.

Geir Tuft. Chief Executive Officer. Geir Tuft has 30 years' business experience gained within large industrial companies spanning oil and energy, chemicals (including INEOS ChlorVinyls) and IT/management consulting. Having held numerous senior positions within the industry, including CFO and Commercial Director of Hydro Polymers, Geir joined INEOS in 2008 when it acquired the business from Norsk Hydro. Since then, Geir has held commercial and executive roles within the Vinyls, Olefins and Polymers businesses of INEOS. He was instrumental in some of INEOS' largest transformation projects, including the turnaround of the Grangemouth refinery in 2012, and more recently its entry into the oil and gas sector. Prior to joining INOVYN, Geir was CEO of INEOS Oil & Gas. Geir represents INOVYN on the Steering Board of Plastics Europe. He has a degree in Business Logistics from Vaxjo University in Sweden.

Mike Maher. Chief Financial Officer. Mike Maher qualified as a Chartered Accountant with KPMG in 1994 and has spent the last 27 years working in the chemical industry. Prior to joining INEOS in 2001, Mike held senior management positions with Syngenta and ICI. Having held the position of CFO for four INEOS businesses, including most recently INEOS ChlorVinyls, Mike was instrumental in the formation of Kerling plc in 2010. Mike has a degree in Business Studies from the University of Manchester Institute of Science and Technology.

Paul Daniels. Operations Director. Paul Daniels is a chartered chemical engineer, with 34 years' experience in the chemical industry, the last 25 years having been in various senior management positions with the chlor-alkali, vinyls and derivatives businesses of ICI and INEOS, which are now part of INOVYN. Paul has spent the vast majority of his career in operations, including the management of INEOS's Runcorn Site from 2007 to 2011. He subsequently led the integration of the ex-Tessenderlo Chemie assets into INEOS and was the INEOS operations lead during the INOVYN formation process. Paul was appointed Operations Director for INOVYN in July 2016 and has a degree in Chemical Engineering from The University of Manchester Institute of Science and Technology.

Julie Taylorson. Procurement Director. Julie Taylorson has 39 years of experience in the chemical industry, half of which has been spent in senior procurement positions. Julie has worked at INEOS for 17 years and has operated at

the Procurement Director level since 2007. Julie is a qualified accountant and has a first class honors degree in Chemistry.

Filipe Constant. Business Director. Filipe Constant started his career with Solvay, and, over his 36-year career, has held senior positions in the operations, commercial and general management areas in various countries. He has worked in both chemicals and vinyls. Over the last decade, he was General Manager of the Business Unit Chlor Chemicals and later he was Managing Director of SolVin. In the course of his career, Filipe has served on the boards of several trade associations including Chlorine Institute (United States); Euro Chlor (also as Chairman); the European Council of Vinyl Manufacturers (also as Chairman); and VinylPlus® (also as Chairman). Filipe has a degree in Chemical Engineering from Instituto Superior Técnico (Lisbon) and holds a qualification in Business Administration from INSEAD.

Tony Moorcroft. HR Director. Tony Moorcroft has over 40 years' experience in the chemical industry, having held a variety of operational, supervisory and management positions with ICI, moving into the HR discipline with INEOS in 2002. He was appointed HR Director in 2007. Tony holds numerous technical qualifications along with a Level 5 Management Diploma.

Executive Committee of the Aromatics Business

The Executive Committee of the Aromatics Business is responsible for the day-to-day running of the Aromatics Business and meets on a regular basis to review the Aromatics Business's performance. The following table sets forth the names, ages and principal positions of each of the principal Executive Committee members.

Name	Age	Position
Kevin J. McQuade	64	Chairman
Steve Dossett	54	CEO
Gerry Hepburn	41	Chief Financial Director
Victor Alvarado	51	Operations Director
Graham Knights	51	Business Director Europe
Bill Zhao	54	Business Director Asia
Edgar Zwanink	48	HR Director

Kevin J. McQuade. Chairman. See *"—Executive Committee of the Styrolution Business"* above.

Steve Dossett. CEO, Naperville. Steve Dossett worked for BP for 11 years before joining INEOS with the acquisition of Innovene in 2005. Prior to being nominated CEO for the new Aromatics Business, Steve held a variety of commercial and business leadership roles across chemicals including Business Director for INEOS Enterprises and most recently, CEO INEOS Composites. Steve has a Bachelor of Science degree and PhD in Chemistry awarded from the University of Bristol.

Gerry Hepburn. Chief Financial Director (Naperville, IL). Gerry Hepburn joined INEOS in 2011 as Olefins Controller for the Olefins & Polymers Europe business before moving on to become the CFO for Olefins & Polymers UK in Grangemouth in 2012. In addition to the O&P UK role, Gerry also held the CFO role for the Petroineos Refining joint venture in 2015 and was the CFO of the Forties Pipeline System business during the acquisition from BP. Gerry is a qualified CGMA and AMCT and has a Bachelor of Science degree in Technology and Business Studies from Strathclyde University.

Victor Alvarado. Operations Director (Naperville, IL). Victor Alvardo joined BP in 1988 as a process engineering intern working in chemical's research and manufacturing, before going on to hold roles in plant process engineering, capital and maintenance projects, and operations, maintenance, and engineering teams as an operations superintendent and area and site/plant manager for multiple sites. Victor has also held several commercial roles in product and business management, sales, marketing and commercial leadership. These various roles span across 7 different BP locations in the U.S., UK, and Belgium with his most recent appoint in June 2020 as the President for BP Amoco Chemical Company and the Global Aromatics Business. Victor holds a Chemical Engineering bachelor's degree from the University of Illinois at Urbana/Champaign.

Graham Knights. Business Director Europe (London). Graham Knights joined BP 29 years ago having started in the Acetyls Business at Hull as a Chemical Engineer. In recent years, Graham has been is accountable for Business Development in BP's Petrochemicals business and prior to that spent 6 years as the Commercial Director for the European Aromatics Business. Graham has also held numerous other senior commercial and finance roles including CFO

for the Global LPG business and Strategy & Planning Manager for BP's Downstream division. Graham holds a First Class Honours degree in Chemical Engineering from Bradford University.

Bill Zhao. Business Director Asia (Zhuhai). Bill Zhao joined BP Chemicals 19 years ago having started in the PTA business in Zhuhai, China. Prior to being nominated as Business Director for Asia Aromatics, Bill held a variety of leadership roles across chemicals in BP. Before joined BP, Bill worked for the SINOPEC Olefin business over 12 years. Bill has BA in chemical engineering from Dalian University of Technology and an EMBA in MBA in business management from Kellogg HKUST.

Edgar Zwanink. HR Director (Netherlands). Edgar Zwanink joined INEOS in 2007 as HR Manager for INEOS Styrenics before moving on to the role of HR Director of INEOS ABS. Edgar then moved to the Styrolution Business where he has been Global HR Director since 2015. Edgar has a BA in business management from Avans University in Breda, MA in HR at University of the West of England and an MBA in business Management from the University of Amsterdam.

Executive Committee of the Acetyls Business

The Executive Committee of the Acetyls Business is responsible for the day-to-day running of the Acetyls Business and meets on a regular basis to review the Acetyls Business's performance. The following table sets forth the names, ages and principal positions of each of the principal Executive Committee members.

Name	Age	Position
Chris Tane	64	Chairman
David Brooks	54	Chief Executive Officer
Gareth Anderson	47	Chief Financial Officer
Graeme Stewart	55	Operations Director
Declan Sealy	51	Business Director
Bentley Woudstra	59	HR Director

Chris Tane. Chairman. See "*Executive Committee of INOVYN*" above.

David Brooks. Chief Executive Officer. David Brooks began his career in Petrochemicals in 1988 joining ICI in Runcorn. After a series of senior commercial roles, he joined INEOS in 1999 when INEOS made its first acquisition, buying ICI's Acrylics business to create INEOS Acrylics. In 2007, David became Business Director of INEOS Oxide where he was responsible for the commercial activities of the founding INEOS business with global sales of over $2 billion and annual EBITDA of $340 million. In 2017, he became CEO for INEOS Oil & Gas UK and in 2019 became CEO for INEOS Oil & Gas UK & Scandinavia and became a member of the Board of Oil & Gas UK, the leading industry representative body in the UK. In August 2020, David was appointed CEO designate for the new INEOS Acetyls Business. David studied at Manchester Metropolitan University.

Gareth Anderson. Chief Financial Officer. Gareth Anderson joined KPMG before joining INEOS in 2009. He has held various senior financial positions within INEOS. He was the CFO for INEOS' Oil and Gas business in Denmark, following its acquisition from DONG energy and was most recently the CFO for the INEOS Oil and Gas business in the UK. He is also a member of the ICAEW. Gareth holds a degree and economics from the University of Bradford.

Graeme Stewart. Operations Director. Graeme Stewart worked for BP for over 30 years and has held a variety of positions in the UK, U.S., China and Russia, most recently as Operations Director in the BP Turkey Aromatics Venture. Prior to this, Graeme was seconded to Rosneft as Advisor to their V-P HSE, based in Moscow. Graeme was previously the Plant Manager at the BP Hull Acetyls site, and also BP's Zhuhai PTA Site, as well as the V-P Safety & Operational Risk for the BP Petrochemicals business. Prior to these roles, Graeme worked in a variety of operations, maintenance, engineering and logistics roles in BP's Baglan Bay, Hull, Sunbury and Naperville facilities. Graeme holds a degree in mechanical engineering from the University of Bath. Graeme also holds a an MBA from the open university.

Declan Sealy. Commercial Director. Declan Sealy joined INEOS in 2006 as Procurement Manager for the Olefins sites in Europe. Prior to INEOS, Declan held management positions in the pharmaceutical and fine chemical industries with Novartis and Johnson Matthey. He has held INEOS Board positions with Services & Infrastructure Grangemouth, Olefins & Polymers UK and was most recently Procurement Director for INEOS Oxide based in Switzerland. Declan has professional qualifications in Finance and is a Fellow of the Chartered Institute of Purchasing & Supply.

Bentley Woudstra. HR Director. Bentley Woudstra has over 25 years of petrochemicals and oil & gas experience. He joined INEOS via the NOVA/Innovene joint venture in 2006. Bentley has held various HR and integration roles in INEOS, and currently supports the INEOS Oil & Gas business and new business activities within the INEOS Group. Bentley has commerce and legal degrees from the University of Alberta in Canada.

Governance Structure of the Group

Upon consummation of the Acquisitions, we intend to utilize the same governance structure as has been successfully employed by INEOS for many years. The Styrolution Business, INOVYN, the Aromatics Business and the Acetyls Business will each be run independently with separate executive management teams and each business will be reported separately in our accounts. The executive management teams of each of the businesses will be led by the Chief Executive Officer and will be accountable for all business activities. The Chief Executive Officer will report to the designated Chairperson who represents the interests of the Group's shareholders.

Executive Committee meetings will be held every four to six weeks and will be chaired by the Chairperson and attended by the executive management teams and shareholders.

Governance matters will be managed consistent with the governance practices of INEOS Group. Environmental, social and governance matters will be covered at each Executive Committee meeting, starting with health, safety and environment. Day to day management of compliance and related matters will be overseen by a compliance manager who reports to the executive management teams of each of the four businesses. Overall governance and assurance to the shareholders will be provided by Group Treasury and Group Legal Compliance.

PRINCIPAL SHAREHOLDERS

As of September 30, 2020, all of the issued share capital of the Parent was held directly by INEOS Industries Holdings Limited. The issued share capital of INEOS Industries Holdings Limited is held by INEOS Industries Limited. The issued share capital of INEOS Industries Limited is held by INEOS Holdings AG. The issued share capital of INEOS Holdings AG is held by INEOS AG. Of the issued share capital of INEOS AG, 94.9% is held by INEOS Limited and 5.1% is held directly by James A. Ratcliffe, Andrew Currie and John Reece. INEOS Limited became the ultimate parent undertaking of the Group on December 1, 2016. See also "*Management*" and "*Certain Relationships and Related Party Transactions*."

The following table sets forth information regarding the ownership of INEOS Limited's share capital, as of September 30, 2020, by the following:

- each person or group known by us to be the owner of 5% or more of the share capital of INEOS Limited; and
- all directors of INEOS Limited.

	Number of Ordinary Shares	Percentage of Total INEOS Limited Share Capital
James A. Ratcliffe	2,295,391,680	61.804%
Andrew Currie	711,501,880	19.157%
John Reece	707,106,440	19.039%
TOTAL	3,714,000,000	100.00%

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

We enter into transactions with certain related parties or our affiliates from time to time and in the ordinary course of our business. These transactions include, among others, the purchase of feedstock. We believe these agreements are on terms no more favorable to the related parties or our affiliates than what they would expect to negotiate with disinterested third parties.

Below is a summary of certain relationships with the INEOS Group and of our most relevant transactions between the Group and related parties.

Relationship with INEOS Limited and INEOS AG

James A. Ratcliffe, Andrew Currie and John Reece are shareholders in INEOS Limited. INEOS AG, a subsidiary of INEOS Limited, provides operational management services to the Group through a management services agreement.

For the year ended December 31, 2019, INEOS AG management fees of €11.1 million (2018: €10.8 million, 2017: €10.6 million) were charged to the Parent's income statement. There were no outstanding balances owed to INEOS AG as of December 31, 2019, 2018 and 2017. For the year ended December 31, 2019, INOVYN management fees of €23.5 million (2018: €18.5 million, 2017: €17.7 million) were charged to INOVYN's income statement. There were no outstanding balances owed to INOVYN as of December 31, 2019, 2018 and 2017.

James A. Ratcliffe, Andrew Currie and John Reece control INEOS Industries (and therefore the Parent) through their shareholdings in INEOS Limited. Messrs. Ratcliffe, Currie and Reece, through INEOS AG, also control (i) INEOS Group Holdings SA, which produces a range of chemicals including petrochemicals, (ii) INEOS Industries Limited, a portfolio of businesses, including the Group, INEOS Olefins & Polymers UK and INEOS Upstream Limited, an oil and gas exploration, production and transportation business, (iii) INEOS Enterprises Holdings Limited, a portfolio of businesses, including Pigments, Composites and Solvents and (iv) INEOS Technologies (Holdings) Ltd., which operates an electrolysis technology business.

See "*Risk Factors—Risks Relating to the Notes and Our Capital Structure—The interests of our principal shareholders and of the INEOS Group may conflict with your interests*", "*Management*", Note 23 to the 2019 Audited Parent Consolidated Financial Statements and Note 23 to the 2018 Audited Parent Consolidated Financial Statements, Note 30 to the 2019 Audited INOVYN Consolidated Financial Statements, Note 31 to the 2018 Audited INOVYN Consolidated Financial Statements and Note 30 to the 2017 Audited INOVYN Consolidated Financial Statements, each of which is included elsewhere in this offering memorandum.

Service (Level) Agreements

Various service agreements and service-level agreements exist between us and members of the INEOS Group. These agreements cover services such as information technology, office use, management services and project services. Such services are rendered on a cost-plus basis. These agreements generally permit the recipient and the service provider the right to continue or terminate services with an agreed notice period, though the service provider does not have the right to terminate if no reasonable alternative service provider exists.

Raw Materials Purchase Agreements

We have several purchase agreements with the INEOS Group governing the purchase of raw materials. The agreements are usually based on similar forms, with jurisdiction- and site-specific differences, as well as certain commercial terms set out in separate term sheets. Absent certain extraordinary termination events, our strategic raw material contracts may generally not be terminated prior to the expiry of the term. These agreements require agreed notice periods prior to termination. Purchase volume levels are set forth in the agreements and unit prices are determined by market price indicators. These indicators are based on arm's-length principles and are in line with market benchmarks.

Payments to INEOS

On November 17, 2014, INEOS Industries Limited completed the acquisition of BASF's 50% share in the Styrolution Business for a purchase price of €1.1 billion. As part of the funding for the acquisition the INEOS Group provided INEOS Styrolution Holding GmbH with a second lien PIK toggle loan of €200.0 million (the "**Second Lien**

PIK Toggle Loan"). The loan bore interest at a rate per annum of 9.5% for cash interest payments or 10.25% for PIK interest and its maturity date was November 2020.

During September 2016, the Styrolution Business refinanced its capital structure and repaid the €200 million Second Lien PIK Toggle Loan with the proceeds of a term loan that was provided by certain members of the INEOS Group. The term loan was secured on the assets of the Styrolution Business, bore interest at a rate per annum equal to EURIBOR (subject to a floor of 1.00% per annum) plus a margin of 3.75% and had a maturity date of September 30, 2021. In October 2017, the Styrolution Business fully repaid the €249.4 million in principal amount of loans outstanding under the term loan facility to the INEOS Group. During the year ended December 31, 2017, the Styrolution Business incurred €7.7 million of interest to the INEOS Group in relation to the term loan facility.

In 2019, the Styrolution Business sold products totaling €69.7 million (2018: €90.3 million, 2017: €94.7 million) to the INEOS Group and purchased raw materials totaling €347.3 million (2018: €362.3 million, 2017: €432.7 million) and paid for services in an amount totaling €43.0 million (2018: €46.7 million, 2017: €49.7 million) from the INEOS Group. All outstanding balances with the INEOS Group are priced based on contractual arrangements and are settled in cash within two months of the reporting date. All balances are unsecured. As of December 31, 2019, €11.2 million (2018: €11.2 million, 2017: €14.0 million) was owed by the INEOS Group to the Styrolution Business and €48.3 million (2018: €54.8 million, 2017: €65.6 million) was owed by the Styrolution Business to the INEOS Group. The Styrolution Business's sales to and purchases from the INEOS Group are conducted on an arm's-length basis.

On December 17, 2019, the Styrolution Business paid a dividend €111.4 million to INEOS Industries Holdings Limited, the sole shareholder of the Parent. The Styrolution Business has paid €364.5 million of interim dividends in the first nine months of 2020. Subsequent to September 30, 2020, the Styrolution Business paid a dividend of €4.8 million to INEOS Industries Holdings Limited.

Some manufacturing sites in the INOVYN Business have ethylene supply agreements with indirect subsidiaries of INEOS Limited. The INOVYN Business has an agreement with INEOS Olefins Norge A.S. to supply its Rafnes and Stenungsund sites with approximately 230 kilotonnes and 84 kilotonnes per annum of ethylene per year on contracts running to the end of 2021 and 2023, respectively. Commencing in 2021, the INOVYN Business's Jemeppe site in Belgium will begin receiving supplies of approximately 150 kilotonnes per annum of U.S.-sourced ethylene from INEOS Olefins and Polymers division under a one year supply contract. At its Runcorn facility, the INOVYN Business's UK ethylene requirements for the manufacture of EDC are sourced by INEOS Commercial Services Limited via a 30 kiloton per annum agreement that will expire in November 2021. The prices under all of the aforementioned agreements are generated by reference to market indicators, in particular, the monthly contract price for ethylene quoted in ICIS ethylene pricing reports and are on terms no less favorable to the INOVYN Business than what we would expect to negotiate with disinterested third parties.

The INOVYN Business's cellrooms in various countries are supplied with anodes, cathodes and membranes from INEOS Technologies Limited, and INOVYN sources oxychlorination catalysts and additives used in the manufacture of EDC and PVC from INEOS Technologies (Vinyls) Limited.

The sulphur which is used for the manufacture of sulphur chemicals at Runcorn in the United Kingdom is partly supplied from Petroineos which is 50% owned by INEOS. INOVYN has trading agreements in place for the supply of general purpose PVC and sulphuric acid, caustic soda and hydrochloric acid to the wider INEOS group.

At Lillo in Antwerp, Belgium, the INOVYN Business shares the manufacturing site with the Olefins and Polymers Europe division of INEOS Group and various recharges of utilities and services are made between both businesses as a consequence. For example, the INOVYN Business supplies the Olefins and Polymers division with electricity and water, and provides various site services such as fire brigade, pipe maintenance and internal railway. Conversely, the INOVYN Business is supplied with nitrogen and receives wastewater treatment and ambulance services. At Rafnes in Norway, the INOVYN Business has similar arrangements with the INEOS Olefins & Polymers Europe business who also occupy the site.

Where possible, the INOVYN Business also sources certain production inputs and other products, such as information technology licenses, from certain affiliates in the INEOS Group in order to obtain volume rebates that it might not be entitled to if it purchased the inputs or products on its own. In particular, INOVYN's information technology has historically been highly integrated with the INEOS Group. The INOVYN Business also licenses certain of the intellectual property used in its business from certain of its affiliates in the INEOS Group.

The INOVYN Business owns a 60% shareholding in Runcorn TPS which operates a Combined Heat and Power Energy from Waste plant in the United Kingdom, from which INOVYN purchases both steam and electricity for the benefit of its Runcorn manufacturing operations. The INOVYN Business also derives income from the leasing of land to Runcorn TPS, and from the provision of management and administrative services to Runcorn TPS.

On March 9, 2020, INOVYN increased its INOVYN Term Loan B borrowings by €250.0 million and on the same date the proceeds were loaned to INEOS Industries Holdings Limited Group, a related party company. In December 2020, INOVYN settled the loan via the declaration of a dividend, equal to the value of the loan outstanding. In addition, in the year ended December 31, 2019, the INOVYN Business granted a loan of €300.0 million to INEOS Limited, a related party undertaking and also made payments of €1.3 million on behalf of parent undertakings. These balances were settled in December 2020.

The Aromatics and Acetyls Businesses will supply acetic acid to other parts of the INEOS group (for example, to the INEOS EtAc plant in Hull and to the INEOS esters facilities in Antwerp, expected during the second quarter of 2021) and between the Aromatics and Acetyls Businesses. The INEOS EtAc plant in Hull and the esters facilities in Antwerp has historically relied on third-party shipping imports of acetic acid in their production processes. In addition, the Acetyls Business has historically sold a portion of its acetic acid production at relatively low margins via deep-sea exports. As a result of the replacement of such third-party suppliers with the acetic acid supply from the Acetyls Business, we expect to achieve approximately $7 million of annual run-rate EBITDA improvements, as the sales of acetic acid to the INEOS Hull and Antwerp facilities will improve our margins compared to previously unfavorable deep-sea exports, assuming sales prices and volumes to those INEOS facilities in line with their historical purchases from third parties. As with standard INEOS practice, these relationships will be based on references to market indicators and are on terms no less favorable to the Acetyls Business than what would be expected if negotiated with disinterested third parties.

DESCRIPTION OF OTHER INDEBTEDNESS

The following summary of provisions of the documents listed below governing certain of our indebtedness after giving effect to the Transactions does not purport to be complete and is subject to, and qualified in its entirety by reference to, the underlying documents.

Existing Term Loan B Facilities Agreement

Overview

The Existing Term Loan B Facilities Agreement provides term loans (the "**Existing Term Loans**") to INEOS Styrolution US Holding LLC ("**US Finco**") denominated in dollars (the "**Existing Dollar Term Loans**") and to INEOS Styrolution Group GmbH (the "**German Borrower**" and, together with US Finco, the "**Borrowers**") denominated in euro (the "**Existing Euro Term Loans**"), in an aggregate principal amount of $202,278,146.71 and €450,000,000.00, respectively. The Existing Dollar Term Loans and the Existing Euro Term Loans were made in a single drawing on January 31, 2020.

Interest and Fees

The outstanding Existing Dollar Term Loans bear interest at a rate per annum equal to, at the option of US Finco, (a) LIBOR divided by 100% minus the LIBOR Reserve Percentage (as defined in the Existing Term Loan B Facilities Agreement) (subject to a floor of 0% per annum) plus the Applicable Margin specified below for such loan or (b) the Alternate Base Rate (subject to an a floor of 1.00% per annum) plus the Applicable Margin specified below for such loan. The outstanding Existing Euro Term Loans bear interest at a rate per annum equal to EURIBOR (subject to a floor of 0.50% per annum) plus the Applicable Margin specified below for such loan.

The Applicable Margin is:

- in the case of Existing Dollar Term Loans bearing interest at a rate determined by reference to LIBOR, 2.00%;
- in the case of Existing Dollar Term Loans bearing interest at a rate determined by reference to Alternate Base Rate, 1.00%; and
- in the case of Existing Euro Term Loans (together with the Existing Dollar Term Loans bearing interest by reference to LIBOR, the "**LIBOR Loans**"), 2.00%.

The Alternate Base Rate is a rate per annum determined as the highest of (a) a specified prime rate, (b) the Federal Funds rate plus 0.50% and (c) LIBOR for an interest period of one month (after giving effect to the applicable LIBOR floor) plus 1.00%.

Overdue amounts owing under the Existing Term Loan B Facilities Agreement bear interest (a) in the case of overdue principal or overdue interest, at the interest rate that would otherwise be applicable plus 2% per annum and (b) in the case of any overdue fee or premium, at the interest rate that would apply to ABR Loans plus 2% per annum.

Security and Guarantees

The Existing Term Loans share the same security package as the Senior Secured Notes, the Existing Senior Secured Notes, the Revolving Credit Facility, the Term Loan A Facilities, the New Term Loan B Facilities and certain hedging liabilities (including, if the Proposed TLB Amendments (as defined below) become effective, certain metals arrangements) and certain cash management liabilities. See "*Description of the Senior Secured Notes—Brief Description of the Notes, the Guarantees and the Security—Security*."

The obligations under the Existing Term Loans are jointly and severally guaranteed on a senior basis by the Issuers and the Guarantors.

No later than 150 days after the end of the Parent's financial year (or, if the Proposed TLB Amendments become effective, 210 days after the end of the financial year ended December 31, 2020), commencing with the financial year ended on December 31, 2019 (or such longer period as the administrative agent under the Existing Term Loan B Facilities Agreement may agree to), (i) the Consolidated Adjusted EBITDA of the Parent, the Company and its restricted

subsidiaries (the "**Financial Group**") must be at least 85% of the Consolidated Adjusted EBITDA and (ii) the Total Assets of the Financial Group must be at least 85% of the Total Assets, in each case subject to certain exceptions.

Covenants

Subject to certain agreed exceptions, the Existing Term Loan B Facilities Agreement contains negative covenants substantially similar to the negative covenants applicable to the Senior Secured Notes, including covenants restricting the ability of the Borrowers, the Company, the Restricted Subsidiaries of the Company and, in certain cases, INEOS Quattro Holdings Limited to:

- incur or guarantee additional indebtedness;
- layer debt;
- make restricted payments, including dividends or other distributions;
- prepay or redeem subordinated debt or equity;
- make certain investments;
- create or incur certain liens;
- transfer, lease or sell certain assets;
- enter into arrangements that impose restrictions on the ability of restricted subsidiaries to pay dividends or make other payments to the Company;
- engage in certain transactions with affiliates;
- designate unrestricted subsidiaries;
- consolidate, merge or transfer all or substantially all assets; and
- impair the security interests for the benefit of the Term Loan lenders.

INEOS Quattro Holdings Limited will also be subject to more stringent restrictions upon its activities (for example, in relation to the ownership of assets and the liabilities that it may incur).

The Existing Term Loan B Facilities Agreement also contains customary affirmative covenants, including covenants relating to:

- the provision of financial statements and certain other information and notices;
- inspections;
- maintenance of certain insurance;
- payment of taxes;
- preservation of existence and consolidated corporate franchises;
- compliance with laws (including environmental laws);
- anti-corruption laws and applicable sanctions;
- certain ERISA and pension matters;
- maintenance of certain properties;
- changes in fiscal years and fiscal quarters;

- additional guarantors and security;
- use of proceeds;
- further assurances;
- use of commercially reasonable efforts to maintain certain ratings;
- auditors, books and records; and
- certain other covenants, including a covenant relating to the Intercreditor Agreement and additional intercreditor agreements.

The Existing Term Loan B Facilities Agreement does not contain any financial maintenance covenants.

Repayment

The Existing Dollar Term Loans are to be repaid in equal quarterly installments, in aggregate annual amounts equal to 1% of the original principal amount of the Existing Term Loans (subject to adjustment as set forth below). The Existing Euro Term Loans and the balance of the Existing Dollar Term Loans are payable, subject to certain exceptions, on January 31, 2027. No amounts repaid by the Borrowers in respect of the Existing Term Loans may be reborrowed.

Prepayments

Mandatory prepayments of the Existing Term Loans are required in an amount equal to:

- starting with the financial year ended on December 31, 2020, 50% (reduced to 25% when the Consolidated Total Net Leverage Ratio (as defined in the Existing Term Loan B Facilities Agreement) is less than or equal to 3.00 to 1.00 but greater than 2.50 to 1.00 and 0% when the Consolidated Total Net Leverage Ratio is less than or equal to 2.50 to 1.00) of annual excess cash flow of the Financial Group (subject to certain adjustments) (such amount the "**ECF Prepayment Amount**").
- 100% of the net cash proceeds from certain sales or other dispositions of material assets outside the ordinary course of business (subject to reinvestment rights and repayment of certain other senior debt); and
- 100% of the net cash proceeds from any issuance or incurrence of debt, other than debt permitted under the Existing Term Loan B Facilities Agreement.

All mandatory prepayments of the Existing Term Loans will be made without premium or penalty (except for reimbursement of breakage and redeployment costs in the case of LIBOR Loans) and will be applied in such order as the applicable Borrower may specify (or, absent such specification, in direct order of maturity). Pursuant to the Proposed TLB Amendments, if, at the time any such mandatory prepayment of Existing Term Loans is required, the Company or any of its Restricted Subsidiaries is required to prepay or repurchase (or offer to prepay or repurchase) any other Senior Secured Indebtedness with any portion of the ECF Prepayment Amount pursuant to the terms of such other Senior Secured Indebtedness, then the applicable Borrowers may apply such portion of the ECF Prepayment Amount on a *pro rata* basis (subject to certain requirements and exceptions) to the prepayment or repurchase of such other Senior Secured Indebtedness and the amount of the prepayment of the Existing Term Loans that would otherwise have been required.

Voluntary prepayments of the Existing Term Loans will be permitted without premium or penalty (except for reimbursement of breakage and redeployment costs in the case of LIBOR Loans) and will be applied to the remaining scheduled amortization installments of principal of the Existing Term Loans as directed by the Borrowers (or, absent such specification, in direct order of maturity).

Events of Default

The Existing Term Loan B Facilities Agreement sets out certain events of default, the occurrence of which would allow the lenders to accelerate all outstanding loans, including, among other events and subject in certain cases to agreed to grace periods, thresholds and other qualifications:

- non-payment of amounts due under the Existing Term Loans or under the other Senior Finance Documents (as defined in the Existing Term Loan B Facilities Agreement);
- breach of covenants;
- inaccuracy of representations and warranties in any material respect;
- cross defaults to other indebtedness and certain judgment defaults (except, if the Proposed TLB Amendments become effective, related to breach of financial covenants in such other indebtedness);
- invalidity or unlawfulness of the Existing Term Loan B Facilities Agreement and other Senior Finance Documents;
- certain bankruptcy and insolvency events and proceedings;
- the occurrence of certain ERISA-related events;
- the occurrence of a customary change of control; and
- certain breaches of the Intercreditor Agreement and related documents.

Miscellaneous

The Existing Term Loan B Facilities Agreement will permit the Borrowers to request the establishment of one or more additional tranches of term loans in principal amounts of not less than $25 million (or, if in euro, € 25 million) individually, subject to certain conditions specified in the Existing Term Loan B Facilities Agreement.

The Existing Term Loan B Facilities Agreement permits the Borrowers to request extensions of the final maturity of all or a portion of the Existing Term Loans and, in that connection, there may be an increase in the interest rates and/or fees payable with respect to the extended Existing Term Loans. Such extensions shall be subject to certain conditions described in the Existing Term Loan B Facilities Agreement.

The Existing Term Loan B Facilities Agreement contains customary "yank-a-bank" provisions allowing the Borrowers to replace a lender in circumstances where such lender (a) is a non-consenting lender in connection with amendments and waivers requiring the consent of all lenders or all affected lenders so long as the required lenders have consented to such amendments or waivers, (b) requests to be compensated for increased costs, taxes and similar items or (c) is a defaulting lender.

The Existing Term Loan B Facilities Agreement contains customary loan buyback provisions, which will permit the Borrowers or affiliates to purchase Existing Term Loans from lenders, subject to certain conditions, including, in the case of purchases by the Borrowers, a requirement that the loans purchased are automatically and permanently cancelled.

On January 11, 2020 the Borrowers announced they were seeking consents to certain amendments of the Existing Term Loan B Facilities Agreement to, *inter alia*, (i) amend the treatment under the Existing Term Loan B Facilities Agreement of certain joint ventures, (ii) facilitate the entry into certain metals arrangements used by the Group in the operation of its business, (iii) amend the Security Principles (as defined in the Existing Term Loan B Facilities Agreement) and (iv) allow additional time for the preparation of the Parent's financial statements (the "**Proposed TLB Amendments**"). The effectiveness of the Proposed TLB Amendments is subject to certain conditions, including the Borrowers having obtained consents from the Required Lenders (as defined in the Existing Term Loan B Facilities Agreement).

The Existing Term Loan B Facilities Agreement is governed by New York law.

Term Loan and Revolving Credit Facility Agreement

Overview

The existing Term Loan and Revolving Credit Facility Agreement provides (i) term loans maturing 2023 to INEOS 226 Limited (the "**UK Borrower**") denominated in dollars (the "**2023 Dollar Term Loans**") and denominated in euro (the "**2023 Euro Term Loans**" and, together with the 2023 Dollar Term Loans, the "**2023 Term Loans**"), in an

aggregate principal amount of $140 million and €120 million, respectively; (ii) term loans maturing 2025 to the UK Borrower denominated in dollars (the "**2025 Dollar Term Loans**") and denominated in euro (the "**2025 Euro Term Loans**" and, together with the 2025 Dollar Term Loans, the "**2025 Term Loans**"; the 2025 Term Loans and the 2023 Term Loans are collectively referred to as the "**Existing A Term Loans**"), in an aggregate principal amount of $210 million and €180 million, respectively; and (iii) a revolving credit facility maturing 2023 to the UK Borrower and such other borrowers as may be designated from time to time under the Term Loan and Revolving Credit Facility Agreement, available in dollars and euro, in an aggregate amount of $300 million (the "**Revolving Credit Facility**"; and loans made thereunder the "**Revolving Loans**"). The existing Term Loan and Revolving Credit Facility Agreement is expected to be amended by an incremental facility agreement dated on or about the Issue Date. In addition to the Existing A Term Loans and the Revolving Loans, the Term Loan and Revolving Credit Facility Agreement as so amended is expected to provide term loans maturing 2026 to INEOS US Petrochem LLC (the "**US Borrower**" and, together with the UK Borrower, the "**Borrowers**") denominated in dollars (the "**New Dollar Term Loans**") and to the UK Borrower denominated in euro (the "**New Euro Term Loans**" and, together with the New Dollar Term Loans, the "**New B Term Loans**"), in an aggregate principal amount of $2,000.0 million and €1,500.0 million, respectively. The 2023 Euro Term Loans, the 2025 Euro Term Loans and the New Euro Term Loans are collectively referred to as the "**Euro Term Loans**"; the 2023 Dollar Term Loans, the 2025 Dollar Term Loans and the New Dollar Term Loans are collectively referred to as the "**Dollar Term Loans**"; and the Euro Term Loans and the Dollar Term Loans are collectively referred to as the "**Term Loans**".

The Existing A Term Loans were made in a single drawing on December 31, 2020. The New B Term Loans are expected to be made in a single drawing on or about the Issue Date. The Revolving Credit Facility is expected to remain undrawn as of the Issue Date. The €180 million outstanding principal amount of 2025 Euro Term Loans will be repaid in connection with the Transactions. See "*Use of Proceeds*".

Interest and Fees

The 2023 Dollar Term Loans, the 2025 Dollar Term Loans and any Revolving Loans denominated in dollars bear interest, and the New Dollar Term Loans are expected to bear interest, at a rate per annum equal to, at the option of the applicable Borrower, (a) LIBOR divided by 100% minus the LIBOR Reserve Percentage (as defined in the Term Loan and Revolving Credit Facility Agreement) (subject to a floor of 0% per annum or, in the case of the New Dollar Term Loans, a floor of 0.50% per annum) plus the Applicable Eurocurrency Margin (as defined in the Term Loan and Revolving Credit Facility Agreement) for such loan or (b) the Alternate Base Rate (subject to a floor of 1.00% per annum or, in the case of the New Dollar Term Loans, a floor of 1.50% per annum) plus the Applicable ABR Margin (as defined in the Term Loan and Revolving Credit Facility Agreement) for such loan. The 2023 Euro Term Loans, the 2025 Euro Term Loans and any Revolving Loans denominated in euro bear interest, and the New Euro Term Loans are expected to bear interest, at a rate per annum equal to EURIBOR (subject to a floor of 0% per annum) plus the Applicable Eurocurrency Margin for such loan.

As of the Issue Date, the Applicable ABR Margin or the Applicable Eurocurrency Margin, as applicable, is or, in the case of the New B Term Loans, is expected to be:

- in the case of 2023 Dollar Term Loans and Revolving Loans, in each case bearing interest at a rate determined by reference to the Alternative Base Rate, 2.00%, subject to adjustment as described below;
- in the case of 2025 Dollar Term Loans bearing interest at a rate determined by reference to the Alternate Base Rate, 2.50%, subject to adjustment as described below;
- in the case of New Dollar Term Loans bearing interest at a rate determined by reference to the Alternate Base Rate, 1.75%;
- in the case of 2023 Term Loans and Revolving Loans, in each case bearing interest at a rate determined by reference to EURIBOR or LIBOR, as applicable, 3.00%, subject to adjustment as described below;
- in the case of 2025 Term Loans bearing interest at a rate determined by reference to EURIBOR or LIBOR, as applicable, 3.50%, subject to adjustment as described below; and
- in the case of New B Term Loans bearing interest at a rate determined by reference to EURIBOR or LIBOR, as applicable, 2.75%.

Following the delivery of financial statements and a compliance certificate for each fiscal quarter, commencing with the fiscal quarter ending March 31, 2021, the Applicable ABR Margin and the Applicable Eurocurrency Margin for the Existing 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.

The Alternate Base Rate will be a rate per annum determined as the highest of (a) a specified prime rate, (b) the Federal Funds rate plus 0.50% and (c) LIBOR for an interest period of one month (after giving effect to the applicable LIBOR floor) plus 1.00%.

Overdue amounts owing under the Term Loan and Revolving Credit Facility Agreement bear interest (a) in the case of overdue principal or overdue interest, at the interest rate that would otherwise be applicable plus 2% per annum and (b) in the case of any overdue fee or premium, at the interest rate that would apply to Revolving Loans bearing interest at a rate determined by reference to the Alternate Base Rate plus 2% per annum.

A commitment fee equal to 35% of the Applicable Eurocurrency Margin in effect from time to time with respect to Revolving Loans is payable on the daily unused amount of the commitments under the Revolving Credit Facility.

Security and Guarantees

The Existing A Term Loans and the Revolving Credit Facility share, and the New B Term Loans will share, the same security package as the Existing B Term Loans, the Senior Secured Notes and the Existing Senior Secured Notes, and certain hedging liabilities (including certain metals arrangements) and certain cash management liabilities. See "*Description of the Senior Secured Notes—Brief Description of the Notes, the Guarantees and the Security—Security*."

The obligations under the Existing A Term Loans, the Revolving Credit Facility and the New B Term Loans are or will be, as applicable, jointly and severally guaranteed on a senior basis by the Issuers and the Guarantors.

No later than 150 days after the end of the Parent's financial year (210 days after the end of the fiscal year ended December 31, 2020), commencing with the financial year ended on December 31, 2020 (or such longer period as the administrative agent under the Term Loan and Revolving Credit Facility Agreement may agree to), (i) the Consolidated Adjusted EBITDA of the Parent, the Company and its restricted subsidiaries (the "**Financial Group**") must be at least 85% of the Consolidated Adjusted EBITDA and (ii) the Total Assets of the Financial Group must be at least 85% of the Total Assets, in each case subject to certain exceptions.

Covenants

Subject to certain agreed exceptions, the Term Loan and Revolving Credit Facility Agreement contains (and, as amended, will contain) negative covenants substantially similar to the negative covenants applicable to the Senior Secured Notes, including covenants restricting the ability of the Borrowers, the Company, the Restricted Subsidiaries of the Company and, in certain cases, INEOS Quattro Holdings Limited, to:

- incur or guarantee additional indebtedness;
- layer debt;
- make restricted payments, including dividends or other distributions;
- prepay or redeem subordinated debt or equity;
- make certain investments;
- create or incur certain liens;
- transfer, lease or sell certain assets;
- enter into arrangements that impose restrictions on the ability of restricted subsidiaries to pay dividends or make other payments to the Company;
- engage in certain transactions with affiliates;

- designate unrestricted subsidiaries;
- consolidate, merge or transfer all or substantially all assets; and
- impair the security interests for the benefit of the lenders under the Term Loan and Revolving Credit Facility Agreement.

INEOS Quattro Holdings Limited will also be subject to more stringent restrictions upon its activities (for example, in relation to the ownership of assets and the liabilities that it may incur).

The Term Loan and Revolving Credit Facility Agreement also contains (and, as amended, will contain) customary affirmative covenants, including covenants relating to:

- the provision of financial statements and certain other information and notices;
- inspections;
- maintenance of certain insurance;
- payment of taxes;
- preservation of existence and consolidated corporate franchises;
- compliance with laws (including environmental laws);
- anti-corruption laws and applicable sanctions;
- certain ERISA and pension matters;
- maintenance of certain properties;
- changes in fiscal years and fiscal quarters;
- additional guarantors and security;
- use of proceeds;
- further assurances;
- use of commercially reasonable efforts to maintain certain ratings;
- auditors, books and records; and
- certain other covenants, including a covenant relating to the Intercreditor Agreement and additional intercreditor agreements.

The Term Loan and Revolving Credit Facility Agreement contains a financial covenant (the "Financial Covenant") based on a maximum Consolidated Total Net Leverage Ratio. The Financial Covenant is applicable solely with respect to the Existing A Term Loans and the Revolving Credit Facility. If the Existing A Term Loans are repaid in full, then the Financial Covenant will only be tested if, on the last day of any fiscal quarter, the aggregate amount of Revolving Loans, unreimbursed drawings on letters of credit and undrawn and outstanding letters of credit issued under the Revolving Credit Facility (except to the extent cash collateralized) (collectively, the "Revolving Exposure") exceeds 35% of the aggregate amount of commitments under the Revolving Credit Facility..

Repayment

The 2025 Dollar Term Loans are to be repaid in quarterly installments beginning on September 30, 2023, in aggregate principal amounts equal to

- 8%, for September 30, 2023;

- 10.5%, for each of December 31, 2023, March 31, 2024, June 30, 2024 and September 30, 2024;
- 12.5%, for each of December 31, 2024 and March 31, 2025; and
- 25.0% thereafter,

in each case of the original aggregate principal amount of the 2025 Dollar Term Loans (subject to adjustment as set forth below). The balance of the 2025 Term Loans are payable, subject to certain exceptions, on July 31, 2025. No amounts repaid by the UK Borrower in respect of the 2025 Term Loans may be reborrowed.

Each of the 2023 Dollar Term Loans and the 2023 Euro Term Loans are to be repaid in quarterly installments beginning on June 30, 2021, in aggregate principal amounts equal to

- 6.25%, for each of June 30, 2021 and September 30, 2021; and
- 12.5% thereafter,

in each case of the original aggregate principal amount of the 2023 Dollar Term Loans or the 2023 Euro Term Loans, as applicable (subject to adjustment as set forth below). The balance of the 2023 Term Loans are payable, subject to certain exceptions, on July 31, 2023. No amounts repaid by the UK Borrower in respect of the 2023 Term Loans may be reborrowed.

The New Dollar Term Loans are expected to be required to be repaid in quarterly installments beginning on September 30, 2021, in aggregate principal amounts equal to 0.25% of the original aggregate principal amount of the New Dollar Term Loans (subject to adjustment as set forth below). The New Euro Term Loans and the balance of the New Dollar Term Loans are payable, subject to certain exceptions, on January 15, 2026. No amounts repaid by the Borrowers in respect of the New B Term Loans may be reborrowed.

Any drawings under the Revolving Credit Facility are payable, subject to certain exceptions, on July 31, 2023.

Prepayments

Mandatory prepayments of the Term Loans will be required (subject to certain exceptions) in an amount equal to:

- starting with the financial year ended on December 31, 2021, 50% (reduced to 25% when the Consolidated Total Net Leverage Ratio is less than or equal to 3.25 to 1.00 but greater than 2.75 to 1.00 and 0% when the Consolidated Total Net Leverage Ratio is less than or equal to 2.75 to 1.00) of annual excess cash flow of the Financial Group (subject to certain adjustments) (such amount, the "**ECF Prepayment Amount**");
- 100% of the net cash proceeds from certain sales or other dispositions of material assets outside the ordinary course of business (subject to reinvestment rights and repayment of certain other senior debt); and
- 100% of the net cash proceeds from any issuance or incurrence of debt, other than debt permitted under the Term Loan and Revolving Credit Facility Agreement.

All mandatory prepayments of the Term Loans will be applied ratably among the classes of Term Loans. All mandatory prepayments of the Term Loans will be made without premium or penalty (except for reimbursement of breakage and certain redeployment costs) and will be applied in such order as the applicable Borrower may specify (or, absent such specification, in direct order of maturity). If, at the time any such mandatory prepayment of the Term Loans is required, the Company or any of its Restricted Subsidiaries is required to prepay or repurchase (or offer to prepay or repurchase) any other Senior Secured Indebtedness with any portion of the ECF Prepayment Amount pursuant to the terms of such other Senior Secured Indebtedness, then the applicable Borrowers may apply such portion of the ECF Prepayment Amount on a *pro rata* basis (subject to certain requirements and exceptions) to the prepayment or repurchase of such other Senior Secured Indebtedness and the amount of the prepayment of the Term Loans that would otherwise have been required.

Mandatory prepayments of the Revolving Loans will be required (subject to certain exceptions) if the Revolving Exposure exceeds the aggregate amount of commitments under the Revolving Credit Facility.

Voluntary prepayments of the Term Loans and the Revolving Loans will be permitted without premium or penalty (except for reimbursement of breakage and certain redeployment costs and, in the case of the New B Term Loans, as set forth below) and will be applied to the remaining scheduled amortization installments of principal of the Term Loans as directed by the Borrowers (or, absent such specification, in direct order of maturity). Voluntary prepayments or repricing amendments of the New B Term Loans made on or prior to the date that is 180 days after the date of the effectiveness of the incremental facility agreement establishing the New B Term Loans as a result of certain refinancing or repricing transactions with a lower All-In Yield (as defined in the Term Loan and Revolving Credit Facility Agreement) will be subject to an early prepayment premium equal to 1.00% of the amount of the New B Term Loans prepaid or mandatorily assigned pursuant to the applicable refinancing or repricing transaction.

Events of Default

The Term Loan and Revolving Credit Facility Agreement sets out certain events of default, the occurrence of which would allow the lenders to accelerate all outstanding loans, including, among other events and subject in certain cases to agree to grace periods, thresholds and other qualifications:

- non-payment of amounts due under the Term Loan and Revolving Credit Facility Agreement or under the other Senior Finance Documents (as defined in the Term Loan and Revolving Credit Facility Agreement);
- breach of covenants (including, solely with respect to the Existing A Term Loans and the Revolving Credit Facility, breach of the Financial Covenant, which is subject to certain cure rights);
- inaccuracy of representations and warranties in any material respect;
- cross defaults to other indebtedness and certain judgment defaults (except, in the case of the New B Term Loans, related to breach of financial covenants in such other indebtedness);
- invalidity or unlawfulness of the Term Loan and Revolving Credit Facility Agreement and other Senior Finance Documents;
- certain bankruptcy and insolvency events and proceedings;
- the occurrence of certain ERISA-related events;
- the occurrence of a customary change of control; and
- certain breaches of the Intercreditor Agreement and related documents,

in each case subject to certain rights of remedy until March 31, 2021 with respect to any default or event of default that would otherwise arise in respect of a breach of certain representations or warranties relating to the Aromatics and Acetyls Businesses.

Miscellaneous

The Term Loan and Revolving Credit Facility Agreement will permit the Borrowers and such other borrowers as may be designated from time to time under the Term Loan and Revolving Credit Facility Agreement to request the establishment of one or more additional tranches of term loans ("Incremental Term Loans") or revolving commitments in principal amounts of not less than $25 million (or, if in euro, €25 million) individually, subject to certain conditions specified in the Term Loan and Revolving Credit Facility Agreement. In the event that the Borrowers borrow Incremental Term Loans consisting of "tranche B term loans" denominated in the same currency as the New Dollar Term Loans or the New Euro Term Loans, as applicable, on or prior to the date that is 180 days after the date of the effectiveness of the incremental facility agreement establishing the New B Term Loans, the interest rate on the New Dollar Term Loans or the New Euro Term Loans, as applicable, will be subject to upward adjustment such that the All-In Yield on the New Dollar Term Loans or the New Euro Term Loans, as applicable, will equal the All-In Yield on such Incremental Term Loans less 50 basis points.

The Term Loan and Revolving Credit Facility Agreement permits the Borrowers to request extensions of the final maturity of all or a portion of the Term Loans or commitments under the Revolving Credit Facility and, in that connection, there may be an increase in the interest rates and/or fees payable with respect to such extended Term Loans

or commitments under the Revolving Credit Facility . Such extensions shall be subject to certain conditions described in the Term Loan and Revolving Credit Facility Agreement.

The Term Loan and Revolving Credit Facility Agreement contains customary "yank-a-bank" provisions allowing the Borrowers to replace a lender in circumstances where such lender (a) is a non-consenting lender in connection with amendments and waivers requiring the consent of all lenders or all affected lenders so long as the required lenders have consented to such amendments or waivers, (b) requests to be compensated for increased costs, taxes and similar items or (c) is a defaulting lender.

The Term Loan and Revolving Credit Facility Agreement contains customary loan buyback provisions, which will permit the Borrowers or affiliates to purchase Term Loans from lenders, subject to certain conditions, including, in the case of purchases by the Borrowers, a requirement that the loans purchased are automatically and permanently cancelled.

The Term Loan and Revolving Credit Facility Agreement is governed by New York law.

Senior Secured Notes due 2027

Overview

On January 31, 2020, INEOS Styrolution Group GmbH ("**ISGG**") issued €600,000,000 aggregate principal amount 2¼% Senior Secured Notes due 2027 (the "**Existing Senior Secured Notes**") under an indenture dated as of January 31, 2020 (the "**Existing Indenture**"), among, *inter alios*, ISGG, as the issuer, the guarantors named therein, as guarantors, and The Bank of New York Mellon, London Branch, as trustee (the "**Existing Trustee**"), The Bank of New York Mellon SA/NV, Luxembourg Branch, as registrar, paying agent and Luxembourg transfer agent and Barclays Bank PLC, as security trustee. As of June 30, 2020, there were €600,000,000 aggregate principal amount of the Existing Senior Secured Notes issued and outstanding.

Ranking

The Existing Senior Secured Notes are the general senior secured obligations of ISGG and rank *pari passu* in right of payment with its existing and future indebtedness that is not expressly subordinated to the Existing Senior Secured Notes (including, without limitation, indebtedness under the Existing Term Loan B Facilities Agreement, the Term Loan and Revolving Credit Facility Agreement, the Senior Secured Notes and certain hedging obligations and cash management arrangements), are guaranteed on a senior secured basis by the Existing Senior Secured Notes Guarantors (as defined below), rank effectively senior to all existing and future indebtedness of ISGG that is unsecured or secured by liens ranking behind the liens securing the Existing Senior Secured Notes to the extent of the value of the collateral securing the Existing Senior Secured Notes and rank senior in right of payment to all existing and future obligations of ISGG expressly subordinated in right of payment to the Existing Senior Secured Notes, including its guarantee of obligations under the Senior Notes. In addition, the Existing Senior Secured Notes are effectively subordinated in right of payment to all existing and future indebtedness and other liabilities of, including trade payables and letters of credit issued by, the subsidiaries of ISGG that are not guarantors, and effectively subordinated to all existing and future indebtedness of ISGG that is secured by property or assets that do not secure the Existing Senior Secured Notes to the extent of the value of the collateral securing such indebtedness.

Interest Rates, Payment Dates and Maturity

The Existing Senior Secured Notes bear interest at a rate of 2¼% per annum. Interest on the Existing Senior Secured Notes is payable semi-annually in arrears on January 15 and July 15 of each year, beginning July 15, 2020. The Existing Senior Secured Notes will mature on January 16, 2027.

Guarantees

As of the Issue Date, the Existing Senior Secured Notes are jointly and severally guaranteed on a senior secured basis by the Parent and certain of its subsidiaries which will become Guarantors under the Senior Secured Notes Indenture and the Senior Notes Indenture, and the remaining Guarantors are expected to guarantee the Existing Senior Secured Notes substantially concurrently with their provision of Guarantees under the Senior Secured Notes Indenture and the Senior Notes Indenture (the **"Existing Senior Secured Notes Guarantors"**).

The guarantee of each Existing Senior Secured Notes Guarantor is its general senior secured obligation and (i) ranks *pari passu* in right of payment with all existing and future obligations of such Existing Senior Secured Notes Guarantor that are not expressly subordinated in right of payment to such guarantee, including obligations Existing Term Loan B Facilities Agreement, the Term Loan and Revolving Credit Facility Agreement, the Senior Secured Notes, certain hedging obligations and cash management arrangements and, in the case of the Senior Notes Issuer and the Parent, the Senior Notes and the guarantee thereof, respectively, (ii) ranks effectively senior to all existing and future obligations of such Existing Senior Secured Notes Guarantor (including its obligations under the Senior Notes Indenture) that are unsecured or secured by liens ranking behind the liens securing the Existing Senior Secured Notes to the extent of the value of the collateral securing the Existing Senior Secured Notes, (iii) ranks senior in right of payment to all existing and future obligations of such Existing Senior Secured Notes Guarantor that are expressly subordinated in right of payment to such guarantee, including the guarantees of the Senior Notes (but not, in the case of the Senior Notes Issuer or the Parent, its obligations under the Senior Notes or guarantee thereof) and (iv) is effectively subordinated to any existing and future obligations of such Existing Senior Secured Notes Guarantor that are secured by liens senior to the liens securing such guarantee, or secured by property and assets that do not secure such guarantee, to the extent of the value of the property and assets securing such indebtedness and other liabilities and (v) is structurally subordinated to all liabilities (including trade payables) and preferred stock of each subsidiary of the applicable Existing Senior Secured Notes Guarantor that is not an Existing Senior Secured Notes Guarantor.

Security

The Existing Senior Secured Notes and the related guarantees are, or will be, as applicable, secured by first priority liens (subject to certain exceptions) on the same assets that secure the obligations under the Existing Term Loan B Facilities Agreement, the Term Loan and Revolving Credit Facility Agreement, the Senior Secured Notes and certain hedging obligations and cash management arrangements.

Optional Redemption and Change of Control

At any time prior to January 15, 2023, ISGG may redeem all or part of the Existing Senior Secured Notes at a redemption price equal to 100% of the principal amount of the Existing Senior Secured Notes redeemed plus the greater of (1) 1.0% of the principal amount of such Existing Senior Secured Notes; and (2) the excess of (a) the present value at such redemption date of the redemption price of such Existing Senior Secured Notes at January 15, 2023, plus all required interest payments that would otherwise be due to be paid on such Existing Senior Secured Notes during the period between the redemption date and January 15, 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 Existing Senior Secured Notes.

The Existing Senior Secured Notes are subject to redemption at any time on or after January 15, 2023, at the option of ISGG, 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 January 15 of the year indicated below:

Year	Existing Senior Secured Notes Redemption Price
2022	101.125%
2023	100.5625%
2024 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 January 15, 2023, ISGG or any Parent Holdco (as defined in the Existing Indenture), at its option, may redeem up to 40% of the initial aggregate principal amount of the sum of the initial aggregate principal amount of Existing Senior Secured Notes originally issued on January 31, 2020 and the aggregate principal amount of any additional Existing Senior Secured Notes issued under the Existing Indenture after January 31, 2020 (the **"Additional Existing Senior Secured Notes"**) with the net cash proceeds of certain public equity offerings at 102.250% of the aggregate principal amount of the Existing Senior Secured Notes plus certain additional amounts, if applicable, and accrued and unpaid interest, if any, to, but not including, the redemption date, if at least 60% of the sum of the originally issued aggregate principal amount of the Existing Senior Secured Notes and any Additional Existing Senior Secured Notes remains outstanding.

In connection with any tender offer for, or other offer to purchase, all of the Existing Senior Secured Notes, if holders of not less than 90% of the aggregate principal amount of the then outstanding Existing Senior Secured Notes validly tender and do not validly withdraw such Existing Senior Secured Notes in such tender offer and ISGG, or any other Person making such tender offer in lieu of ISGG, purchases all of the Existing Senior Secured Notes validly tendered and not validly withdrawn by such holders, ISGG or such other person will have the right, subject to certain notice requirements, to redeem all (but not less than all) Existing Senior Secured Notes that remain outstanding following such purchase at a price equal to the highest price (excluding any early tender premium or similar payment, any accrued and unpaid interest and certain additional amounts) paid to each other holder in such tender offer, plus, to the extent not included in the tender offer payment, accrued and unpaid interest thereon and certain additional amounts, to, but not including, the date of such redemption (subject to the rights of holders of record on the relevant record dates to receive interest due on an interest payment date).

Upon the occurrence of certain change of control events, each holder of Existing Senior Secured Notes may require ISGG to repurchase all or a portion of its Existing Senior Secured Notes at a purchase price equal to 101% of the principal amount of such Existing Senior Secured Notes, plus certain additional amounts and accrued and unpaid interest to, but not including, the date of purchase.

If ISGG sells assets under certain circumstances, it is required to make an offer to purchase the Existing Senior Secured Notes at 100% of the principal amount of the Existing Senior Secured Notes, plus accrued and unpaid interest to, but not including, the date of purchase, with the excess proceeds from the sale of the assets.

In addition, in the event that ISGG becomes obligated to pay Additional Amounts (as defined in the Existing Indenture) to holders of the Existing Senior Secured Notes as a result of changes affecting withholding taxes applicable to payments on the Existing Senior Secured Notes, it may redeem the Existing Senior Secured Notes in whole but not in part at any time at 100% of the principal amount of the Existing Senior Secured Notes plus accrued and unpaid interest, if any, to, but not including, the redemption date.

Covenants

The Existing Indenture contains covenants that, among other things, limit the ability of our subsidiaries to:

- incur or guarantee additional indebtedness and issue certain preferred stock;
- layer debt;
- make restricted payments, including dividends or other distributions;
- prepay or redeem subordinated debt or equity;
- make certain investments;
- create or permit to exist certain liens;
- transfer, lease or sell certain assets;
- enter into arrangements that impose restrictions on the ability of INEOS Quattro Financing Limited and its Restricted Subsidiaries (as defined in the Existing Indenture) to pay dividends or make other payments to INEOS Quattro Financing Limited;
- engage in certain transactions with affiliates;
- consolidate, merge or transfer all or substantially all of our assets and the assets of our subsidiaries on a consolidated basis;
- impair the security interests for the benefit of the holders of the Existing Senior Secured Notes; and
- amend certain documents.

These covenants are subject to a number of important limitations and exceptions.

Events of Default

The Existing Indenture contains customary events of default, including, among others, the non-payment of principal, interest or certain additional amounts on the Existing Senior Secured Notes, certain failures to perform or observe any other obligation under the Existing Indenture or security documents, the failure to pay certain indebtedness or judgments and the bankruptcy or insolvency of ISGG, the Company or any Significant Restricted Subsidiary (as defined in the Existing Indenture). The occurrence of any of the events of default would permit or require the acceleration of all obligations outstanding under the Existing Senior Secured Notes.

The Styrolution Securitization Program

In 2011, INEOS Styrolution Group GmbH and certain of its subsidiaries (the "**Sellers**") entered into a three-year €500.0 million trade receivables securitization (as amended, supplemented, varied, novated, extended or replaced from time to time) (the "**Styrolution Securitization Program**"). The margins on amounts drawn and the commitment fee on amounts undrawn under the Styrolution Securitization Program have been amended from time to time, most recently on July 12, 2018. The Styrolution Securitization Program was updated to include a second banking partner pursuant to a joinder agreement dated as of July 12, 2018. At the same time, the overall facility amount was reduced from €500.0 million to €450.0 million pursuant to the master deed of amendment dated July 12, 2018. The facility agent's exposure was reduced from €500.0 million to €400.0 million, while the new facility lender acceded to the Styrolution Securitization Program with a commitment of €50.0 million. The scheduled termination date for the facility was extended to July 10, 2021. The Styrolution Securitization Program complies with the terms for a Permitted Receivables Securitization as defined in the Indentures.

Under the Styrolution Securitization Program, all trade receivables originated by the Sellers (other than those receivables that are specifically identified as "excluded receivables") are sold to a bankruptcy remote special purpose vehicle incorporated under the laws of the Republic of Ireland, Styrolution Receivables Finance Limited (the "**SPV**"). The SPV finances these purchases from borrowings, primarily funded through an asset-backed commercial paper ("**ABCP**") conduit. The cost of funding for the ABCP conduit reflects the rating of the pooled financial assets in which they invest, thus allowing the Styrolution Securitization Program to benefit from financing costs that are not linked to our corporate rating.

The Styrolution Securitization Program is restricted to receivables denominated in specified currencies that are sold to the SPV at face value less a discount reflecting the funding cost until settlement. The SPV acquires title, on a non-recourse basis, to new receivables as they arise and settles its purchases with the Sellers on a daily basis. Cash received from customers is paid into segregated bank accounts in the name of the SPV or held on trust for the SPV. Responsibility for the administration of the receivables, including adherence to established credit and collection policies lies with INEOS Styrolution Group GmbH as master servicer acting on behalf of the SPV, which delegates its servicing obligations to the Sellers.

The lenders' advance rate is adjusted each day to reflect the actual performance of the receivables portfolio according to standard Rating Agency methodology for calculating loss and dilution reserves and other potential shortfalls. The balance of the SPV's funding requirements to purchase receivables is provided by INEOS Styrolution Group GmbH through a subordinated loan facility.

INEOS Styrolution Group GmbH and certain of its subsidiaries grant security over collection accounts under the Styrolution Securitization Program, and the Styrolution Securitization Program contains customary terms and conditions applicable to trade receivable securitization facilities. The Styrolution Securitization Program does not contain any financial maintenance covenants.

The INOVYN Securitization Program

In November 2008, INOVYN Group Treasury Limited (formerly INEOS Norway SPV Limited) (the "**Master Servicer**") and certain of the other Kerling subsidiary companies in their capacity as sellers of receivables entered into a two-year €90.0 million trade receivables securitization (as amended, supplemented, varied, novated, extended or replaced from time to time, the "**INOVYN Securitization Program**").

The margins on amounts drawn and the commitment fee on amounts undrawn under the INOVYN Securitization Program have been amended from time to time, most recently on June 29, 2018. In addition, the INOVYN companies acting as sellers have been amended over time, such that as of December 31, 2019, only INOVYN ChlorVinyls Limited, INOVYN Group Treasury Limited, INOVYN Enterprises Limited, INOVYN Europe Limited (a UK-incorporated company with branches established throughout Europe) and INOVYN Deutschland GmbH were sellers (the "**INOVYN Sellers**"). The maximum amount available under the facility has also been changed from time to time, most recently to €240.0 million pursuant to an amendment deed dated June 29, 2018. The facility is subject to a borrowing limit that is adjusted periodically based on the amount of our eligible trade receivables at that time. The scheduled termination date for the facility has been extended from time to time, most recently to June 30, 2021. As of September 30, 2020, INOVYN had €31.2 million of gross indebtedness outstanding under the INOVYN Securitization Program. Such borrowings were repaid in October 2020.

Under the INOVYN Securitization Program, all trade receivables originated by the INOVYN Sellers (other than those receivables that are specifically identified as "excluded receivables") are sold, pursuant to certain receivables purchase agreements, to INEOS Norway Finance Ireland Limited, a bankruptcy remote special purpose vehicle incorporated under the laws of the Republic of Ireland (the "**INOVYN SPV**"). Receivables denominated in currencies other than U.S. dollars, euro or pounds sterling are excluded. The purchase price in respect of receivables sold is available to the Sellers for their working capital and other financing requirements. The receivables purchase agreements contain customary representations, warranties and covenants and will terminate in the event of, among other things, certain INOVYN Seller change of control events.

In order to finance these purchases, the INOVYN SPV has entered into a receivables loan agreement with Barclays Bank PLC, ING Belgium SA/NV and HSBC Bank PLC acting as lenders, liquidity providers and program agents. These borrowings are primarily funded through asset-backed commercial paper ("**ABCP**") conduits. The cost of funding for the ABCP conduits reflects the rating of the pooled financial assets in which they invest, thus allowing the INOVYN Securitization Program to benefit from financing costs that are not linked to our corporate rating. In the event the borrowings are not funded through ABCP, the facility will bear interest at a rate equal to EURIBOR, GBP LIBOR or USD LIBOR (in each case subject to a floor), depending on the currency of the borrowings, plus 1.1%. The borrowing limit under this financing is adjusted periodically to reflect the actual value and performance of the eligible receivables portfolio and to take into account deductions reflecting an assumed level of dilutions and, among other things, over-exposure, beyond agreed concentration limits, to certain customers or jurisdictions. The balance of the SPV's funding requirements is provided by INOVYN Group Treasury Limited through a subordinated loan facility.

Receivables are sold to the INOVYN SPV at face value, less a small discount to reflect the carry cost until settlement. The INOVYN SPV is consolidated as a quasi-subsidiary since INOVYN gains the benefits and bears the inherent risks relating to the net assets of the INOVYN SPV. The INOVYN SPV acquires title, on a limited recourse basis, to new receivables and settles its purchases with the INOVYN Sellers on a weekly basis. Collections are paid into designated collection accounts over which the INOVYN SPV lenders have certain security interests. The INOVYN Sellers delegate to the Master Servicer responsibility for the collection and management of receivables and separately indemnify the Master Servicer for this role.

Other Financing

Finance Lease

In 2013, the Styrolution Business entered into a finance lease for a building with BASF for a 33-year term. We recorded the asset and liability at €8.3 million at inception.

Working Capital, Letter of Credit and Bank Guarantee Facilities

We have several short-term credit facilities with different local banks to fund our working capital requirements up to a total aggregate amount of €435.3 million equivalent as of September 30, 2020, in China, India, Mexico, Singapore, South Korea, Thailand, and UK. As of September 30, 2020, on a pro forma basis after giving effect to the Transactions, the drawn amount under working capital facilities amounted to €16.8 million equivalent, and there was €415.3 million equivalent available under such facilities (after taking into account a reduction in the available amounts due to the use of certain bank acceptances in China of €3.2 million). See "*Operating and Financial Review and Prospects—Liquidity and Capital Resources—Financing Arrangements*."

We also have letter of credit facilities in China, India, Mexico, Singapore, South Korea, Thailand, and UK. As of September 30, 2020, the drawn amount under all letter of credit facilities was €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 FX 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. We also use certain bank acceptances in China (€5.9 million as of September 30, 2020).

Following the Acquisitions Closing Date, we now also have bank guarantees available under a €10.0 million cash-backed bank guarantee facility and a €30.0 million cash-backed bank guarantee facility, and the amount provided under these cash-backed bank guarantee facilities was €7.2 million as of September 30, 2020.

Intercreditor Agreement

The Intercreditor Agreement, which was entered into among, *inter alios*, the Parent, the Company, INEOS Styrolution Group GmbH, the other Guarantors, Barclays Bank PLC, as administrative agent under the Existing Term Loan B Facilities Agreement (the "**Administrative Agent**") and Security Agent, was amended and restated on January 31, 2020. Under the Intercreditor Agreement, the Senior Secured Notes will be Pari Passu Debt (as described below), and the Senior Secured Notes Trustee will accede thereto as a Pari Passu Debt Representative. Also under the Intercreditor Agreement, the Senior Notes will be Second Lien Debt (as described below), and the Senior Notes Trustee will accede thereto as a Second Lien Debt Representative. The Intercreditor Agreement will govern the relationships and relative priorities among: (a) the lenders under the Existing Term Loan B Facilities Agreement; (b) any persons that accede to the Intercreditor Agreement as counterparties to certain hedging agreements (collectively, the "**Hedge Agreements**" and any persons that accede to the Intercreditor Agreement as counterparties to the Hedge Agreements are referred to in such capacity as the "**Hedge Counterparties**"); (c) (i) the Senior Secured Notes Trustee, on its behalf and on behalf of the holders of the Senior Secured Notes and (ii) any other representative (together with the Senior Secured Notes Trustee, the trustee under the Existing Indenture and the agent under the Term Loan and Revolving Credit Facility Agreement, each a "**Pari Passu Debt Representative**") on its behalf and on behalf of the holders of debt ranking *pari passu* with the Senior Secured Notes and the Existing Term Loan B Facilities Agreement and benefiting from liens on the Collateral (including the Existing Senior Secured Notes, the Term Loan A Facilities, the New Term Loan B Facilities and the Revolving Credit Facility) (the "**Transaction Security**" and the agreements such Transaction Security is documented under, the "**Transaction Security Documents**") ranking *pari passu* with the liens on the Collateral securing the Senior Secured Notes and the Existing Term Loan B Facilities (together with the Senior Secured Notes, the Existing Notes, the Term Loan A Facilities, the Revolving Credit Facility and the New Term Loan B Facilities, the "**Pari Passu Debt**", the creditors of such debt being "**Pari Passu Creditors**" and the obligations thereunder the "**Pari Passu Debt Obligations**"); (d) any creditors of debt secured by liens on the Collateral ranking junior in payment priority to the Senior Secured Notes, including the Senior Notes (the "**Second Lien Debt**" and the creditors of such debt being "**Second Lien Debt Creditors**"); (e) any persons that accede to the Intercreditor Agreement as counterparties to certain cash management agreements (collectively, the "**Cash Management Agreements**" and any persons that accede to the Intercreditor Agreement as counterparties to the Cash Management Agreements are referred to in such capacity as the "**Cash Management Providers**"); (f) the Security Agent; (g) the Representatives (as defined below under "— *Amendments*"); (h) intra-group creditors and debtors; and (i) certain subordinated creditors.

The Parent, the Company, the restricted subsidiaries of the Company (together with the Company, the "**Group**" (for purposes of the Intercreditor Agreement description)), any holding company of the Company that is a subsidiary of the Parent and any issuer/borrower of Second Lien Debt that is a holding company of the Company that is not a member of the Group or is a finance subsidiary of such holding company (including the Senior Notes Issuer) that incur any liability or provide any guarantee under the Existing Term Loan B Facilities Agreement, any Pari Passu Debt documents (including the Senior Secured Notes Indenture) or any Second Lien Debt documents (including the Senior Notes Indenture) are each referred to in this description as a "**Debtor**" and are referred to collectively as the "**Debtors**".

The Intercreditor Agreement sets out, among other things:

(a) the relative ranking of certain indebtedness of the Debtors;

(b) when payments can be made in respect of certain indebtedness of the Debtors;

(c) when enforcement actions can be taken in respect of that indebtedness;

(d) the terms pursuant to which that indebtedness will be subordinated upon the occurrence of certain insolvency events;

(e) turnover provisions; and

(f) when security and guarantees will be released, including to permit a sale of any Collateral or any merger, consolidation, amalgamation, reorganization or combination of the foregoing which relates to (by disposal or otherwise) any asset which is subject to the Transaction Security which are permitted or not prohibited under the Indentures.

The obligations under the Intercreditor Agreement are subject to the relevant jurisdiction's guarantee limitations and other local law considerations. The Intercreditor Agreement, the Existing Term Loan B Facilities Agreement, the other Pari Passu Debt documents (including the Senior Secured Notes Indenture, the Term Loan and Revolving Credit

Facility Agreement and the Existing Indenture), the Hedge Agreements, the Cash Management Agreements, the Second Lien Debt documents (including the Senior Notes Indenture), the Transaction Security Documents, any document granting a security interest in favor of the Secured Parties, any agreement in respect of certain intra-group obligations and subordinated obligations are collectively referred to herein as the "**Debt Documents**". The Obligations (defined below) of the Debtors to the lenders under the Existing Term Loan B Facilities Agreement and the other finance documents designated thereunder, including the Intercreditor Agreement and the Transaction Security Documents (the "**Senior Secured Facilities Obligations**"), together with the Hedging Obligations, the Cash Management Obligations, the Obligations of the Debtors under the Pari Passu Debt Obligations (including the Senior Secured Notes, the Term Loan A Facilities, the Revolving Credit Facility, the New Term Loan B Facilities and the Existing Senior Secured Notes) (the "**Pari Passu Debt Obligations**"), the Agent Obligations, the Security Agent Obligations except in respect of parallel debt in respect of Second Lien Debt and the Second Lien Debt Representative Amounts, but in each case excluding certain swap obligations are the "**Senior Secured Obligations**". The obligations of the Debtors under the Hedge Agreements (the "**Hedging Obligations**"), the obligations of the Debtors under the Cash Management Agreements (the "**Cash Management Obligations**"), the obligations under the Second Lien Debt Documents (including the Senior Notes) and certain proceeds loans (the "**Second Lien Debt Obligations**"), the obligations of the Debtors to the Representatives (as defined below) (the "**Representative Obligations**"), including the obligations of the Debtors to the creditor representative(s) of Pari Passu Debt (including, in respect of the Senior Secured Notes, the Senior Secured Notes Trustee) (the "**Pari Passu Debt Representative Amounts**"), the obligations of the Debtors to each creditor representative of the Second Lien Debt (including, in respect of the Senior Notes, the Senior Notes Trustee) (the "**Second Lien Debt Representative Amounts**"), the obligations of the Debtors to the Security Agent (the "**Security Agent Obligations**"), the fees, costs and expenses of the Debtors to the Administrative Agent and arrangers and any other agent parties under the Senior Secured Facilities documents (the "**Agent Obligations**") are, together with Senior Secured Facilities Obligations and the Pari Passu Debt Obligations (including the Senior Secured Notes), collectively referred to as the "**Secured Obligations**".

Ranking and Priority

The Intercreditor Agreement provides, subject to the provisions in respect of the ranking of Transaction Security described below, that the obligations of the Debtors (other than the Parent, any holding company of the Company that is a subsidiary of the Parent (a "**Parent Intermediate Holdco**") or any issuer/borrower of Second Lien Debt (including the Senior Notes Issuer)) under the Debt Documents will rank in right and priority of payment in the following order and are postponed and subordinated to any prior ranking obligations:

i. first, the Security Agent Obligations (other than with respect to parallel debt), the Agent Obligations, the Pari Passu Debt Representative Amounts and the Second Lien Debt Representative Amounts *pari passu* and without any preference between them; and

ii. second, the Senior Secured Obligations (to the extent not included in clause (i) above) *pari passu* and without any preference between them; and

iii. third, the Second Lien Debt Obligations (to the extent not included in clause (i) above) *pari passu* and without any preference between them.

The obligations of the Parent, any Parent Intermediate Holdco and any issuer/borrower of Second Lien Debt (including the Senior Notes Issuer) will rank in right and priority of payment in the following order and are postponed and subordinated to any prior ranking obligations:

i. first, the Security Agent Obligations (other than with respect to parallel debt), the Agent Obligations, the Pari Passu Debt Representative Amounts and the Second Lien Debt Representative Amounts *pari passu* and without any preference between them; and

ii. second, the Senior Secured Obligations and the Second Lien Debt Obligations (in each case, to the extent not included in clause (i) above) *pari passu* and without any preference between them.

The Transaction Security will rank and secure (only to the extent that the Transaction Security is expressed to secure those Obligations) the following Obligations, and, in the case of the Hedging Obligations, Cash Management Obligations, Senior Secured Facilities Obligations, Pari Passu Debt Obligations and Second Lien Debt Obligations, without prejudice to the sections described herein under "*—Loss Sharing*", in the following order:

(a) first, the Security Agent Obligations (other than with respect to parallel debt), the Agent Obligations, the Pari Passu Debt Representative Amounts and the Second Lien Debt Representative Amounts pari passu and without any preference between them;

(b) second, the Senior Secured Obligations (in each case, to the extent not included in clause (a) above) pari passu and without any preference between them; and

(c) third, the Second Lien Debt Obligations (in each case, to the extent not included in clause (a) above and excluding obligations of the Company in respect of any Second Lien Debt proceeds loan) pari passu and without any preference between them,

in each case irrespective of (i) the order of execution, creation, registration, notice, enforcement or otherwise, (ii) the date on which any such Obligation arose, and (iii) any fluctuation in the amount, or any intermediate discharge in whole or in part, of any such Obligation.

Limitations of Enforcement

For the purpose of this paragraph:

"**Enforcement Action**" means (a) in relation to any Obligations (i) the acceleration of any Obligations or the making of any declaration that any Obligations are prematurely due and payable (other than as a result of it becoming unlawful for a creditor under the Secured Obligations (each a "**Primary Creditor**") to perform its obligations under, or of any voluntary or mandatory prepayment or redemption arising under, the Debt Documents), (ii) the making of any declaration that any Obligations are payable on demand (except in respect of any intra-Group Obligations, other than when a Distress Event (as defined below under "*—Proceeds of Disposals*") has occurred and is continuing), (iii) the making of a demand in relation to an Obligation that is payable on demand (except in respect of any intra-Group Obligations, other than when a Distress Event has occurred and is continuing), (iv) the making of any demand against any Debtor in relation to any guarantee Obligations of that Debtor (except in respect of any intra-Group Obligations, other than when a Distress Event has occurred and is continuing), (v) the exercise of any right to require any member of the Group to acquire any Obligation (including exercising any put or call option against any member of the Group for the redemption or purchase of any Obligation) (it being understood that open market purchases or debt buybacks or voluntary tender or exchange offers or redemptions or prepayments or similar or equivalent arrangements by any Debtor or any member of the Group with respect to any Senior Secured Obligations or Second Lien Debt Obligations permitted under the Debt Documents shall not constitute the exercise of a right to require any Debtor or any member of the Group to acquire any Obligation) and other than in connection with any mandatory offer arising on or as a result of a change of control or asset sale (however described) as set out in the documents governing the Senior Secured Obligations (the "**Senior Secured documents**") or the Second Lien Debt documents or mandatory prepayments (or any other similar or equivalent provision of any of the Debt Documents) by any Debtor or member of the Group, (vi) the exercise of any right of set-off, account combination or payment netting against any member of the Group in respect of any Obligations other than the exercise of any such right (A) by way of netting by a Hedge Counterparty, (B) which is otherwise permitted under the Existing Term Loan B Facilities Agreement, any Pari Passu Debt documents (including the Senior Secured Notes Indenture), or any Second Lien Debt documents (including the Senior Notes Indenture) to the extent that the exercise of that right gives effect to a payment permitted pursuant to the Intercreditor Agreement to be made in respect of the Obligations, or (C) in respect of any intra-Group Obligations prior to the occurrence of a Distress Event, and (vii) the suing for, commencing or joining of any legal or arbitration proceedings against any member of the Group to recover any Obligations; (b) the premature termination or close-out of any hedging transaction under any Hedge Agreement or any cash management arrangement under any Cash Management Agreement save to the extent permitted under the Intercreditor Agreement; (c) the taking of any steps to enforce or require the enforcement of any Transaction Security (including the crystallization of any floating charge forming part of the Transaction Security); (d) the entering into of any composition, compromise, assignment or arrangement with any Debtor or member of the Group which owes any Obligations, or has given any lien, guarantee or indemnity or other assurance against loss in respect of the Obligations other than ((A) any action permitted under the provisions of the Intercreditor Agreement relating to changes to the parties thereto, (B) any consensual amendments to and/or waivers of the Debt Documents agreed between any Debtor or any member of the Group and the relevant creditors where that amendment or waiver does not constitute a Default under the Existing Term Loan B Facilities Agreement, any Pari Passu Debt document (including the Senior Secured Notes Indenture) or any Second Lien Debt document (including the Senior Notes Indenture) which is not the subject of that amendment or waiver or (C) any such action constituting an acquisition of intra-Group Obligations which are permitted under the Intercreditor Agreement); or (e) the petitioning, applying or voting for, or the taking of any formal steps (including the appointment of any liquidator, receiver, administrator or similar officer) in relation to, the winding up, suspension of payments, a moratorium of any indebtedness, dissolution, administration or involuntary reorganization of the Parent, any Parent Intermediate Holdco, any member of the Group or any issuer/borrower of Second Lien Debt

(including the Senior Notes Issuer) which owes any Obligations, or has given any lien, guarantee, indemnity or other assurance against loss in respect of any of the Obligations, or any of the Parent's, such Parent Intermediate Holdco's, such member of the Group's or issuer/borrower's of Second Lien Debt assets or any suspension of payments or moratorium of any indebtedness of the Parent, such Parent Intermediate Holdco, such member of the Group or such issuer/borrower of Second Lien Debt or any analogous procedure in any jurisdiction); except that the following shall not constitute Enforcement Action, (i) the taking of any action falling within (a) (ii), (iii), (iv) and (vii) or (e) above prior to any proceedings under the German Insolvency Code (*Insolvenzordnung*) which is necessary (but only to the extent necessary) to preserve the validity, existence or priority of claims in respect of Obligations, including the registration of such claims before any court or governmental authority and the bringing, supporting or joining of proceedings to prevent any loss of the right to bring, support or join proceedings by reason of applicable limitation periods, (ii) any Primary Creditor bringing legal proceedings against any person solely for the purpose of (A) obtaining injunctive relief (or any analogous remedy) to restrain any actual or putative breach of any Debt Document to which it is party, (B) obtaining specific performance (other than specific performance of an obligation to make a payment) with no claim for damages; or (C) requesting judicial interpretation of any provision of any Debt Document to which it is party with no claim for damages, (iii) any intra-Group Obligations or certain Obligations owed to direct and indirect shareholders of the Company ("**Subordinated Obligations**") of a member of the Group being released or discharged in consideration for the issue of shares in that person prior to an acceleration event in respect of the Secured Obligations or (iv) to the extent entitled by law, the taking of any action against any creditor (or any agent, trustee or receiver acting on behalf of that creditor) to challenge the basis on which any sale or disposal is to take place pursuant to the powers granted to those persons under any relevant documentation; or (D) bringing legal proceedings against any person in connection with any fraud, securities violation or securities or listing regulations; or (E) allegations of material misstatements or omissions made in connection with the offering materials relating to any Pari Passu Debt or Second Lien Debt in the form of notes (including the Notes) or in reports furnished to the creditors in respect thereof (including the holders of the Notes) or any exchange on which the such notes (including the Notes) are listed by a member of the Group, the Parent, an issuer/borrower of Second Lien Debt or certain direct and indirect shareholders of the Parent pursuant to the information and reporting requirements under the relevant Pari Passu Debt documents or Second Lien Debt documents.

"**Obligations**" means all present and future liabilities and obligations at any time of any Debtor to any creditor under the Debt Documents, both actual and contingent and whether incurred solely or jointly or in any other capacity, together with certain matters relating to or arising in respect of those liabilities and obligations, including in respect of refinancing, novation, deferral or extension, claim for breach of representation, warranty or undertaking or on an event of default or under any indemnity given under or in connection with any document or agreement evidencing or constituting any other liability or obligation falling within this definition, (c) any claim for damages or restitution, any claim as a result of any recovery by any Debtor of a payment on the grounds of preference or otherwise and any amounts which would be included in any of the above but for any discharge, non-provability, unenforceability or non-allowance of those amounts in any insolvency proceeding or other proceedings.

Senior Secured Facilities Documents and Pari Passu Debt Documents

The Intercreditor Agreement allows the relevant Senior Secured Lenders and the Pari Passu Creditors and the Debtors to amend or waive the terms of the Senior Secured Facilities Documents and the Pari Passu Debt Documents in accordance with their terms (and subject to any consent required under them) at any time, provided that the terms thereof may not be amended or waived if such amendment or waiver would conflict with the provisions the Intercreditor Agreement.

Security and Guarantees—Senior Secured Lenders and Pari Passu Creditors

The Intercreditor Agreement provides that the Second Secured Lenders and the Pari Passu Creditors may take, accept or receive the benefit of (a) any lien from any member of the Group in respect of the Senior Secured Facilities Obligations or the Pari Passu Debt Obligations in addition to the Transaction Security granted under the Transaction Security Documents if and to the extent legally possible (and subject to and in accordance with the Security Principles) at the same time it is also offered (in the case of the Second Lien Debt Obligations, only to the extent required in the relevant Second Lien Debt documents) either: (i) to the Security Agent as trustee and/or security agent for the other Secured Parties in respect of the Obligations owed to them and/or as creditor under a parallel debt or equivalent structure corresponding to such Obligations; or (ii) in the case of any jurisdiction in which effective liens cannot be granted in favor of the Security Agent as trustee and/or security agent for the Secured Parties, (A) to the other Secured Parties in respect of the Obligations owed to them or (B) to the Security Agent under a parallel debt structure corresponding to the Obligations owed to all the Secured Parties and, in each case of clause (i) and (ii), ranks in the same order of priority as described in the section "*—Ranking and Priority*"; and (b) any guarantee, indemnity or other assurance against loss from any member of the Group in respect of the Senior Secured Facilities Obligations or the Pari Passu Debt Obligations (as applicable) in addition to those in (i) the Intercreditor Agreement, (ii) any Common Guarantee, or (iii) the Existing Term

Loan B Facilities Agreement, if and to the extent legally possible (and subject to and in accordance with the Security Principles) at the same time it is also offered (in the case of the Second Lien Debt Obligations, only to the extent required in the relevant Second Lien Debt Documents) to the other Secured Parties in respect of the Obligations owed to them and ranks in the same order of priority as described in the section "*—Ranking and Priority*".

Limitations on Enforcement—Senior Secured Lenders and Pari Passu Creditors

The Intercreditor Agreement provides that a lender under the Existing Term Loan B Facilities Agreement (a "**Senior Secured Lender**") or Pari Passu Creditor (including a holder of the Senior Secured Notes) may not take any Enforcement Action under clause (c) or (to the extent such action is directly related to the enforcement of Transaction Security) under clause (e) of the definition thereof without the prior written consent of the Majority Senior Secured Creditors (defined below under "*—Amendments*"). However, after the occurrence of an insolvency event in relation to a Debtor, each Senior Secured Lender and Pari Passu Creditor may, to the extent it is able to do so under the relevant Senior Secured documents, take Enforcement Action under paragraph (e) of the definition thereof and/or claim in the winding up, dissolution, administration, reorganization or similar insolvency event of that Debtor for Senior Secured Obligations owing to it (but, for the avoidance of doubt, may not direct the Security Agent to enforce the Transaction Security in any manner without the prior consent of the Majority Senior Secured Creditors).

Intercreditor Matters between Senior Secured Lenders and Pari Passu Creditors

The Intercreditor Agreement does not restrict the entry into other intercreditor and/or subordination agreements (including agreements establishing additional first and second lien tranches) by and among any Senior Secured Lenders and Pari Passu Creditors (including holders of the Senior Secured Notes) to the extent the terms of such agreement address (i) matters relating to the payment priority as between such parties (or their representatives), (ii) the ability to exercise any rights granted under the Intercreditor Agreement to such creditors, (iii) other matters customary for intercreditor agreements of such type and/or (iv) any other matters related thereto; provided, that such agreement shall not conflict with the terms of the Intercreditor Agreement.

Second Lien Debt Creditors and Second Lien Debt Documents

The Intercreditor Agreement allows the relevant Second Lien Debt Creditors (including holders of the Senior Notes) and the Debtors to amend or waive the terms of the Second Lien Debt documents (other than the Intercreditor Agreement and any Shared Security document) in accordance with their terms (and, any relevant consent required in any of them, as applicable) at any time, provided that the terms thereof may not be amended or waived if such amendment or waiver would conflict with the provisions the Intercreditor Agreement, the terms of the Senior Secured Facilities documents (unless approved in writing by the Administrative Agent) or the Pari Passu Debt documents (including the Senior Secured Notes Indenture) (unless approved in writing by the relevant Pari Passu Debt Representative(s) (in the case of the Senior Secured Notes Indenture, the Senior Secured Notes Trustee)).

Security and Guarantees—Second Lien Debt Creditors

The Intercreditor Agreement provides that except with the prior consent of the Majority Senior Secured Creditors, the Second Lien Debt Creditors may only take, accept or receive the benefit of (a) any lien from any member of the Group in respect of the Second Lien Debt Obligations in addition to the Transaction Security if and to the extent legally possible, at the same time it is also offered either: (i) to the Security Agent as agent for the Senior Secured Creditors and the other Second Lien Debt Creditors; or (ii) in the case of any jurisdiction in which an effective lien cannot be granted in favor of the Security Agent as agent for the Secured Parties (defined below): (A) to the Senior Secured Creditors and the other Second Lien Debt Creditors in respect of the Obligations owed to them; (B) to the Security Agent as agent for the Senior Secured Creditors and the other Second Lien Debt Creditors in respect of the Obligations owed to them; and/or (C) to the Security Agent under a parallel debt or equivalent structure corresponding to the relevant Obligations owed to the Senior Secured Creditors and the other Second Lien Debt Creditors, and ranks in the same order of priority as described in the section "*—Ranking and Priority*"; and (b) any guarantee, indemnity or other assurance against loss from any member of the Group in respect of the Second Lien Debt Obligations in addition to those in: (i) the original form of any Second Lien Debt document; or (ii) the Intercreditor Agreement, if and to the extent legally possible and subject to any Security Principles, at the same time it is also offered to the Senior Secured Creditors and the other Second Lien Debt Creditors in respect of the Obligations owed to them and ranks in the same order of priority as described in the section "*—Ranking and Priority*".

The Intercreditor Agreement does not purport to restrict any Second Lien Debt Creditor from taking, accepting or receiving the benefit of any lien, guarantee, indemnity or other assurance against loss from any person which is not a

member of the Group in respect of the Second Lien Debt Obligations or any liabilities of any issuer/borrower of Second Lien Debt or any person which is not a member of the Group arising under or in connection with any Second Lien Debt documents.

Restriction on Payment and Dealings: Second Lien Debt Obligations

Under the Intercreditor Agreement, until the discharge date for Senior Secured Obligations (the "**Senior Secured Discharge Date**") except with the prior consent of (a) the Administrative Agent (to the extent otherwise prohibited under the Existing Term Loan B Facilities Agreement and the relevant Pari Passu Debt Representative(s) (including the Senior Secured Notes Trustee) (to the extent not prohibited under the relevant Pari Passu Debt documents (including the Senior Secured Notes Indenture)), the Company will ensure that no member of the Group will:

(a) pay, repay, prepay, redeem, acquire or defease any principal, interest or other amount on or in respect of, or make any distribution in respect of, any Second Lien Debt Obligations in cash or in kind or apply any such money or property in or towards discharge of any Second Lien Debt Obligations except as permitted by the sections of the Intercreditor Agreement described herein under "*—Permitted Second Lien Debt Payments*", "*—Permitted Second Lien Debt Enforcement*", "*—Refinancing of Senior Secured Obligations and Second Lien Debt Obligations*" or "*—Filing of Claims*"); or

(b) exercise any set-off against any Second Lien Debt Obligations except as permitted by the sections of the Intercreditor Agreement described herein under "*—Permitted Second Lien Debt Payments*", "*—Permitted Second Lien Debt Enforcement*" or "*—Filing of Claims*").

Permitted Second Lien Debt Payments

The Intercreditor Agreement provides that the Debtors may:

(a) prior to the Senior Secured Discharge Date, make payments to the Second Lien Debt Creditors in respect of the Second Lien Debt Obligations (including the Senior Notes) then due in accordance with the Second Lien Debt documents (i) if: (A) the payment is of: (I) any of the principal amount (including capitalized interest, if any) of the Second Lien Debt Obligations which is permitted to be paid by the Existing Term Loan B Facilities Agreement (if the Senior Secured Facilities Discharge Date has not occurred) and the Pari Passu Debt documents (including the Senior Secured Notes Indenture) (if the Pari Passu Debt Discharge Date has not occurred); or (II) any other amount which is not an amount of principal or capitalized interest which is permitted to be made by the Senior Secured Facilities documents and the Pari Passu Debt documents (including the Senior Secured Notes Indenture); (B) no Second Lien Debt Payment Stop Notice (defined below under "*—Issue of Second Lien Debt Payment Stop Notice*") is outstanding; and (C) no payment default (subject to a €1 million *de minimis* exception) in respect of Senior Secured Obligations has occurred and is continuing; (ii) if the Administrative Agent and the Pari Passu Debt Representative(s) (including the Senior Secured Notes Trustee), as applicable, give prior consent to that payment being made to the extent the relevant Debt Documents prohibit such payment from being made; (iii) if the payment is of a Second Lien Debt Representative Amount; (iv) if the payment is of costs, commissions, tax (including amounts payable by way of gross-up for tax), consent fees, premiums, original issue discount and upfront fees, premiums and expenses incurred in respect of (or reasonably incidental to) the Second Lien Debt documents (including in relation to any reporting or listing requirements under the Second Lien Debt documents); (v) if the payment is of costs, commissions, tax (including amounts payable by way of gross-up for tax), consent fees, original issue discount and upfront fees, premiums and any expenses incurred in respect of (or reasonably incidental to) any refinancing of any Second Lien Debt in compliance with the sections of the Intercreditor Agreement described herein under "*—Refinancing of Senior Secured Obligations and Second Lien Debt Obligations*"; (vi) if the payment is by the Parent, any Parent Intermediate Holdco or issuer/borrower of Second Lien Debt (including the Senior Notes Issuer) any of its obligations under the Second Lien Debt documents (including the Senior Notes) and such payment is not financed by a payment to the Parent, any Parent Intermediate Holdco or issuer/borrower of Second Lien Debt (including the Senior Notes Issuer) from a member of the Group that was prohibited by the Senior Secured Facilities documents or the Pari Passu Debt documents (including the Senior Secured Notes Indenture) pursuant to which any Senior Secured Obligations are outstanding; (vii) if the payment is of any other amount not exceeding €1 million in aggregate in any twelve-month period; or (viii) if the payment is of the principal amount (including capitalized interest, if any) of the Second Lien Debt Obligations on or after the final maturity date of the relevant Second Lien Debt Obligations (provided that such maturity date is (x) after the final maturity date of the Senior

Secured Facilities and (y) complies with any restrictions on the maturity date of the relevant Second Lien Debt Obligations set forth in the Existing Term Loan B Facilities Agreement or any other Senior Secured Document); and

(b) on or after the Senior Secured Discharge Date, make payments to or with respect to the Second Lien Debt Creditors in respect of the Second Lien Debt Obligations in accordance with the Second Lien Debt documents.

Issue of Second Lien Debt Payment Stop Notice

(a) Under the Intercreditor Agreement, until the Senior Secured Discharge Date, except with the prior consent of (i) the Administrative Agent (to the extent either (A) not permitted or prohibited under any Senior Secured Facilities document or (B) after the commencement of any Enforcement Action permitted by the terms of the Intercreditor Agreement) and (ii) the relevant Pari Passu Debt Representative(s) (including the Senior Secured Notes Trustee) (to the extent either (A) not permitted or prohibited under the relevant Pari Passu Debt documents (including the Senior Secured Notes Indenture) or (B) after the commencement of any Enforcement Action permitted by the terms of the Intercreditor Agreement), and subject to the sections of the Intercreditor Agreement described herein under "*—Effect of Insolvency Event*", the Company will procure that no member of the Group will make, and no Second Lien Debt creditor (including holders of the Senior Notes) may receive from any member of the Group, any payment in respect of Second Lien Debt (other than those in clauses (a)(ii) and/or (a)(iii) under*—Permitted Second Lien Debt Payments*) if:

(1) a payment default in respect of the Senior Secured Obligations has occurred and is continuing; or

(2) an event of default in respect of the Senior Secured Obligations (a "**Senior Secured Event of Default**") (other than a payment default) has occurred and is continuing, from the date on which the Administrative Agent or any Pari Passu Debt Representative (including the Senior Secured Notes Trustee) (as the case may be) (the "**Relevant Representative**") delivers a notice (a "**Second Lien Debt Payment Stop Notice**") specifying the event or circumstance in relation to that Senior Secured Event of Default to the Company, the Security Agent and the Second Lien Debt Representative(s) until the earliest of:

(a) the date falling 179 days after delivery of that Second Lien Debt Payment Stop Notice;

(b) in relation to payments of Second Lien Debt Obligations, if a Second Lien Debt Standstill Period is in effect at any time after delivery of that Second Lien Debt Payment Stop Notice, the date on which that Second Lien Debt Standstill Period expires;

(c) the date on which the relevant Senior Secured Event of Default is no longer continuing and, if the relevant obligations of Senior Secured Creditors have been accelerated, such acceleration has been rescinded, revoked or waived in accordance with the Senior Secured documents;

(d) the date on which the Relevant Representative delivers a notice to the Company, the Security Agent, each of the Senior Creditors and the Second Lien Debt Representative(s) (including the Senior Notes Trustee) cancelling the Second Lien Debt Payment Stop Notice it delivered;

(e) the Senior Secured Discharge Date; and

(f) the date on which any Second Lien Debt Creditor takes any Enforcement Action that it is permitted to take under the sections of the Intercreditor Agreement described herein under "*—Restrictions on Enforcement by Second Lien Debt Creditors*" and "*Permitted Second Lien Debt Enforcement*".

(b) Unless the relevant Second Lien Debt Representative waives this requirement: (i) a new Second Lien Debt Payment Stop Notice may not be delivered unless and until 360 days have elapsed since the delivery of the immediately prior Second Lien Debt Payment Stop Notice; and (ii) no Second Lien Debt Payment Stop Notice may be delivered in reliance on a Senior Secured Event of Default more than 45 days after the date on which the Administrative Agent and each Pari Passu Debt Representative (including the Senior Secured Notes Trustee) received notice of that Senior Secured Event of Default.

(c) The Administrative Agent and the Pari Passu Debt Representative(s) (including the Senior Secured Notes Trustee) may serve only one Second Lien Debt Payment Stop Notice with respect to the same event or set of circumstances. Subject to paragraph (b) above, this shall not affect the right of the Administrative Agent or the Pari Passu Debt Representative(s) (including the Senior Secured Notes Trustee) to issue a Second Lien Debt Payment Stop Notice in respect of any other event or set of circumstances.

(d) No Second Lien Debt Payment Stop Notice may be served by the Administrative Agent or the Pari Passu Debt Representative(s) (including the Senior Secured Notes Trustee) in respect of a Senior Secured Event of Default which had been notified to the Administrative Agent or the Pari Passu Debt Representative(s) (including the Senior Secured Notes Trustee), as relevant, at the time at which an earlier Second Lien Debt Payment Stop Notice was issued.

(e) These provisions of the Intercreditor Agreement (i) act as a suspension of payment and not as a waiver of the right to receive payment on the date such payments are due; (ii) will not prevent the accrual or capitalization of interest (including default interest) in accordance with any Second Lien Debt documents; (iii) will not prevent the payment of the amounts described in clause (a)(ii) and (a)(iii) in the section "*—Permitted Second Lien Debt Payments*"); (iv) will not prevent the payment of audit fees, directors' fees, taxes, securities and listing fees and other proper and incidental expenses required to maintain existence; and (v) will not prevent the Parent, any Parent Intermediate Holdco or any issuer/borrower of Second Lien Debt (including the Senior Notes Issuer) from making a payment from its own assets if such payment is of any of the Parent's, such Parent Intermediate Holdco's or such issuer/borrower's obligations under the Second Lien Debt documents (including the Senior Notes Indenture) and, for the avoidance of doubt, such payment is not financed by a payment to the Parent, such Parent Intermediate Holdco or such issuer/borrower of Second Lien Debt from a member of the Group which was prohibited by the Senior Secured Facilities documents or the Pari Passu Debt documents (including the Senior Secured Notes Indenture).

Effect of Second Lien Debt Payment Stop Notice or Senior Secured Payment Default

Under the Intercreditor Agreement, any failure to make a payment due under the Second Lien Debt documents as a result of the issue of a Second Lien Debt Payment Stop Notice or the occurrence of a Senior Secured Payment Default or by operation of the sections of the Intercreditor Agreement described herein under "*—Restriction on Payment and Dealings: Second Lien Debt Obligations*" and "*Issue of Second Lien Debt Payment Stop Notice*":

(a) will not prevent the occurrence of an event of default as a consequence of that failure to make a payment in relation to the relevant Second Lien Debt documents;

(b) will not prevent the issue of a Second Lien Debt Enforcement Notice (defined below) on behalf of the Second Lien Debt Creditors;

(c) will act as a suspension of payment and not as a waiver of the right to receive payment on the date such payments are due;

(d) will not release any Debtor from the liability to make any payment under any Second Lien Debt document and will not prevent the accrual or capitalization of interest (including default interest) in accordance with the relevant Second Lien Debt documents;

(e) will not prevent the payment of audit fees, directors' fees, due and payable taxes and other proper and incidental expenses required to maintain existence; and

(f) will not prevent the payment of Representative Obligations due and payable to the Second Lien Debt Representative(s).

Payment obligations and capitalization of interest continue

The Intercreditor Agreement provides that no Debtor shall be released from the liability to make any payment (including of default interest, which shall continue to accrue) under any Second Lien Debt document by operation of the sections of the Intercreditor Agreement described herein under "*—Restriction on Payment and Dealings: Second Lien Debt Obligations*", "*—Issue of Second Lien Debt Payment Stop Notice*" and "*Issue of Second Lien Debt Payment Stop Notice*" even if its obligation to make that payment is restricted at any time by the terms of any of such sections of the Intercreditor Agreement. The accrual and capitalization of interest (if any) in accordance with the Second Lien Debt documents (as the case may be) shall continue notwithstanding the issue of a Second Lien Debt Payment Stop Notice.

Restrictions on Enforcement by Second Lien Debt Creditors

The Intercreditor Agreement provides that, subject to enforcement permitted as described in the section "*—Permitted Second Lien Debt Enforcement*", until the Senior Secured Discharge Date, except with the prior consent of, or as required by, an Instructing Group (or, in respect of the Transaction Security securing the Senior Secured Obligations of the Parent, any Parent Intermediate Holdco and the Company and its Restricted Subsidiaries shared with the Second Lien Debt Creditors (the "**Shared Security**"), the Majority Second Lien Debt Creditors to the extent permitted pursuant to the section of the Intercreditor Agreement described hereunder under "*—Enforcement of Transaction Security—Enforcement Instructions*"), no Second Lien Debt Creditor shall be entitled to take, or direct the Security Agent to take, any Enforcement Action against any member of the Group in respect of any of the Second Lien Debt Obligations or against any member of the Group, any Parent Intermediate Holdco, the Parent or any issuer/borrower of Second Lien Debt in respect of any Transaction Security granted by any member of the Group or, in respect of any Shared Security only, the Parent, any Parent Intermediate Holdco or any issuer/borrower of Second Lien Debt or to give instructions to the Security Agent to enforce or to refrain or cease from enforcing the Transaction Security.

Permitted Second Lien Debt Enforcement

Subject to the section of the Intercreditor Agreement described hereunder under "*—Enforcement on Behalf of Second Lien Debt Creditors*", the restrictions in section of the Intercreditor Agreement described herein under "*—Restrictions on Enforcement by Second Lien Debt Creditors*" will not apply:

(a) if: (i) an event of default under the Second Lien Debt documents (the "**Relevant Second Lien Debt Default**") is continuing; (ii) the Security Agent has received a notice of the Relevant Second Lien Debt Default specifying the event or circumstance in relation to the Relevant Second Lien Debt Default from the relevant Second Lien Debt Representative; (iii) a Second Lien Debt Standstill Period has elapsed; and (iv) the Relevant Second Lien Debt Default is continuing at the end of the relevant Second Lien Debt Standstill Period;

(b) in the circumstance where the Senior Secured Creditors take any Enforcement Action in relation to a particular Debtor which owes any Second Lien Debt Obligations, provided that the Second Lien Debt Creditors may only take the same Enforcement Action in relation to such Debtor as the Enforcement Action taken by the Senior Secured Creditors against such Debtor and not against any other Debtor or any other member of the Group;

(c) in respect of Enforcement Action in relation to the Company, the Parent, any Parent Intermediate Holdco, any other holding company of the Company or any member of the Group which is a guarantor or provides an indemnity to the Second Lien Debt Creditors (or any of them) for the Second Lien Debt Obligations (or any of them) under any Second Lien Debt Document (a "**Second Lien Debt Guarantor**") that is the subject of an insolvency event (but not, for the avoidance of doubt, against any other Debtor or any other member of the Group); or

(d) if an event of default under the Second Lien Debt documents has occurred resulting from a failure to pay the principal amount of the Second Lien Debt Obligations at the final maturity date of the relevant Second Lien Debt.

Promptly upon becoming aware of an event of default under the Second Lien Debt documents, the relevant Second Lien Debt Representative may by notice (a "**Second Lien Debt Enforcement Notice**") in writing notify the Security Agent of the existence of such event of default under the Second Lien Debt Finance Documents.

Second Lien Debt Standstill Period

In relation to a Relevant Second Lien Debt Default, a "**Second Lien Debt Standstill Period**" shall mean the period beginning on the date (the "**Second Lien Debt Standstill Start Date**") the relevant Second Lien Debt Representative serves a Second Lien Debt Enforcement Notice on the Security Agent in respect of such Relevant Second Lien Debt Default and ending on the earliest to occur of: (a) the date falling 179 days after the Second Lien Debt Standstill Start Date; (b) the date the Senior Secured Creditors take any Enforcement Action in relation to a particular Debtor which owes any Second Lien Debt Obligations; provided that in the case of this clause (b), (i) if a Second Lien Debt Standstill Period ends pursuant to this clause (b), the Second Lien Debt Creditors may only take the same Enforcement Action in relation to such Debtor as the Enforcement Action taken by the Senior Secured Creditors against such Debtor which owes Second Lien Debt Obligations and not against any other member of the Group and (ii) Enforcement Action for the purpose of this clause (b) shall not include action taken to preserve or protect any liens as opposed to realize it, (c) the date the relevant Instructing Group consents to the termination of the Second Lien Debt Standstill Period and (d) the expiry of any other Second Lien Debt Standstill Period outstanding at the date such first mentioned Second Lien Debt Standstill Period commenced (unless that expiry occurs as a result of a cure, waiver or other permitted remedy).

Subsequent Second Lien Debt Defaults

The Intercreditor Agreement provides that the Second Lien Debt Creditors may take Enforcement Action (as described above in the section "*—Permitted Second Lien Debt Enforcement*") in relation to a Relevant Second Lien Debt Default even if, at the end of any relevant Second Lien Debt Standstill Period or at any later time, a further Second Lien Debt Standstill Period has begun as a result of any other event of default under the Second Lien Debt Finance Documents.

Enforcement on Behalf of Second Lien Debt Creditors

If the Security Agent has notified the Second Lien Debt Representative(s) that it is taking, or has been instructed by an Instructing Group to take, any Enforcement Action in relation to any Debtor or any part of the Transaction Security owned by a Debtor or its subsidiaries, the Intercreditor Agreement prohibits any Second Lien Debt Creditor from taking any action referred to in the section of the Intercreditor Agreement described herein under "*—Permitted Second Lien Debt Enforcement*" against any Debtor (but, in the case of the Parent, any Parent Intermediate Holdco or any issuer/borrower of Second Lien Debt (including the Senior Notes Issuer), only to the extent relating to any Shared Security) while the Security Agent (i) has requested instructions from the applicable Instructing Group in relation to the enforcement of those liens and the relevant instructions have not been given or (ii) is taking steps to enforce liens or taking Enforcement Action in relation to a Debtor (but in the case of the Parent, any Parent Intermediate Holdco or any issuer/borrower of Second Lien Debt (including the Senior Notes Issuer), only to the extent relating to any Shared Security), in each case, in accordance with the instructions of the Instructing Group (or, in respect of the Shared Security, the Majority Second Lien Debt Creditors to the extent permitted pursuant to the section of the Intercreditor Agreement described hereunder under "*—Enforcement of Transaction Security—Enforcement Instructions*") where such action, in the sole opinion of the Security Agent, might be reasonably likely to adversely affect such enforcement or Enforcement Action or the amount of proceeds to be derived therefrom.

The Intercreditor Agreement provides that if the Second Lien Debt Creditors are permitted to give instructions to the Security Agent to require the enforcement of the Transaction Security constituted pursuant to any Security Document, such enforcement of the Transaction Security must require the realization of the relevant Transaction Security by way of a sale or disposal conducted in compliance with the Distressed Disposal provisions of the Intercreditor Agreement (see the section "*—Distressed Disposals*").

"**Enforcement**" means the enforcement or disposal of the Transaction Security, the requesting of a Distressed Disposal and/or the release or disposal of claims and/or Transaction Security on a Distressed Disposal under the section of the Intercreditor Agreement described herein under "*—Distressed Disposals*", the giving of instructions as to actions in respect of any Transaction Security following an insolvency event and the taking of any other actions consequential on (or necessary to effect) any of the foregoing.

"**Instructing Group**" means either (a) in relation to any consent or instructions relating to Enforcement, (i) prior to the Senior Secured Discharge Date, the Majority Senior Secured Creditors (as defined below under "*—Amendments*"); or (ii) on or after the Senior Secured Discharge Date, but prior to the discharge date for Second Lien Debt (the "**Second Lien Debt Discharge Date**"), the Majority Second Lien Debt Creditors (as defined below under "*—Amendments*"); or (b) where any matter requires the consent of or instruction from (but excluding any consent or

instruction in relation to Enforcement as set out in clause (a) above) (i) prior to the Senior Secured Discharge Date, the Majority Senior Secured Creditors and (with respect to any Parent Pari Passu Recoveries) the Majority Second Lien Debt Creditors (as defined below under "*—Amendments*"); and (ii) on or after the Senior Secured Discharge Date, but prior to the Second Lien Debt Discharge Date, the Majority Second Lien Debt Creditors.

Incremental Obligations and Refinancings

Additional Senior Secured Obligations and Additional Second Lien Debt Obligations

The Intercreditor Agreement provides that to the extent permitted by, and subject to compliance with the requirements of, the Intercreditor Agreement and the other Debt Documents: (a) the Senior Secured Lenders may increase the Senior Secured Facilities and make further loans and/or advances under such Senior Secured Facilities to members of the Group and each such advance or increased amount will be deemed to be made under the terms of the Existing Term Loan B Facilities Agreement and rank as Senior Secured Facilities Obligations in the manner described in the section "*—Ranking and Priority*"; (b) a Debtor may incur Pari Passu Debt Obligations under a Pari Passu Debt document (including the Senior Secured Notes Indenture) which will rank as Pari Passu Debt Obligations in the manner described in the section "*—Ranking and Priority*"; and (c) a Debtor may incur Second Lien Debt Obligations under a Second Lien Debt document (including the Senior Notes Indenture) which will rank as Second Lien Debt Obligations in the manner described in the section "*—Ranking and Priority*" (such Obligations under clauses (a), (b) and (c) above, the "**Additional Secured Obligations**").

Refinancing of Senior Secured Obligations and Second Lien Debt Obligations

The Intercreditor Agreement provides that the Senior Secured Obligations and Second Lien Debt Obligations, with the consent of the Parent, may be refinanced or replaced in whole or in part and in each case on terms and in a manner that does not breach the terms of the Intercreditor Agreement, the Existing Term Loan B Facilities Agreement, any Pari Passu Debt Document (including Senior Secured Notes Indenture) or any Second Lien Debt Document (including the Senior Notes Indenture) without the consent of any other Creditors and: (a) any Obligations incurred by any Debtor or other member of the Group pursuant to such refinancing or replacement of any Senior Secured Facilities Obligations (the "**Senior Secured Lender Refinancing Obligations**"), Pari Passu Debt Obligations (the "**Pari Passu Debt Refinancing Obligations**"), or Second Lien Debt Obligations (the "**Second Lien Debt Refinancing Obligations**" and, together with the Senior Secured Lender Refinancing Obligations and the Pari Passu Debt Refinancing Obligations, the "**Secured Refinancing Obligations**") will, to the extent so designated by the Parent: (i) in the case of Senior Secured Lender Refinancing Obligations, rank as Senior Secured Facilities Obligations in the manner described in the section "*—Ranking and Priority*"; (ii) in the case of Pari Passu Debt Refinancing Obligations, rank as Pari Passu Debt Obligations in the manner described in the section "*—Ranking and Priority*"; and (iii) in the case of Second Lien Debt Refinancing Obligations, rank as Second Lien Debt Obligations in the manner described in the section "*—Ranking and Priority*"; (b) subject to the Security Principles and to the section of the Intercreditor Agreement described under "*—Retaking of Liens*", the applicable Security Documents will secure the Secured Refinancing Obligations and in respect of such Security Documents and any new security granted by the Parent, any Parent Intermediate Holdco, any issuer/borrower of Second Lien Debt (including the Senior Notes Issuer) or any member of the Group to secure such Secured Refinancing Obligations, such Secured Refinancing Obligations will: (i) in the case of Senior Secured Lender Refinancing Obligations, rank as Senior Secured Facilities Obligations in the manner described in the section "*—Ranking and Priority*"; and (ii) in the case of Pari Passu Debt Refinancing Obligations, rank as Pari Passu Debt Obligations in the manner described in the section "*—Ranking and Priority*"; and (iii) in the case of Second Lien Debt Refinancing Obligations, rank as Second Lien Debt Obligations in the manner described in the section "*—Ranking and Priority*"; and (c) the Intercreditor Agreement will be construed to permit the assumption of any Secured Refinancing Obligations and to give effect to the ranking set out in clauses (a) and (b) above, provided that: (i) any trustee or representative of the creditors of such Secured Refinancing Obligations (a "**Refinancing Representative**") becomes a party to the Intercreditor Agreement in accordance therewith as the applicable Creditor Representative; and (ii) each creditor in relation to such Secured Refinancing Obligations (that is not a Refinancing Representative) becomes a party to the Intercreditor Agreement in accordance therewith or is deemed to be a party to the Intercreditor Agreement pursuant to the terms of its relevant finance documents.

Retaking of Liens

The Intercreditor Agreement provides that if any Transaction Security over any asset under the applicable Security Document is required or requested by the Company to be amended, extended, renewed, restated, supplemented or otherwise modified, replaced or released to ensure that the Additional Secured Obligations or Secured Refinancing Obligations described herein can be secured with the ranking of such Obligations contemplated under the section of the Intercreditor Agreement described under "*—Retaking of Liens*" or "*—Refinancing of Senior Secured Obligations and*

Second Lien Debt Obligations", as the case may be, then the Security Agent is authorized to effect such amendment, extension, renewal, restatement, supplement, modification, replacement or release the applicable Security Documents (as applicable); provided that (i) substantially concurrently with such release of Transaction Security (as determined in good faith by the Company, it being agreed that in making such determination the Company may take into account the occurrence of any related transactions and that the re-taking need not occur on the same day as the release), new Transaction Security shall be provided in favor of the providers of such Additional Secured Obligations or Secured Refinancing Obligations and the existing Senior Secured Creditors and Second Lien Debt Creditors on terms substantially the same as the terms of the applicable Security Documents so released and subject to the same ranking as set out in the Section of the Intercreditor Agreement described under "—*Ranking and Priority*"; and (ii) contemporaneously with such amendment, extension, replacement, restatement, supplement, modification, renewal or release (followed by the substantially concurrent retaking of liens in accordance with the preceding clause (i)) the Company delivers to the Security Agent either: (A) a solvency opinion, in form and substance reasonably satisfactory to the Security Agent from an accounting, appraisal or investment banking firm of national standing confirming the solvency of the Parent and its Restricted Subsidiaries, taken as a whole, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or replacement or release and retaking; (B) a certificate from the chief financial officer or the board of directors of the Company or the Parent (acting in good faith) which confirms the solvency of the Parent and its Restricted Subsidiaries, taken as a whole, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or replacement or release and retaking; or (C) an opinion of counsel, in form and substance reasonably satisfactory to the Security Agent (subject to customary exceptions and qualifications), confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification, replacement or release and retaking, the Transaction Security created under the applicable Security Documents so amended, extended, renewed, restated, supplemented, modified, replaced or released and retaken is valid and perfected Transaction Security not otherwise subject to any limitation, imperfection or new hardening period, in equity or at law, that such Transaction Security was not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, supplement, modification, replacement or release and retaking.

Second Lien Debt Required Holders

In connection with any issuance of Second Lien Debt, the Intercreditor Agreement provides that some or all of the references herein to the Majority Second Lien Debt Creditors (other than as relating to matters of enforcement) may be amended to refer to the Second Lien Debt Required Holders.

Effect of Insolvency Event

Payment of Distributions

The Intercreditor Agreement provides that after the occurrence of an insolvency event in relation to any Debtor, any member of the Group, or any issuer/borrower of Second Lien Debt (including the Senior Notes Issuer), any party entitled to receive a distribution out of the assets of such Debtor, member of the Group or issuer/borrower of Second Lien Debt in respect of Obligations owed to that party shall, to the extent it is able to do so, direct the person responsible for the distribution of the assets of such Debtor or member of the Group or issuer/borrower of Second Lien Debt to pay that distribution to the Security Agent until the Obligations owing to the Secured Parties have been paid in full. The Security Agent shall apply distributions paid to it in accordance with the terms of the Intercreditor Agreement (see the section "—*Application of Proceeds*").

Set-Off

Under the Intercreditor Agreement, to the extent that the Obligations of any Debtor, member of the Group or issuer/borrower of Second Lien Debt (including the Senior Notes Issuer) are discharged by way of set-off (mandatory or otherwise) after the occurrence of an insolvency event in relation to such Debtor, member of the Group or issuer/borrower of Second Lien Debt, any creditor which benefited from that set-off shall to the extent legally permissible, pay an amount equal to the amount of the Obligations owed to it which are discharged by that set-off to the Security Agent for application in accordance with the terms of the Intercreditor Agreement (see the section "—*Application of Proceeds*"). The set-off provisions in the Intercreditor Agreement shall not apply to certain netting by a Hedge Counterparty nor any set-off which gives effect to a payment permitted by the provisions of the Intercreditor Agreement in respect of enforcement by intra-Group lenders.

Non-cash Distributions

Under the Intercreditor Agreement, if the Security Agent or any other Primary Creditor receives a distribution in a form other than in cash in respect of any of the Obligations, the Obligations will not be reduced by that distribution until and except to the extent that the realization proceeds are actually applied towards the Obligations.

Filing of Claims

The Intercreditor Agreement provides that after the occurrence of an insolvency event in relation to any Debtor or member of the Group, each creditor of such person irrevocably authorizes the Security Agent (acting in accordance with the section of the Intercreditor Agreement described under "*—Security Agent Instructions*"), on its behalf, to: (a) take any Enforcement Action (in accordance with the terms of the Intercreditor Agreement and the relevant Debt Documents to which such creditor is a party) against such person; (b) demand, sue, prove and give receipt for any or all of such person's Obligations; (c) collect and receive all distributions on, or on account of, any or all of such person's Obligations; and (d) file claims, take proceedings and do all other things the Security Agent considers reasonably necessary to recover such person's Obligations.

Further Assurance—Insolvency Event

The Intercreditor Agreement provides that each creditor will (a) do all things that the Security Agent (acting in accordance with the section of the Intercreditor Agreement described under "*—Security Agent Instructions*") reasonably requests in order to give effect to the section of the Intercreditor Agreement described under this section "*Effect of Insolvency Event*" and (b) if the Security Agent is not entitled to take any of the actions contemplated thereby or if the Security Agent (acting in accordance with the section of the Intercreditor Agreement described under "*—Security Agent Instructions*") reasonably requests that a creditor take that action, undertake such action in accordance with the instructions of the Security Agent (acting in accordance with the section of the Intercreditor Agreement described under "*—Security Agent Instructions*") or grant a power of attorney to the Security Agent (on such terms as the Security Agent (acting in accordance with the section of the Intercreditor Agreement described under "*—Security Agent Instructions*") may reasonably require) to enable the Security Agent to take such action.

Security Agent Instructions

The Intercreditor Agreement provides that for the purposes of the sections of the Intercreditor Agreement described under "*—Payment of Distributions*", "*—Filing of Claims*", "*—Further Assurance—Insolvency Event*", the Security Agent shall act or shall refrain from acting (a) on the instructions of the relevant Instructing Group (or, in respect of the Shared Security, the instructions of the Majority Second Lien Debt Creditors to the extent permitted pursuant to the section of the Intercreditor Agreement described hereunder under "*—Enforcement of Transaction Security—Enforcement Instructions*") or (b) in the absence of any such instructions, as the Security Agent sees fit.

Turnover of Receipts

Turnover by the Creditors

The Intercreditor Agreement provides that, subject to certain exceptions, if at any time prior to the final discharge date of the Secured Obligations (the "**Final Discharge Date**"), any creditor receives or recovers (a) any payment or distribution of, or on account of or in relation to, any of the Obligations which is not either (i) a payment permitted under the Intercreditor Agreement or (ii) made in accordance with the application of proceeds waterfall (as described in the section "*—Application of Proceeds*"); (b) other than where set-off applies (as described in the section "*—Effect of Insolvency Event—Set-Off*"), any amount by way of set-off in respect of any of the Obligations owed to it which does not give effect to a payment permitted under the Intercreditor Agreement; (c) notwithstanding clauses (a) and (b) above, and other where set-off applies (as described in the section "*—Effect of Insolvency Event—Set-Off*"), any amount: (i) on account of, or in relation to, any of the Obligations: (A) during the continuation of a Distress Event; or (B) as a result of any other litigation or proceedings against a Debtor or member of the Group (other than during the continuation of an insolvency event in respect of such person); or (ii) by way of set-off in respect of any of the Obligations owed to it during the continuation of a Distress Event; (d) the proceeds of any enforcement of any Transaction Security or the proceeds of any Distressed Disposal, in each case, except in accordance with the application of proceeds waterfall (as described in the section "*—Application of Proceeds*"); or (e) other than where the section of the Intercreditor Agreement described under "*—Effect of Insolvency Event—Payment of Distributions" or* "*—Effect of Insolvency Event—Set-Off"* applies, any distribution in cash or in kind or payment of, or on account of or in relation to, any of the Obligations owed by any Debtor or any member of the Group which is not in accordance with the application of proceeds waterfall (as described in the section "*—Application of Proceeds*") and which is made as a result of, or after, the occurrence of an insolvency event in respect of such person, that creditor will (i) in relation to receipts and recoveries not received or recovered by way of set-off (A) hold an amount of that receipt or recovery equal to the Relevant Obligations (or if less, the amount received or recovered) on trust for the Security Agent and promptly pay that amount to the Security Agent for application in accordance with the terms of the Intercreditor Agreement and (B) promptly pay an amount equal to the amount (if any) by which the receipt or recovery exceeds the Relevant Obligations to the Security

Agent for application in accordance with the terms of the Intercreditor Agreement and (ii) in relation to receipts and recoveries received or recovered by way of set-off, promptly pay an amount equal to that recovery or receipt to the Security Agent for application in accordance with the terms of the Intercreditor Agreement.

Deferral of Subrogation

Deferral of Subrogation

(a) Under the Intercreditor Agreement, subject to (c) below, if any Senior Secured Obligations are wholly or partly paid out of any proceeds received in respect of or on account of the Second Lien Debt Obligations owing to one or more Second Lien Debt Creditors, those Second Lien Debt Creditors will to that extent be subrogated to the Senior Secured Obligations so paid (and all securities and guarantees for those Senior Secured Obligations).

(b) Subject to clause (c) below, to the extent that any Second Lien Debt Creditor (each a "**Subrogated Creditor**") is entitled to exercise rights of subrogation, each other creditor (subject in each case to it being indemnified, secured and/or prefunded to its satisfaction against any resulting costs, expenses and liabilities) will give such assistance to enable such rights to be so exercised as such Subrogated Creditor may reasonably request.

(c) No creditor or Debtor will exercise any rights which it may have by reason of the performance by it of its obligations under the Debt Documents to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights under the Debt Documents of any creditor which ranks ahead of it in accordance with the priorities as described in the section "*—Ranking and Priority*" until such time as all of the Obligations owing to each prior ranking creditor (or, in the case of any Debtor prior to the Final Discharge Date, owing to each creditor) have been irrevocably paid in full.

(d) Subject to certain exceptions, no Subordinated Creditor or shareholder of the Parent will exercise any rights which it may have to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights under the Debt Documents of any creditor until such time as all of the Obligations owing to each creditor (other than a Subordinated Creditor or shareholder of the Parent) have been irrevocably paid in full.

Enforcement of Transaction Security

Enforcement Instructions

(a) Under the Intercreditor Agreement, the Security Agent may refrain from enforcing the Transaction Security or taking any other Enforcement Action unless instructed otherwise by the relevant Instructing Group (or, in respect of the Shared Security, by the Majority Second Lien Debt Creditors pursuant to paragraph (c) below) at the relevant time that it is entitled to give instructions.

(b) After the Transaction Security has become enforceable in accordance with its terms, the Majority Senior Secured Creditors, or if required under paragraph (c) below, the Majority Second Lien Debt Creditors, may give or refrain from giving instructions to the Security Agent to enforce or refrain from enforcing the Transaction Security as they see fit.

(c) Prior to the Senior Secured Discharge Date and subject to the Transaction Security becoming enforceable in accordance with its terms: (i) if the relevant Instructing Group has instructed the Security Agent not to enforce or to cease enforcing the Transaction Security; or (ii) in the absence of instructions from an Instructing Group subject to any time period for the giving of instructions by an Instructing Group contained in the Intercreditor Agreement, and, in each case, the relevant Instructing Group has not required any Debtor to make a Distressed Disposal, the Security Agent shall give effect to any instructions to enforce the Transaction Security from the Majority Second Lien Debt Creditors who are then entitled to give enforcement instructions to the Security Agent under the section of the Intercreditor Agreement described under "*—Permitted Second Lien Debt Enforcement*".

Manner of enforcement

If the Transaction Security is being enforced pursuant to enforcement instructions described above under "—*Enforcement Instructions*", the Intercreditor Agreement provides that the Security Agent shall enforce the Transaction Security in such manner as the relevant Instructing Group (or, in respect of the Shared Security, the instructions of the Majority Second Lien Debt Creditors to the extent permitted pursuant to the section of the Intercreditor Agreement described under "—*Enforcement Instructions*") instructs or, in the absence of any such instructions, as the Security Agent (or, in respect of the Shared Security, the instructions of the Majority Second Lien Debt Creditors to the extent permitted pursuant to the section of the Intercreditor Agreement described under "—*Enforcement Instructions*") sees fit. For the avoidance of doubt, in the absence of instructions from the relevant Instructing Group, the Security Agent will not be required to take any action.

Exercise of voting rights

(a) Subject to paragraph (c) below, the Intercreditor Agreement provides that, to the extent permitted by applicable law, if any insolvency event has occurred and is continuing, each creditor (other than any Representative) will cast its vote in any proposal put to the vote by or under the supervision of any judicial or supervisory authority in respect of any proceedings relating to the Parent, any Parent Intermediate Holdco or any issuer/borrower of Second Lien Debt (including the Senior Notes Issuer) (insofar as it relates to the enforcement, protection or preservation of the Shared Security) or any member of the Group subject to such insolvency event as instructed by the Security Agent (subject to certain exceptions in respect of U.S. insolvency proceedings).

(b) Subject to paragraph (c) below, the Intercreditor Agreement further provides that the Security Agent shall give instructions for the purposes of paragraph (a) above in accordance with any instructions given to it by the relevant Instructing Group (or, in respect of the Shared Security, the instructions of the Majority Second Lien Debt Creditors to the extent permitted pursuant to the section of the Intercreditor Agreement described under "—*Enforcement Instructions*").

(c) The Intercreditor Agreement further provides that nothing in the section of the Intercreditor Agreement described under this "—*Exercise of voting rights*" entitles any party to exercise or require any other Primary Creditor to exercise such power of voting or representation to waive, reduce, discharge, extend the due date for (or change the basis for accrual of any) payment of, or reschedule any of, the Obligations owed to that Primary Creditor.

Waiver of Rights

The Intercreditor Agreement provides that, to the extent permitted by applicable law and subject to the sections "—*Enforcement Instructions*", "—*Exercise of voting rights*", "—*Application of Proceeds*" and "—*Distressed Disposals*", each of the Secured Parties and the Debtors waives all rights it may otherwise have to require that the Transaction Security be enforced in any particular order or manner or at any particular time or that any sum received or recovered from any person, or by virtue of the enforcement of any of the Transaction Security or of any other security interest, which is capable of being applied in or towards discharge of any of the Secured Obligations is so applied.

Enforcement through Security Agent Only

Under the Intercreditor Agreement, the Secured Parties have no independent power to enforce, or have recourse to, any of the Transaction Security or to exercise any right, power, authority or discretion arising under the applicable Security Documents except through the Security Agent. Neither the Security Agent nor any Primary Creditors shall be responsible to any intra-Group lender, shareholder of the Parent, Subordinated Creditor or Debtor for any enforcement or failure to enforce or maximize the proceeds of any enforcement of the Security Documents, to an extent greater than as provided under any applicable governing law of the applicable Security Documents.

Alternative Enforcement Actions

The Intercreditor Agreement provides that after the Security Agent has commenced Enforcement, it shall not accept any subsequent instructions as to Enforcement (save for instructions as to Enforcement that the Second Lien Debt Creditors are entitled to give under the section of the Intercreditor Agreement described under "—*Permitted Second Lien Debt Enforcement*") from anyone other than the Instructing Group that instructed it to commence such enforcement of the Transaction Security, regarding any other enforcement of the Transaction Security over or relating to shares or assets

directly or indirectly the subject of the enforcement of the Transaction Security which has been commenced (and, for the avoidance of doubt, during any enforcement of the Transaction Security only clause (a) of the definition of Instructing Group shall be applicable in relation to any instructions given to the Security Agent by the relevant Instructing Group under the Intercreditor Agreement).

Transaction Security

The Intercreditor Agreement provides that (a) the security interest granted pursuant to each of the Security Documents for the benefit of the Senior Secured Creditors and the Second Lien Debt Creditors is intended to be treated as two separate and distinct liens such that such security interest (i) for the benefit of the Senior Secured Creditors is intended to be a "first" priority senior security interest and (ii) for the benefit of the Second Lien Debt Creditors is intended to be a "second" priority security interest, fully junior, subordinated and subject to the security interest granted for the benefit of the Senior Secured Creditors on the terms and conditions set forth in the Intercreditor Agreement notwithstanding the fact that a single security interest may have been granted pursuant to such Security Document, (b) each grant of Transaction Security that is Shared Security or granted for the benefit of both the Senior Secured Creditors and the Second Lien Debt Creditors shall, to the extent possible under applicable law governing such Security Documents, include language to the effect set forth in clause (a), and (c) the Senior Secured Creditors shall be entitled to interest and fees that accrue on the Senior Secured Obligations after the commencement of any insolvency event determined as if the Second Lien Debt Obligations were secured by a separate second priority security interest.

Proceeds of Disposals

In this section:

"**Distressed Disposal**" means a disposal of capital stock of, or any asset of, a member of the Group which is being effected (a) at the request of the relevant Instructing Group (or, in respect of a disposal of any capital stock or asset subject to the Shared Security, the Majority Second Lien Debt Creditors to the extent permitted pursuant to the section of the Intercreditor Agreement described under "*—Enforcement of Transaction Security—Enforcement Instructions*") in circumstances where the Transaction Security has become enforceable, (b) by enforcement, or simultaneous with the enforcement, of the Transaction Security (including the disposal of any property of a member of the Group the capital stock of which has been subject to an appropriation which is expressly permitted by the terms of the relevant Transaction Security Document) or (c) after the occurrence of a Distress Event, by or on behalf of a Debtor to a person or persons which is, or are, not a member, or members, of the Group.

"**Distress Event**" means an Acceleration Event or the enforcement of any Transaction Security in accordance with the Transaction Security Documents.

"**Secured Parties**" means the Security Agent, any receiver or delegate and each of the Senior Secured Creditors from time to time and each of the Second Lien Debt Creditors from time to time, but, in the case of the Senior Secured Creditors or the Second Lien Debt Creditors, only if it (or, in the case of any Senior Secured Lender, Pari Passu Creditor or Second Lien Debt Creditor, its Representative) is a party to the Intercreditor Agreement or has become a party to the Intercreditor Agreement, in the appropriate capacity.

Non-Distressed Disposals

The Intercreditor Agreement provides that (a) if, in respect of a disposal, sale or transfer other than a Distressed Disposal of an asset by a Debtor or any other transaction: (i) the Company certifies for the benefit of the Security Agent that that disposal, sale or transfer or other transaction where an asset is permitted to be released from the Collateral is permitted by the Senior Secured Facilities documents, the Pari Passu Debt documents and the Second Lien Debt documents (in each case, to the extent such Debt Documents have not been terminated in accordance with the provisions of the Intercreditor Agreement and thereof) or (ii) each relevant Representative authorizes the release in accordance with the terms of the applicable Debt Documents; the Security Agent is irrevocably authorized and obliged (provided that it is satisfied that it has adequate coverage for all costs, fees and expenses in relation to such action) at the cost of the Company and without any consent, sanction, authority or further confirmation from any creditor, other Secured Party or Debtor, but subject to clause (b) below: (A) to release the Transaction Security or any other claim (relating to a Debt Document) over the asset that is subject to the disposal, sale or transfer or other such transaction; (B) where that asset consists of shares in the capital of a Debtor, to release the Transaction Security or any other claim (relating to a Debt Document) over that Debtor's assets and, to the extent that they are at such time being disposed of, sold or transferred or otherwise subject to a release in accordance with this clause (a), the assets of any Subsidiary of that Debtor or against that Debtor and, to the extent that they are at such time being disposed of, sold or transferred or otherwise subject to a release

in accordance with this clause (a), the subsidiaries of that Debtor and their respective assets; and (C) to execute and deliver or enter into any release of the Transaction Security or any claim described in clauses (A) and (B) above and issue any certificates of non-crystallization of any floating charge or any consent to dealing that may, in the discretion of the Security Agent (acting reasonably), be considered necessary or desirable or as reasonably requested by the Company. For the avoidance of doubt, the Security Agent may, in its absolute discretion, rely on a certification from the Company that the disposal, sale or transfer or other transaction is as described in each of the sub-clauses of this clause (a); and in no event shall this clause (a) be construed to impose any condition to the release of Transaction Security that, by the terms of the applicable Debt Documents, is released upon the disposal, sale or transfer of the applicable asset or consummation of the applicable transaction (including upon the release of a Guarantor's guarantee of the Senior Secured Obligations and the Second Lien Debt Obligations) (a "**Non-Distressed Disposal**") and (b) in the event of a Non-Disposal, each release of Transaction Security or any claim described in clause (a) shall be contingent upon that Non-Distressed Disposal being effected and the fulfillment of any conditions to such release described in clause (a) above, as applicable, and in the event that such Non-Distressed Disposal is not effected or the conditions for such release are not fulfilled, as applicable, the Transaction Security or claim subject to that release shall continue in full force and effect as if that release had not been effected.

The Intercreditor Agreement provides that if the proceeds of a Non-Distressed Disposal are required to be applied in mandatory prepayment of any of the Senior Secured Obligations or to be offered to Secured Parties pursuant to the terms of the relevant the Senior Secured documents or the Second Lien Debt documents (other than, in each case, the Intercreditor Agreement), as applicable, then such proceeds shall be applied in or towards payment of such Senior Secured Obligations or shall be offered to the relevant Secured Parties in accordance with the terms of the relevant Senior Secured Documents or Second Lien Debt Documents (other than this Agreement) and the consent of any other party shall not be required for that application.

Distressed Disposals

Subject to certain exceptions in respect of intra-Group Obligations owing to certain German intra-Group Lenders by a Debtor that is a holding company of such intra-Group Lender or a subsidiary of such Debtor (but not a subsidiary of that intra-Group Lender itself) and the provisions of the Intercreditor Agreement described in the third paragraph under this "*—Distressed Disposals*") section, if a Distressed Disposal is being effected, the Intercreditor Agreement provides that the Security Agent is irrevocably authorized (at the cost of the relevant Debtor or the Company) and without any consent, sanction, authority or further confirmation from any creditor, other Secured Party or any Debtor:

(a) to release the Transaction Security or any other claim over the asset subject to the Distressed Disposal and execute and deliver or enter into any release of that Transaction Security or claim and issue any letters of non-crystallization of any floating charge or any consent to dealing that may, in the discretion of the Security Agent, be considered necessary or desirable;

(b) if the asset subject to the Distressed Disposal consists of shares in the capital of a Debtor, to release: (A) that Debtor and any subsidiary of that Debtor from all or any part of its: borrowing Obligations; its guarantee Obligations; and its other Obligations; (B) any Transaction Security granted by (I) that Debtor or any subsidiary of that Debtor over any of its assets and/or (II) the direct holding company over the shares in the capital of that Debtor; and (C) any other claim of a shareholder of the Parent, a subordinated creditor, an intra-Group lender or another Debtor or other grantor of Transaction Security over that Debtor's assets or over the assets of any Subsidiary of that Debtor, on behalf of the relevant creditors, Debtors and Representatives;

(c) if the asset subject to the Distressed Disposal consists of shares in the capital of any holding company of a Debtor, to release: (A) that holding company and any subsidiary of that holding company from all or any part of: its borrowing Obligations; its guarantee Obligations; and its other Obligations; (B) any Transaction Security granted by that holding company and any subsidiary of that holding company over any of its assets; and (C) any other claim of a subordinated creditor, an intra-Group lender or another Debtor over the assets of that holding company and any subsidiary of that holding company, on behalf of the relevant creditors, Debtors and Representatives;

(d) if the asset subject to the Distressed Disposal consists of shares in the capital of a Debtor or the holding company of a Debtor and the Security Agent (acting in accordance with the provisions of the Intercreditor Agreement described in the fourth paragraph under this "*—Distressed Disposals*" section) decides to dispose of all or any part of: (A) the Obligations (other than the Agent Obligations) or (B) the Debtor Obligations, owed by that Debtor or holding company or any subsidiary of that Debtor

or holding company then: (I) if the Security Agent (acting in accordance with the provisions of the Intercreditor Agreement described in the fourth paragraph under this "*—Distressed Disposals*" section) does not intend that any transferee of those Obligations or Debtor Obligations (the "**Transferee**") will be treated as a Primary Creditor or a Secured Party for the purposes of the Intercreditor Agreement, to execute and deliver or enter into any agreement to dispose of all or part of those Obligations or Debtor Obligations, *provided*, that notwithstanding any other provision of any Debt Document, the Transferee is not be treated as a Primary Creditor or a Secured Party for the purposes of the Intercreditor Agreement and (II) if the Security Agent (acting in accordance with the provisions of the Intercreditor Agreement described in the fourth paragraph under this "*—Distressed Disposals*" section) does intend that any Transferee will be treated as a Primary Creditor or a Secured Party for the purposes of the Intercreditor Agreement, to execute and deliver or enter into any agreement to dispose of: (1) all (and not part only) of the Obligations owed to the Primary Creditors; and (2) all or part of any other Obligations and the Debtor Obligations, on behalf of, in each case, the relevant creditors and Debtors; and/or

(e) if the asset subject to the Distressed Disposal consists of shares in the capital of a Debtor or the holding company of a Debtor (the "**Disposed Entity**") and the Security Agent (acting in accordance with the provisions of the Intercreditor Agreement described in the fourth paragraph under this "*—Distressed Disposals*" section) decides to transfer (to the extent permitted by applicable law) to another Debtor (the "**Receiving Entity**") all or any part of the Disposed Entity's obligations or any obligations of any subsidiary of that Disposed Entity in respect of: the intra-Group Obligations, the Debtor Obligations, or the Subordinated Obligations; to execute and deliver or enter into any agreement to: (I) agree to the transfer of all or part of the obligations in respect of those intra-Group Obligations, Debtor Obligations or Subordinated Obligations on behalf of the relevant Intra-Group lenders, Debtors or, as the case may be, the subordinated creditor to which those obligations are owed and on behalf of the Debtors which owe those obligations; and (II) to accept the transfer of all or part of the obligations in respect of those intra-Group Obligations, Debtor Obligations or Subordinated Obligations on behalf of the Receiving Entity or Receiving Entities to which the obligations in respect of those intra-Group Obligations, Debtor Obligations or Subordinated Obligations, as the case may be, are to be transferred.

The Intercreditor Agreement requires that the net proceeds of each Distressed Disposal (and the net proceeds of any disposal of Obligations or Debtor Obligations pursuant to clause (d) above) shall be paid to the Security Agent for application in accordance with the payment waterfall, as described below in the section "*—Application of Proceeds*" as if those proceeds were the proceeds of an enforcement of the Transaction Security and, to the extent that any disposal of Obligations or Debtor Obligations has occurred pursuant to clause (d)(II) above), as if that disposal of Obligations or Debtor Obligations had not occurred.

In the case of a Distressed Disposal or a disposal of Obligations of Debtor Obligations pursuant to clause (d) above effected by or at the request of the Security Agent (acting in accordance with the second succeeding paragraph below), the Security Agent shall take reasonable care to obtain a fair market price in the prevailing market conditions (though the Security Agent shall not have any obligation to postpone any such Distressed Disposal or disposal of Obligations or Debtor Obligations in order to achieve a higher price).

If before the Second Lien Debt Discharge Date, a Distressed Disposal is being effected such that any Second Lien Debt Obligations or any Transaction Security will be released on the basis described above, it is a further condition to any such release that either (1) the Majority Second Lien Debt Creditors have approved the release or (2) each of the following conditions is satisfied: (A) the proceeds of such sale or disposal are in cash (or substantially in cash); (B) all claims of the Primary Creditors against any member of the Group and any subsidiary of that member of the Group whose shares that are owned by a Debtor and are pledged in favor of the Primary Creditors are sold or disposed of pursuant to such Distressed Disposal, are unconditionally released and discharged concurrently with such sale (and are not assumed by the purchaser or one of its affiliates), and all liens under the Security Documents in respect of the assets that are sold or disposed of is simultaneously and unconditionally released and discharged concurrently with such sale provided that in the event of a sale or disposal of any such claim (instead of a release or discharge): (I) the relevant Instructing Group determines, acting reasonably and in good faith, that the Security Agent will recover more than if such claim was released or discharged; and (II) the Representative(s) representing the relevant Instructing Group serve a notice on the Security Agent notifying the Security Agent of the same, in which case the Security Agent shall be entitled immediately to sell and transfer such claim to such purchaser (or an affiliate of such purchaser); (C) such sale, disposal or transfer is made: (I) pursuant to a Public Auction (as that term is defined in the Intercreditor Agreement); or (II) where a financial adviser confirms in an independent opinion that the sale, disposal or transfer price is fair from a financial point of view after taking into account all relevant circumstances giving rise to such sale, disposal or transfer; provided that there shall

be no obligation to postpone any such sale, disposal or transfer in order to achieve a higher price; and (D) the proceeds are applied in accordance with the payment waterfall, as described below in the section "*—Application of Proceeds*".

The Intercreditor Agreement provides that for the purposes of immediately preceding two paragraphs, the Security Agent shall act: (i) on the instructions of the relevant Instructing Group (or, in respect of the Shared Security, the Majority Second Lien Debt Creditors to the extent permitted pursuant to the section of the Intercreditor Agreement described under "*—Enforcement of Transaction Security—Enforcement Instructions*"); or (ii) in the absence of any such instructions, as the Security Agent sees fit.

Release of Unrestricted Subsidiaries

The Intercreditor Agreement provides that where a member of the Group is designated as an Unrestricted Subsidiary in accordance with the terms of the Senior Secured Facilities documents, the Pari Passu Debt documents (including the Senior Secured Notes Indenture) and the Second Lien Debt documents (including the Senior Notes Indenture), the Security Agent is irrevocably authorized and obliged at the cost of the Company and without any consent, sanction, authority or further confirmation from any creditor, other Secured Party or any Debtor: (i) to release the Transaction Security or any other claim (relating to a Debt Document) over that member of the Group's assets and its shares; and (ii) to execute and deliver or enter into any release of the Transaction Security or any claim described in paragraph (i) above and issue any certificates of non-crystallization of any floating charge or any consent to dealing that may, in the discretion of the Security Agent, be considered necessary or as requested by the Company.

Application of Proceeds

The Intercreditor Agreement provides that, subject to certain exceptions, amounts received or recovered by the Security Agent pursuant to the Intercreditor Agreement and any other Debt Document, including all amounts recovered by the Security Agent (acting on the instructions of the relevant Instructing Group (or, in respect of the Shared Security, the Majority Second Lien Debt Creditors to the extent permitted pursuant to the section of the Intercreditor Agreement described under "*—Enforcement of Transaction Security—Enforcement Instructions*")) in connection with the realization or enforcement of all or any part of the Transaction Security or a transaction in lieu of enforcement of Transaction Security, the proceeds of any Distressed Disposal and all amounts received by the Security Agent from another creditor pursuant to the provisions of the Intercreditor Agreement described under "*—Effect of Insolvency Event*" and "*—Turnover of Receipts*" and the provisions of the Intercreditor Agreement relating to parallel debt (the "**Recoveries**") shall be held by the Security Agent on trust to apply them at any time as the Security Agent (in its discretion) sees fit, to the extent permitted by applicable law, in the following order of priority:

(a) first, in payment or distribution to: (i) the Security Agent, any receiver or any delegate for application towards the discharge of any sums owing to any of them from any party (except in respect of parallel debt); (ii) the Administrative Agent on its own behalf and on behalf of the other Agent parties for application towards the discharge of the Agent Obligations; (iii) each Pari Passu Debt Representative (including the Senior Secured Notes Trustee) on its own behalf for application towards the discharge of the Pari Passu Debt Representative Amounts; and (iv) each Second Lien Debt Representative (including the Senior Notes Trustee) on its own behalf for application towards the discharge of the Second Lien Debt Representative Amounts on a pro rata basis and ranking *pari passu* between them;

(b) second, in payment or distribution to the Secured Parties of all costs and expenses incurred by any of them in connection with any realization or enforcement of the Transaction Security, in each case undertaken in accordance with the terms of the Intercreditor Agreement;

(c) third, in payment or distribution to: (i) other than in the case of the Parent Pari Passu Recoveries, (A) the Administrative Agent on its own behalf and on behalf of the Senior Secured Lenders for which it is the Representative; (B) the Hedge Counterparties and the Cash Management Providers; and (C) each Pari Passu Debt Representative (including the Senior Secured Notes Trustee) on behalf of the Pari Passu Creditors (including the holders of the Senior Secured Notes) it represents, for application towards the relevant Senior Secured Obligations (to the extent not included in clause (a) or (b) above) on a pro rata basis and ranking *pari passu* between such Senior Secured Obligations and (ii) in the case of any Parent Pari Passu Recoveries, (A) the Administrative Agent on its own behalf and on behalf of the Senior Secured Lenders for which it is the Representative; (B) the Hedge Counterparties and the Cash Management Providers; (C) each Pari Passu Debt Representative (including the Senior Secured Notes Trustee) on behalf of the Pari Passu Creditors (including holders of the Senior Secured Notes) it represents, for application towards the relevant Senior Secured Obligations (to the extent not included

in clause (a) or (b) above) and (D) each Second Lien Debt Representative (including the Senior Notes Trustee) on behalf of the Second Lien Debt Creditors it represents (excluding, for the avoidance of doubt, any Second Lien Debt Creditors (including holder of the Senior Notes) in respect of any Second Lien Debt Proceeds Loan) for application towards the Second Lien Obligations (to the extent not included in clause (a) or (b) above), on a pro rata basis and ranking pari passu between such Secured Obligations;

(d) fourth, in payment or distribution to: each Second Lien Debt Representative (including the Senior Notes Trustee) on its own behalf and on behalf of the Second Lien Debt Creditors (including holders of the Senior Notes) for which it is the Representative, for application towards the Second Lien Debt Obligations (to the extent not included in clause (a), (b) or (c)(ii) above) on a pro rata basis and *pari passu* basis between such Second Lien Debt Obligations; and

(e) fifth, the balance, if any, in payment or distribution to the relevant Debtor or other person entitled to it.

Loss Sharing

If, for any reason, any Senior Secured Obligations remain unpaid after the first date (if any) on which a Senior Secured Creditor takes enforcement action of the type described in clauses (a)(i), (a)(iii), (a)(iv) or (c) of the definition of Enforcement Action in accordance with the terms of the Intercreditor Agreement (the "**Enforcement Date**") and after the application of Recoveries and the resulting losses are not borne by the Senior Secured Creditors in the proportions which their respective exposures in respect of Senior Secured Obligations at the Enforcement Date bore to the aggregate Senior Secured Creditor Obligations owed to all Senior Secured Creditors with respect to the Senior Secured Obligations at the Enforcement Date, the Intercreditor Agreement provides that the Senior Secured Creditors will make such payments amongst themselves as the Security Agent shall require to put the Senior Secured Creditors in such a position that (after taking into account such payments) those losses are borne in those proportions.

Amendments

"**Majority Second Lien Debt Creditors**" means, at any time, those Second Lien Debt Creditors whose Second Lien Debt Obligations (excluding Obligations owed by the Company under any Second Lien Debt Proceeds Loan) at that time aggregate more than 50% of the total Second Lien Debt Obligations (excluding Obligations owed by the Company under any Second Lien Debt Proceeds Loan) outstanding at that time.

"**Majority Senior Secured Creditors**" means, at any time, those Senior Secured Creditors whose Senior Secured Creditor Obligations at that time aggregate more than 50% of the total Senior Secured Creditor Obligations outstanding at that time; provided that, for purposes of this definition, Cash Management Providers shall not be considered Senior Secured Creditors and Cash Management Obligations shall not be included in the total amount of the then outstanding Senior Secured Creditor Obligations unless, in each case, no Senior Secured Creditor Obligations other than Cash Management Obligations are then outstanding.

"**Senior Secured Creditors**" means each Senior Secured Lender, the Pari Passu Creditors (including each Pari Passu Debt Representative), each Hedge Counterparty (to the extent that it is owed Obligations in respect of Hedging Agreements), each Cash Management Provider (to the extent it is owed Obligations under Cash Management Agreements), certain agents under the Existing Term Loan B Facilities Agreement, the Administrative Agent, the Security Agent and each Second Lien Debt Representative (to the extent of the Second Lien Debt Representative Amounts).

"**Representative**" means the Administrative Agent, each other Agent Party, each Pari Passu Debt Representative (including the Senior Secured Notes Trustee) and each Second Lien Debt Representative (including the Senior Notes Trustee).

"**Second Lien Debt Required Holders**" means, in respect of any direction, approval, consent or waiver, the Second Lien Debt Representative acting on behalf of the holders of the aggregate principal amount of relevant Second Lien Debt which is not less than the principal amount of such Second Lien Debt required under the terms of the relevant Second Lien Debt document to vote in favor of such direction, approval, consent or waiver or, if the required amount is not specified, the holders holding at least a majority of the principal amount of the then outstanding Second Lien Debt, in accordance with the relevant Second Lien Debt document. In determining whether the relevant Second Lien Debt Creditors holding a principal amount of relevant Second Lien Debt which is not less than the amount of Second Lien Debt required have concurred in any direction, approval, waiver or consent, Second Lien Debt owned by any Debtor, or

by any person directly or indirectly controlling or controlled by or under direct or indirect common control with any Debtor, will be considered as though not outstanding in accordance with the relevant Second Lien Debt document.

The Intercreditor Agreement provides that it may be amended subject to certain exceptions as set out therein with only the consent the Company, the Majority Senior Secured Creditors (including by acting through their applicable Representatives), the Majority Second Lien Debt Creditors (including by acting through their applicable Second Lien Debt Representatives) and the Security Agent unless it is an amendment, waiver or consent that has the effect of changing or which relates to: (a) any amendment to the redistribution provisions, to the application of proceeds provisions or the consents, amendments and override provisions; or (b) the order of priority or subordination under the Intercreditor Agreement, which shall not be made without the consent of: (i) the Representatives; (ii) the Senior Secured Lenders (including by acting through the Administrative Agent); (iii) the Pari Passu Creditors (including holders of the Senior Secured Notes) (including by acting through their Pari Passu Debt Representative(s) (including the Senior Secured Notes Trustee)); (iv) the Second Lien Debt Creditors (including holders of the Senior Notes)(including by acting through their Second Lien Debt Representative(s) (including the Senior Notes Trustee); (v) the Hedge Counterparties (to the extent that the amendment or waiver would adversely affect such Hedge Counterparties); (vi) the Cash Management Providers (to the extent that the amendment or waiver would adversely affect such Cash Management Providers); (vii) the Security Agent; and (viii) the Company.

The Intercreditor Agreement further provides that an amendment or waiver that relates to the provisions of the Intercreditor Agreement described under "*—Enforcement of Transaction Security*" may be made by the Majority Senior Secured Creditors and the Majority Second Lien Debt Creditors, as applicable, acting through the relevant Representative and a waiver relating to such provisions may be made by the relevant Instructing Group.

Subject to certain exceptions, with respect to Transaction Security Documents, the Intercreditor Agreement provides that (unless expressly provided for otherwise in the relevant Debt Document) the Security Agent may, if authorized by each Representative of the Senior Secured Creditors (acting in accordance with the relevant Debt Documents) and, in the case of Shared Security only, each Representative of the Second Lien Debt Creditors (acting in accordance with the relevant Debt Documents and, for the avoidance of doubt, not including any Second Lien Debt Creditors in respect of any Second Lien Debt Proceeds Loan), and if the Company consents, amend the terms of, waive any of the requirements of or grant consents under, any of the Security Documents which shall be binding all parties.

Unless expressly stated otherwise in the Intercreditor Agreement, the Intercreditor Agreement overrides anything in the Debt Documents to the contrary. Notwithstanding anything to the contrary in the Intercreditor Agreement, the preceding sentence as between any creditor and any Debtor or any member of the Group will not cure, postpone, waive or negate in any manner any default or event of default (however described) under any Debt Document as provided in the relevant Debt Document.

Option to Purchase

Subject to certain conditions, Second Lien Debt Creditors holding at least the majority of the principal amount of the then-outstanding Second Lien Debt Obligations (the "**Purchasing Creditors**") may after a Distress Event, after having given all other Second Lien Debt Creditors the opportunity to participate in such purchase, by giving not less than 30 days' notice to the Security Agent, require the transfer to them (or to a nominee or nominees), in accordance with the Intercreditor Agreement, of all, but not part, of the rights, benefits and obligations in respect of the Senior Secured Facilities Obligations, the Agent Obligations, the Cash Management Obligations and the Pari Passu Debt Obligations (a "**Senior Secured Obligations Transfer**"). The Intercreditor Agreement provides that the Purchasing Creditors may only require a Senior Secured Obligations Transfer, if at the same time, they require a transfer, subject to certain conditions, of each Hedge Agreement and all rights in respect of the Hedging Obligations owed by the Debtors to each Hedge Counterparty and all the Hedge Counterparty Obligations owed by each Hedge Counterparty in accordance with the terms of the Intercreditor Agreement (a "**Hedge Transfer**"). The Purchasing Creditors and any Hedge Counterparty may agree (in respect of the Hedge Agreements (or one or more of them) to which that Hedge Counterparty is a party) that a Hedge Transfer otherwise required by the Purchasing Creditors pursuant to the Intercreditor Agreement shall not apply to that Hedge Agreement(s) or to the Hedging Obligations and Hedge Counterparty Obligations under that Hedge Agreement(s).

Governing Law

Except with respect to certain provisions relating to Belgian and German Transaction Security, the Intercreditor Agreement and any dispute, claim or controversy arising out of or relating to the Intercreditor Agreement shall be governed by and construed in accordance with the law of the State of New York.

DESCRIPTION OF THE SENIOR SECURED NOTES

The $500.0 million aggregate principal amount of $3^{3}/_{8}$% Senior Secured Notes due 2026 (the "**Dollar Senior Secured Notes**") and the €800.0 million aggregate principal amount of $2^{1}/_{2}$% Senior Secured Notes due 2026 (the "**Euro Senior Secured Notes**") were issued under an indenture (the "**Senior Secured Notes Indenture**") dated as of January 29, 2021 (the "**Issue Date**"), among, *inter alios*, INEOS Quattro Finance 2 Plc, as issuer (the "**Issuer**"), INEOS Quattro Financing Limited (the "**Company**"), the other guarantors party thereto (together with the Company, the "**Initial Guarantors**"), HSBC Corporate Trustee Company (UK) Limited, as trustee (in such capacity, the "**Trustee**") and Barclays Bank PLC, as security agent (the "**Security Agent**"). Unless the context otherwise requires, in this "Description of the Senior Secured Notes," references to the "**Senior Secured Notes**" include the Dollar Senior Secured Notes and the Euro Senior Secured Notes, in each case issued on the Issue Date and any Additional Senior Secured Notes that are issued under the Senior Secured Notes Indenture.

The following is a summary of material provisions of the Senior Secured Notes Indenture, the Senior Secured Notes and the Guarantees and refers to the Security Documents and the Intercreditor Agreement. It does not restate those agreements in their entirety. Where reference is made to particular provisions of those agreements, such provisions, including the definitions of certain terms, are qualified in their entirety by reference to all of the provisions of such agreements.

The Senior Secured Notes Indenture, the Senior Secured Notes, the guarantees provided by the Guarantors (the "**Guarantees**") and the Security Documents will be subject to the terms of the Intercreditor Agreement and any additional intercreditor agreements entered into in the future. The terms of the Intercreditor Agreement are important to understanding the terms and ranking of the Senior Secured Notes and the Guarantees. Please see "*Description of Other Indebtedness—Intercreditor Agreement*" for a summary of certain material terms of the Intercreditor Agreement.

The registered holder of a Senior Secured Note will be treated as its owner for all purposes. Only registered holders will have rights under the Senior Secured Notes Indenture, including, without limitation, with respect to enforcement and the pursuit of other remedies. The Senior Secured Notes have not been registered under the Securities Act and are subject to certain transfer restrictions. The Senior Secured Notes Indenture is not required to be nor will it be qualified under the Trust Indenture Act and will not incorporate by reference any provisions of the Trust Indenture Act.

Where this "Description of the Senior Secured Notes" or the Senior Secured Notes Indenture refers to (i) the delivery of an Officer's Certificate, or equivalent, of the Parent, the Issuer, the Company, any other Guarantor or a Surviving Entity, the Parent, the Issuer, the Company, such Guarantor or such Surviving Entity, as the case may be, may, at its election, satisfy such delivery requirement by the delivery of a certificate, or equivalent, of an officer of any of the Parent, the Issuer, INEOS Styrolution Group GmbH or the Company and (ii) except under "*—Certain Covenants—Limitation on Transactions with Affiliates*", the determination, resolution, designation, instruction, request or direction of any of (A) the Parent or an officer, the senior management or the Board of Directors thereof, (B) the Issuer or an officer, the senior management or the Board of Directors thereof, or (C) the Company or an officer, the senior management or the Board of Directors thereof, such determination, resolution, designation, instruction, request or direction may be made by, in each case, any of the Parent, or an officer or the senior management thereof if duly authorized to do so by the Board of Directors thereof, or the Board of Directors thereof, the Issuer, or an officer or the senior management thereof if duly authorized to do so by the Board of Directors thereof, or the Board of Directors thereof, INEOS Styrolution Group GmbH, or an officer or the senior management thereof if duly authorized to do so by the Board of Directors thereof, or the Board of Directors thereof, or the Company, or an officer or the senior management thereof if duly authorized to do so by the Board of Directors thereof, or the Board of Directors thereof (in each case, as applicable), at the Parent's election.

For definitions of certain capitalized terms used in the following summary, please see "*—Certain Definitions*."

Brief Description of the Senior Secured Notes, the Guarantees and the Security

The Senior Secured Notes

The Senior Secured Notes will:

- be senior obligations of the Issuer secured on a first-ranking basis (but after certain obligations owed to the agents and other creditor representatives) by the Collateral (together with the Existing Notes, the Existing Term Loan B Facilities, the Term Loan A Facilities, the Revolving Credit Facility, the New Term Loan B Facilities and certain Hedging Obligations and Cash Management Arrangements);

- rank *pari passu* in right of payment with all existing and future Indebtedness of the Issuer that is not subordinated to the Senior Secured Notes, including, without limitation, the Issuer's guarantees of the Existing Notes, the Existing Term Loan B Facilities, the Term Loan A Facilities, the Revolving Credit Facility, the New Term Loan B Facilities and certain Hedging Obligations and Cash Management Arrangements;

- be guaranteed on a senior secured basis by the Guarantors;

- rank effectively senior to all existing and future Indebtedness of the Issuer that is unsecured or that is secured by Liens junior to the Liens securing the Senior Secured Notes to the extent of the value of the Collateral, including, without limitation, the Issuer's guarantee of the Senior Notes;

- be effectively subordinated to all existing and future Indebtedness of the Issuer that is secured by property or assets that do not secure the Senior Secured Notes to the extent of the value of the assets securing such Indebtedness;

- rank senior in right of payment to all existing and future obligations of the Issuer expressly subordinated in right of payment to the Senior Secured Notes, including the Issuer's guarantee of the Senior Notes; and

- be structurally subordinated to all liabilities (including trade payables) and preferred stock of each subsidiary of the Issuer that is not a Guarantor, including the Styrolution Securitization Programs and the INOVYN Securitization Program, drawings under certain working capital facilities and lease liabilities of the non-Guarantor Subsidiaries.

References to first-priority or first ranking security interests include security interests that were created subsequent in time and thus subsequent in *in rem* ranking, but are contractually *pari passu* with prior ranking security and entitled to equal treatment with other prior security secured creditors pursuant to the Intercreditor Agreement.

As of September 30, 2020, as adjusted to give *pro forma* effect to the Transactions, we would have had total financial indebtedness of €6,864.5 million.

Certain Liens securing the Senior Secured Notes created under German law will, as a matter of local law, be granted as junior ranking Liens in relation to the Liens in respect of the Existing Notes, the Existing Term Loan B Facilities, the Term Loan A Facilities and the Revolving Credit Facility. Nevertheless, the Intercreditor Agreement provides that as a contractual matter as among Senior Secured Creditors (as defined in the Intercreditor Agreement), the Senior Secured Notes will be secured on a *pari passu* basis with the Existing Notes, the Existing Term Loan B Facilities, the Term Loan A Facilities, the Revolving Credit Facility, certain Hedging Obligations and certain Cash Management Obligations and will be treated as such for purposes of the application of proceeds from the enforcement of such Collateral.

The existing first-ranking Liens securing the Existing Notes, the Existing Term Loan B Facilities, the Term Loan A Facilities and the Revolving Credit Facility that were created under New York and English law (and, with respect to the Existing Notes and the Existing Term Loan B Facilities, also Texas, Belgian, Canadian, Korean, Mexican and Singaporean law) will remain in place and will extend to secure the Senior Secured Notes. In some jurisdictions, the Security Documents creating the existing first-ranking Liens securing the Existing Notes, the Existing Term Loan B Facilities (and, in the case of German law, also the Term Loan A Facilities and the Revolving Credit Facility) will be amended or confirmed (as applicable) to extend such Liens to the Senior Secured Notes (or, with respect to certain German security interests, junior ranking security interests will be granted). The existing first-ranking Liens securing the Existing Notes and the Existing Term Loan B Facilities (and, in the case of English law, also the Term Loan A Facilities and the Revolving Credit Facility) that were created under Belgian law, English law, Singapore law, Swiss law and Mexican law will remain in place, and new Liens over the same Collateral will be created or the security interests over the same Collateral will be confirmed and extended in these jurisdictions to secure the Senior Secured Notes; *provided* that in Mexico the amendment to the existing Liens securing the Senior Secured Notes must be also registered in the share registry book of INEOS Styrolution Mexicana, S.A. de C.V. and before the Sole Registry of Movable Assets (*Registro Único de Garantías Mobiliarias*), respectively to make the extended Liens effective against third parties. In these jurisdictions where new Liens are created or existing first-ranking liens securing the Existing Notes, the Existing Term Loan B Facilities, the Term Loan A Facilities and the Revolving Credit Facility will be confirmed and extended to secure the Senior Secured Notes without the consent of all secured parties under the Existing Indenture, the Existing Term Loan B Facilities Agreement and the Term Loan and Revolving Credit Facility Agreement, the ranking of these new Liens relative to the existing Liens will, as a matter of general law, depend on a number of factors, such as the nature

of the Liens, the order of creation of the Liens, compliance with the jurisdiction's perfection requirements with respect to the Liens and the order of giving notices with respect to the Liens, and accordingly without the Intercreditor Agreement, the new Liens would be likely to rank after the existing Liens. In certain jurisdictions where existing first-ranking liens are confirmed and extended to specifically also secure the Senior Secured Notes, new hardening periods could be created in respect of the Senior Secured Notes, and in Belgium where new Liens are created securing the Term Loan A Facilities, the Revolving Credit Facility, the New Term Loan B Facilities and the Senior Secured Notes in respect of the Term Loan A Facilities, the Revolving Credit Facility, the New Term Loan B Facilities and the Senior Secured Notes. The applicable hardening period for such newly extended security interests will run from the moment each newly extended security interest has been confirmed, granted or perfected. In the event the security interest as confirmed to specifically secure the Senior Secured Notes were to be enforced before the end of the respective hardening period applicable in such jurisdiction, it may be ineffective or it may not be possible to enforce it. However, the Intercreditor Agreement provides that, as a contractual matter, the Liens securing the Senior Secured Notes and the Existing Notes, the Existing Term Loan B Facilities, the Term Loan A Facilities, the Revolving Credit Facility and the New Term Loan B Facilities will rank *pari passu* and will be treated as having equal priority with respect to the application of proceeds from the enforcement of any Collateral.

Under the terms of the Intercreditor Agreement, the proceeds of any enforcement of the Collateral will be applied, subject to the rights of creditors mandatorily preferred by law applying to companies generally, *pro rata* to repayment of the Senior Secured Notes, the Existing Notes, the Existing Term Loan B Facilities, the Term Loan A Facilities, the Revolving Credit Facility, the New Term Loan B Facilities, the Hedging Obligations to the extent the relevant counterparties accede to the Intercreditor Agreement (the "**Hedging Liabilities**") and the Cash Management Arrangements to the extent the relevant counterparties accede to the Intercreditor Agreement (the "**Cash Management Liabilities**"). The Intercreditor Agreement limits the ability of the Trustee or the holders of the Senior Secured Notes to instruct the Security Agent to take enforcement action. Please see "*—Enforcement of Security*," and "*Description of Other Indebtedness—Intercreditor Agreement*."

The Guarantees

The Senior Secured Notes will be guaranteed by the Guarantors. Each Guarantee will:

- be joint and several and will be the general senior obligation of the applicable Guarantor;
- be *pari passu* in right of payment with all existing and future Indebtedness of the applicable Guarantor that is not subordinated to such Guarantee (including obligations under the Existing Notes, the Existing Term Loan B Facilities, the Term Loan A Facilities, the Revolving Credit Facility, the New Term Loan B Facilities, certain Hedging Obligations and Cash Management Arrangements and, with respect to the guarantees of INEOS Quattro Finance 1 Plc and the Parent, the Senior Notes and the Parent's guarantee of the Senior Notes, respectively);
- be secured by first-priority liens (together with the Existing Notes, the Existing Term Loan B Facilities, the Term Loan A Facilities, the Revolving Credit Facility, the New Term Loan B Facilities, certain Hedging Obligations and Cash Management Arrangements) over the Collateral;
- rank senior in right of payment to all existing and future subordinated Indebtedness of the applicable Guarantor, including the guarantees of the Senior Notes (other than the guarantee of the Senior Notes by the Parent);
- rank effectively senior to all existing and future Indebtedness of the applicable Guarantor that is unsecured or secured by Liens junior to the Liens securing the Senior Secured Notes to the extent of the value of the Collateral, including (other than in the case of the Parent) guarantees of the Senior Notes;
- be structurally subordinated to all liabilities (including trade payables) and preferred stock of each subsidiary of the applicable Guarantor that is not a Guarantor.

The Guarantees will be effectively subordinated to any existing and future Indebtedness and other obligations of such Guarantor that are secured by property and assets that do not secure such Guarantee, to the extent of the value of the property and assets securing such Indebtedness and other obligations. In the event of a bankruptcy or insolvency, each such secured lenders will have a prior secured claim to any collateral of such Guarantor securing the debt owed to them.

Not all of the Company's Restricted Subsidiaries will guarantee the Senior Secured Notes. As of the Issue Date, the Senior Secured Notes will be jointly and severally guaranteed on a senior secured basis by the Initial Guarantors. See "*Risk Factors—Risks Relating to the Notes and Our Capital Structure—Post-Closing Guarantees and Collateral—The Subsequent Guarantors will not initially guarantee the Notes and the Subsequent Collateral will not initially secure the Note*s."

Each of the Parent, the Company, the Issuer and the other Initial Guarantors shall take such necessary actions, and the Company shall cause its Restricted Subsidiaries to take such necessary actions, so that on the date that is no later than 90 days following the Issue Date (or such later date to the extent the relevant Subsequent Guarantor has yet to provide a guarantee under the Term Loan and Revolving Credit Facility Agreement due to the exercise of discretion of the administrative agent under the Term Loan and Revolving Credit Facility Agreement), the Subsequent Guarantors shall become Guarantors by executing and delivering to the Trustee a supplemental indenture substantially in the form attached as an exhibit to the Senior Secured Notes Indenture. The Guarantors (upon the Subsequent Guarantors becoming Guarantors under the Senior Secured Notes Indenture) are expected to represent 97.5% of the Parent's combined consolidated EBITDA before special items for the nine months ended September 30, 2020 and 92.2% of the Parent's combined consolidated total assets (in each case, prior to giving effect to pro forma adjustments and calculated in a manner consistent with the covenants in the Term Loan and Revolving Credit Facility Agreement, i.e., excluding the receivables sold to the securitization special purpose vehicles under the Styrolution Securitization Programs and the INOVYN Securitization Program, and excluding the consolidated EBITDA before special items and assets of our subsidiaries in Excluded Jurisdictions) as of September 30, 2020. Our subsidiaries in the Excluded Jurisdictions represented 18.1% of our total assets and 6.3% of our consolidated EBITDA before special items as of and for the nine months ended September 30, 2020 (in each case, excluding the EBITDA before special items and assets of the securitization special purpose vehicles under the Securitization Programs).

The Guarantee granted by, and the Liens over the shares of, the Mexican Subsidiary will not be effective before third parties until filed and recorded in the relevant registries. The Guarantee from INEOS Styrolution Korea Ltd. (the "**Korean Subsidiary**") will be subject to the filing of a report by our Korean Subsidiary with the Bank of Korea. The Bank of Korea may request that our Korean Subsidiary submit such documents as may be necessary or desirable to determine whether to accept the report. This additional information can include financial statements of the issuer of the principal debt obligation, as well as documentation demonstrating the commercial benefit of the transaction for our Korean Subsidiary. The Bank of Korea may require that the amount of the Guarantee be limited to the value of the corporate benefit received by our Korean Subsidiary. After submission of a report to the Bank of Korea, under normal circumstances it may take up to five business days for the Bank of Korea to grant its acceptance thereof. If the Bank of Korea does not accept the report, our Korean Subsidiary will not provide a Guarantee of the Senior Secured Notes, even though it provides a guarantee under the Existing Indenture and the Existing Term Loan B Facilities Agreement and may still provide a guarantee under the Term Loan and Revolving Credit Facility Agreement. Our Korean Subsidiary accounted for €70.5 million of the Parent's pro forma consolidated EBITDA before special items in the nine months ended September 30, 2020 and €207.7 million of the Parent's pro forma consolidated total assets as of September 30, 2020.

Subject to any restrictions or limitations imposed by local law, the following entities will provide Guarantees as of the Issue Date: INEOS 226 Limited; INEOS Acetyls UK Limited; INEOS Quattro Finance 1 Plc; INEOS Styrolution America LLC; INEOS Styrolution Europe GmbH; INEOS Styrolution Group GmbH; INEOS Styrolution Holding GmbH; INEOS Styrolution Investment GmbH; INEOS Styrolution Köln GmbH; INEOS Styrolution Ludwigshafen GmbH; INEOS Styrolution US Holding LLC; INEOS US Petrochem LLC; the Company; and the Parent.

Subject to any restrictions or limitations imposed by local law (including, in the case of the Guarantee by our Korean Subsidiary, the acceptance of our report by the Bank of Korea), the following entities will provide Guarantees within 90 days after the Issue Date (or such later date to the extent the relevant Subsequent Guarantor has yet to provide a guarantee under the Term Loan and Revolving Credit Facility Agreement due to the exercise of discretion of the administrative agent under the Term Loan and Revolving Credit Facility Agreement): BP America Chembel Holding LLC; BP Amoco Chemical Company; INEOS Aromatics Holding Company; BP Amoco Chemical Indonesia Limited; BP Asia Limited; INEOS Aromatics Holdings Limited; BP Chembel NV; INEOS Acetyls Investments Limited; INEOS Acetyls (Korea) Limited (formerly, BP Chemicals (Korea) Limited); INEOS Aromatics Limited (formerly, BP Aromatics Limited); INEOS World-Wide Technical Services Limited (formerly, BP World-Wide Technical Services Limited); INEOS Acetyls Americas Limited (formerly, Exploration Service Company Limited); INEOS Styrolution APAC Pte. Ltd.; INEOS Styrolution Belgium NV; INEOS Styrolution Canada Ltd.; INEOS Styrolution Korea Ltd.; INEOS Styrolution Mexicana, S.A. de C.V.; INEOS Styrolution Switzerland SA; INEOS Acetyls International Limited, INOVYN Belgium SA; INOVYN ChlorVinyls Holdings Limited; INOVYN ChlorVinyls Limited; INOVYN Deutschland GmbH; INOVYN Enterprises Limited; INOVYN Europe Limited; INOVYN Finance PLC; INOVYN France SAS; INOVYN Group Treasury Limited; INOVYN Limited; INOVYN Manufacturing Belgium SA; INOVYN

Newco 2 Limited; INOVYN Norge AS; INOVYN Olefines France SAS; INOVYN Sverige AB; INOVYN Trade Services SA; Kerling Newco 1 Limited; and Kerling Newco 2 Limited.

As of September 30, 2020, our non-Guarantor subsidiaries had €16.8 million in total financial indebtedness (excluding the INOVYN Securitization Program and the Styrolution Securitization Programs), which ranked structurally senior to the Senior Secured Notes and the Guarantees. Any additional debt that our non-Guarantor subsidiaries incur in accordance with the Senior Secured Notes Indenture will rank structurally senior to the Senior Secured Notes and the Guarantees.

The obligations of the Guarantors under their Guarantees will be limited as necessary to recognize certain limitations imposed due to local law and defenses generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law. Please see "*Risk Factors—Risks Relating to the Notes and Our Capital Structure—Your rights as a creditor may not be the same under relevant insolvency laws in Germany and other jurisdictions as under U.S. or other insolvency laws. Corporate benefit, capital maintenance and other limitations on the Guarantees and the security interests may adversely affect the validity and enforceability of the Guarantees of the Notes and the security interests and will limit the amount that can be recovered under the Guarantees and the security interests granted by the Issuer and its subsidiaries*", "*Risk Factors—Corporate benefit, capital maintenance laws and other limitations on the Guarantees and the security interests may adversely affect the validity and enforceability of the Guarantees and the security interests over the Collateral*" and "*Limitations on Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Considerations*."

The obligations of any Guarantor under its Guarantee will be automatically and unconditionally released and discharged in certain circumstances. Please see "*Description of Other Indebtedness—Intercreditor Agreement*" and "*—Release of the Guarantees*."

Release of the Guarantees

The Guarantee provided by any Guarantor will be automatically and unconditionally released and terminated, without any action by or the necessity of the consent of the Trustee, the Security Agent or holder of the Senior Secured Notes as follows (and each holder of the Senior Secured Notes will be deemed to have irrevocably authorized the Trustee and the Security Agent to execute and deliver (and, at the request and cost of the Company, each of the Trustee and the Security Agent will execute and deliver) any document to the extent necessary or reasonably requested by the Company to evidence such release and termination):

(a) with respect to any Subsidiary Guarantor, in connection with any sale, assignment, transfer (including any transfer to a Permitted Joint Venture) or other disposition (including by way of a merger, consolidation or amalgamation) of all or substantially all of the assets of such Subsidiary Guarantor (determined after giving effect to any substantially concurrent sales, assignments, transfers or other dispositions to the Company, a Guarantor or a Restricted Subsidiary) to a Person that is not (after giving effect to such transaction or any related transactions) the Company, a Guarantor or a Restricted Subsidiary, if such sale, assignment, transfer or other disposition does not violate the requirements of "*—Certain Covenants—Limitation on Sale of Assets*";

(b) with respect to any Subsidiary Guarantor, in connection with any sale, assignment, transfer (including any transfer to a Permitted Joint Venture) or other disposition of the Capital Stock of such Subsidiary Guarantor (or of the Capital Stock of any direct or indirect parent company of such Subsidiary Guarantor (other than the Parent, any Parent Intermediate Holdco, the Company or the Issuer)) that results in such Subsidiary Guarantor ceasing to be a Restricted Subsidiary, if such sale, assignment, transfer or other disposition does not violate the requirements of "*—Certain Covenants—Limitation on Sale of Assets*";

(c) with respect to any Subsidiary Guarantor, if the Company designates such Subsidiary Guarantor to be an Unrestricted Subsidiary in accordance with "*—Certain Covenants—Limitation on Unrestricted Subsidiaries*";

(d) as provided for in "*—Certain Covenants—Suspension of Covenants and Release of Guarantees on Achievement of Investment Grade Status*" or "*—Certain Covenants—Limitation on Issuance of Guarantees of Indebtedness by Restricted Subsidiaries*";

(e) with respect to any Guarantor, upon legal defeasance, covenant defeasance or satisfaction and discharge of the Senior Secured Notes Indenture as provided below under the captions "*—Defeasance or Covenant Defeasance of Senior Secured Notes Indenture*" and "*—Satisfaction and Discharge*";

(f) as provided for under "*—Consolidation, Merger, Sale of Assets*";

(g) with respect to any Subsidiary Guarantor that is an Immaterial Subsidiary, upon written notice from the Company to the Trustee, so long as no Event of Default has occurred and is continuing;

(h) in accordance with the Intercreditor Agreement;

(i) as described in clause (e) under "*—Modifications and Amendments*";

(j) with respect to any Subsidiary Guarantor, upon written notice from the Company to the Trustee, so long as no Event of Default has occurred and is continuing; *provided* that prior to or substantially concurrently with such release, such Subsidiary Guarantor is unconditionally released and discharged from its liabilities, if any, with respect to the Senior Notes, the Existing Notes, the Existing Credit Facilities and the New Term Loan B Facilities; *provided further* that, after giving effect to such release, the Consolidated Adjusted EBITDA (as defined in the Term Loan and Revolving Credit Facility Agreement) of the Issuer and the Guarantors is at least 85% of the Consolidated Adjusted EBITDA of the Parent and the Group and the Consolidated Total Assets (as defined in the Term Loan and Revolving Credit Facility Agreement) of the Issuer and the Guarantors is at least 85% of the Consolidated Total Assets of the Parent and its Restricted Subsidiaries, in each case, calculated in accordance with, and in the manner provided by and subject to the same exceptions as those set forth in, Section 7.12(a) of the Term Loan and Revolving Credit Facility Agreement as in effect on the Issue Date; and

(k) with respect to any Guarantor, upon written notice from the Company to the Trustee, as part of any Permitted Reorganization; *provided* that, following the consummation of such Permitted Reorganization, the Parent, each Parent Intermediate Holdco and the Company shall be a Guarantor;

provided, *however*, that the Company shall have the right, in its sole discretion, by written notice to the Trustee delivered prior to the automatic release and termination of any Guarantee as specified above, to (A) waive such automatic release and termination of such Guarantee and maintain such Guarantee in effect until such time as the Company shall instruct and direct the Trustee in writing to release and terminate such Guarantee or (B) elect that the release and termination of such Guarantee shall not occur automatically as contemplated by this paragraph but shall occur at such other time or times, in such manner and order and upon the occurrence of such other events as shall be specified by the Company in such notice to the Trustee; *provided further* that nothing in this clause (B) shall allow the Company to require the release and termination of any Guarantee prior to (unless such release and termination is to occur substantially concurrently with) the occurrence of the applicable event(s) set forth in clauses (a) through (k) above providing for the release and termination thereof. Any release and termination of a Guarantee under this paragraph may be evidenced, at the Company's option, by the delivery by the Company to the Trustee of an Officer's Certificate of the Company, and the Trustee shall, at the Company's request, acknowledge and confirm receipt of such certificate.

In addition, the Intercreditor Agreement will provide for the release of certain Guarantees upon an enforcement sale and as otherwise specified in the Intercreditor Agreement. See "*Description of Other Indebtedness—Intercreditor Agreement* ."

Security

General

The Initial Collateral

Subject to the Security Principles, the obligations of the Issuer under the Senior Secured Notes and the obligations of the Guarantors under the Guarantees will be secured by, subject to Permitted Collateral Liens, first-ranking Liens over the following collateral (or, with respect to certain German security interests, junior ranking security interests) on the Issue Date (the "**Initial Collateral**"):

England

- share charges in respect of the shares of certain of the Guarantors incorporated in England and Wales;
- charges over certain bank accounts located in England and Wales; and
- debentures over all or substantially all of the assets of certain of the Guarantors incorporated in England and Wales;

Germany

- share pledges in respect of the shares of certain of the Guarantors organized in Germany;
- security interests in certain intercompany receivables owed from time to time to certain of the Guarantors organized in Germany; and
- security interests in certain fixed movable assets of certain Guarantors organized in Germany;

USA

- substantially all UCC Article 9 property (subject to certain exceptions) owned by certain Guarantors organized in Delaware;
- a pledge over certain LLC interests;
- an account pledge over a certain bank account; and
- security interests in certain intellectual property owned by certain Guarantors organized in Delaware.

The Subsequent Collateral

Subject to the Security Principles, within 90 days after the Issue Date (or such later date to the extent the relevant Subsequent Guarantor has yet to provide a guarantee under the Term Loan and Revolving Credit Facility Agreement due to the exercise of discretion of the administrative agent under the Term Loan and Revolving Credit Facility Agreement), the obligations of the Issuer under the Senior Secured Notes and the obligations of the Guarantors under the Guarantees will be secured by, subject to Permitted Collateral Liens (and, in the case of the security interests governed by Korean law, the acceptance of our report by the Bank of Korea in respect of the Guarantee of the Korean Subsidiary), first-ranking Liens over the following Collateral:

Belgium

- share pledges in respect of the shares of the Guarantors organized in Belgium; and
- security interests in respect of certain receivables and the business assets (*handelszaak/fonds de commerce*) of certain of the Guarantors organized in Belgium;

Canada

- a pledge in respect of the shares of each Guarantor organized in Canada; and
- security interests over substantially all present and after-acquired personal property owned by each Guarantor organized in Canada and proceeds thereof;

England

- share charges in respect of the shares of certain of the Guarantors incorporated in England and Wales;
- charges over certain bank accounts located in England and Wales; and

- debentures over all or substantially all of the assets of certain of the Guarantors incorporated in England and Wales

Germany

- a share pledge in respect of the shares of INOVYN Deutschland GmbH;
- a pledge over certain German bank accounts held by certain of the Guarantors;
- security interests in certain intercompany receivables and intellectual property rights owed from time to time to, or held by, INOVYN Deutschland GmbH; and
- security interests in certain fixed movable assets of INOVYN Deutschland GmbH;

Mexico

- a first-ranking share pledge in respect of the shares of the Guarantor organized in Mexico; and
- a first-ranking non-possessory pledge (*prenda sin transmisión de posesión*) over substantially all moveable assets and inventory owned by the Guarantor organized in Mexico;

Singapore

- a share charge creating security over the shares in the Guarantor incorporated under the laws of Singapore; and
- a debenture creating security over all the assets (with certain agreed exceptions) of the Guarantor incorporated under the laws of Singapore;

Switzerland

- a Swiss law governed amendment and confirmation agreement to be entered into by INEOS Quattro Financing Limited (formerly: INEOS Styrolution Financing Limited) and INEOS Styrolution Switzerland SA as a security providers and Barclays Bank PLC with respect to:
    - an existing share pledge dated June 10, 2016 in respect of the shares of the Guarantor organized in Switzerland; and
    - an existing undertaking to pledge dated November 7, 2014, following an Event of Default, certain assets owned by the Guarantor organized in Switzerland;

USA

- a mortgage over certain property of the Guarantor organized in Delaware;

Korea

- a share pledge in respect of the shares of the Guarantor organized in Korea; and
- a Korean law pledge over certain equity interests owned by the Guarantor organized in Korea;

France

- share pledges (*nantissements de comptes de titres financiers*) in respect of the shares of Inovyn France SAS and Inovyn Olefines France SAS held by Kerling Newco 1 Limited;
- pledges over certain bank accounts (*nantissements de comptes bancaires*) of Inovyn France SAS and Inovyn Olefines France SAS located in France; and

- pledges over certain intra-group receivables (*nantissements de créances intragroupes*) of Inovyn France SAS and Inovyn Olefines France SAS.

Sweden

- a share pledge in respect of the shares of the Guarantor incorporated in Sweden; and
- a pledge over a real estate mortgage certificate in respect of real property owned by the Guarantor incorporated in Sweden;

Norway

- a share pledge in respect of the shares of the Guarantor organized in Norway;
- security interests over certain assets owned by and certain bank accounts of the Guarantor organized in Norway; and
- security interests over the bank accounts located in Norway of the Guarantor incorporated in Sweden; and

Hong Kong

- a share charge in respect of the shares in the Guarantor organized in Hong Kong; and
- security interests over substantially all assets of the Guarantor organized in Hong Kong.

The Group currently expects that, at or around the time of the granting of the Subsequent Collateral, HSBC Corporate Trustee Company (UK) Limited will replace Barclays Bank PLC as Security Agent.

The Collateral will also secure the obligations under the Existing Notes, the Existing Term Loan B Facilities, the Term Loan A Facilities, the Revolving Credit Facility, the New Term Loan B Facilities, the Hedging Liabilities and the Cash Management Liabilities on a *pari passu* basis. The Liens on certain of the Collateral governed by Belgian, Canadian, English, German, Korean, Mexican, New York, Singapore and Swiss law securing the Existing Notes and the Existing Term Loan B Facilities (and, with respect to certain of the Collateral governed by English, German and New York law, also the Term Loan A Facilities and the Revolving Credit Facility) are already in place. The existing first-ranking Liens securing the Existing Notes and the Existing Term Loan B Facilities (and, with respect to certain of the Collateral governed by English and New York law, also the Term Loan A Facilities and the Revolving Credit Facility) that were created under New York, Texas, Belgian, Canadian, English, Swiss, Korean, Mexican and Singaporean law will remain in place and will extend to secure the Senior Secured Notes; *provided* that in Mexico the amendment to the existing Liens securing the Senior Secured Notes must be also registered in the share registry book of INEOS Styrolution Mexicana S.A. de C.V. and before the Sole Registry of Movable Assets (*Registro Único de Garantías Mobiliarias*), respectively, to make the extended Liens effective against third parties. In some jurisdictions, the Security Documents creating such Liens to the Senior Secured Notes (or, with respect to certain German security interests, junior ranking security interests will be granted). Please see "*—The Senior Secured Notes*".

The Collateral will be granted pursuant to the Security Documents and the Intercreditor Agreement to the Security Agent on behalf of the holders of the secured obligations that are secured by the Collateral, including the Senior Secured Notes. For a discussion of the ranking of the Collateral and the application of the proceeds thereof, see "*Description of Other Indebtedness—Intercreditor Agreement*".

The requirements for the granting of Liens under the Senior Secured Notes Indenture, arising at any time on or after the Issue Date, will generally be subject to certain security principles described under "*—Security Principles*". In addition, the Liens on the Collateral will be subject to certain limitations and are at all times in all cases subject to the requirements of applicable law. Please see "*Risk Factors—Risks Relating to the Notes and Our Capital Structure—Insolvency laws—Relevant insolvency laws in England and other jurisdictions may provide you with less protection than U.S. bankruptcy law*", "*Risk Factors—Risks Relating to the Notes and Our Capital Structure—Guarantees and Collateral limitations—The Guarantees and pledges of Collateral will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit their validity and enforceability*" and "*Limitations on Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Considerations*".

The Issuer and each Guarantor shall take such necessary actions and shall cause its respective Restricted Subsidiaries to take such necessary actions so that Liens over the Collateral in respect of the Senior Secured Notes shall be granted to the Security Agent on behalf of, and for the benefit of, the Trustee and the holders of the Senior Secured Notes pursuant to the Security Documents as contemplated by the Senior Secured Notes Indenture.

Subject to the Security Principles, the Issuer and each Guarantor shall, and shall procure that each of its respective Subsidiaries shall, at its own expense, execute and do all such acts and things and provide such assurances as the Security Agent may reasonably require (i) for registering any Security Document relating to the Collateral in any required register and for granting, perfecting, preserving or protecting validity and priority of the security intended to be afforded by such Security Document relating to the Collateral and (ii) if such Security Document has become enforceable in accordance with the terms of the Senior Secured Notes Indenture, the relevant Security Document and the Intercreditor Agreement, for facilitating the realization of all or any part of the Collateral which is subject to such Security Document and for facilitating the exercise of all powers, authorities and discretions vested in the Security Agent or in any receiver of all or any part of such Collateral. The Issuer and each Guarantor shall, and shall procure that each of its respective Subsidiaries shall, execute such transfers, conveyances, assignments and releases of that property whether to the Security Agent or to its nominees and give such notices, orders and directions which the Security Agent may reasonably request.

Security Documents

The Senior Secured Notes and the Guarantees will be secured by, subject to Permitted Collateral Liens, first-ranking Liens over the Collateral (or, with respect to certain German security interests, junior ranking security interests). Certain of the Liens on the Initial Collateral will be perfected after the Issue Date. Please see "*Risk Factors—Risks Relating to the Notes and Our Capital Structure—Perfection of security interests—The rights of the holders of the applicable Notes in the applicable Collateral may be adversely affected by the failure to perfect security interests in such Collateral*". The Collateral will be granted pursuant to the Security Documents to the Security Agent on behalf of the Trustee and the holders of the Senior Secured Notes.

Certain Liens securing the Senior Secured Notes created under German law will, as a matter of local law, be granted as junior ranking Liens in relation to the Liens in respect of the Existing Notes, the Existing Term Loan B Facilities, the Term Loan A Facilities and the Revolving Credit Facility. Nevertheless, the Intercreditor Agreement provides that as a contractual matter as among Senior Secured Creditors (as defined in the Intercreditor Agreement), the Senior Secured Notes will be secured on a *pari passu* basis with the Existing Notes, the Existing Term Loan B Facilities, the Term Loan A Facilities, the Revolving Credit Facility, the New Term Loan B Facilities, certain Hedging Obligations and certain Cash Management Arrangements and will be treated as such for purposes of the application of proceeds from the enforcement of such Collateral.

In certain jurisdictions, due to the laws and other jurisprudence governing the creation and perfection of security interests in such jurisdictions, the Senior Secured Notes Indenture and/or the Intercreditor Agreement will provide for the creation of "parallel debt" obligations in favor of the Security Agent, and the security interests in such jurisdictions will secure the parallel debt (and not the Indebtedness under the Senior Secured Notes). The parallel debt construct has not been tested under law in certain of these jurisdictions. Please see "*Risk Factors—Risks Relating to the Notes and Our Capital Structure—Decisions regarding Collateral—Holders of the Notes will not control certain decisions regarding the Collateral*".

Subject to certain conditions, including compliance with the covenants described under "*—Certain Covenants—Impairment of Security Interest*" and "*—Certain Covenants—Limitation on Liens*," the Issuer and the Guarantors are permitted to grant Liens on the Collateral in connection with certain future incurrences of Indebtedness, including any Additional Senior Secured Notes permitted under the Senior Secured Notes Indenture, on terms consistent with the relative priority of such Indebtedness.

Each holder of the Senior Secured Notes, by accepting a Senior Secured Note, shall be deemed (i) to have authorized (a) the Trustee and the Security Agent to enter into the Intercreditor Agreement and (b) the Security Agent to enter into the Security Documents and (ii) in each case, to have agreed to be bound thereby. Each holder of the Senior Secured Notes, by accepting a Senior Secured Note, appoints the Security Agent as its agent under the Security Documents and authorizes it to act as such.

The Senior Secured Notes Indenture will provide that, subject to the terms thereof and of the Security Documents (including the terms described under "*—Enforcement of Security*" and "*—Release of Security*"), the Senior Secured Notes and the Senior Secured Notes Indenture, as applicable, will be secured by the Liens on the Collateral until all obligations under the Senior Secured Notes and the Senior Secured Notes Indenture have been discharged.

The Collateral and the rights and benefits of the Security Agent under the Security Documents will be subject to certain limitations on the validity and enforceability of the Security Interests applicable pursuant to local rules regarding capital maintenance (*e.g.*, for the purpose of protecting share capital and legal reserves of Guarantors in certain jurisdictions) and the bankruptcy, insolvency, corporate arrangement and administrative laws of each of the jurisdictions in which the Issuer and the Guarantors are organized or incorporated, as applicable. Applicable laws in these jurisdictions, including provisions relating to, among other things, mandatory preference of certain classes of creditors, formalities with respect to the perfection of liens and the manner in which the liens are created, judgments in local currencies, voidable preference and fraudulent transfers, transfers at under value corporate benefit, and maximum liability thresholds, may have important implications on the rights of holders of the Senior Secured Notes. A brief description of certain of these limitations is contained in this Offering Memorandum under the caption "*Limitations on the Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Considerations.*" We urge you to carefully read that description when considering whether to invest in the Senior Secured Notes.

In the event that the Issuer, the Parent, the Company or any of their Subsidiaries enters into insolvency, bankruptcy, corporate arrangement (if applicable) or similar proceedings, the Liens securing the Senior Secured Notes created under the Security Documents could be subject to potential challenges. If any challenge to the validity of such Liens is successful, the holders of the Senior Secured Notes may not be able to recover any amounts under the Security Documents. Please see "*Risk Factors—Risks Relating to the Notes and Our Capital Structure—Insolvency laws—Relevant insolvency laws in England and other jurisdictions may provide you with less protection than U.S. bankruptcy law*" and "*Risk Factors—Risks Relating to the Notes and Our Capital Structure—Guarantees and Collateral limitations—The Guarantees and pledges of Collateral will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit their validity and enforceability*".

The Security Principles

The Senior Secured Notes Indenture will provide that certain requirements for the providing of Guarantees and the granting and perfecting of Liens in favor of the holders of the Senior Secured Notes and the Trustee will generally be subject to the Security Principles as set forth in the Senior Secured Notes Indenture. The Security Principles embody recognition by all parties that there may be certain legal and practical difficulties in obtaining Guarantees or granting or perfecting Liens. In particular:

(a) Factors that will be considered when determining whether Guarantees or Liens will be provided or granted, or the extent to which the Guarantees or Liens will be granted or perfected (including the maximum amount guaranteed or secured), will include general statutory limitations, financial assistance, capital maintenance, corporate benefit, fraudulent preference, "thin capitalization" and similar laws, rules and regulations, retention of title claims, employee consultation or approval requirements and the extent to which the giving or the terms of a Guarantee, the granting of Liens or, prior to the Liens created under the Security Documents becoming enforceable in accordance with the Security Documents, the extent of the perfection requirements would materially and adversely impact the business, or commercial relationships with third parties, of the Issuer or the relevant Guarantor, as applicable, in the ordinary course. Subject to the Security Principles, if any Guarantee or the amount secured by any Lien is to be limited, the Guarantee and the Liens provided or granted will extend to the maximum amount that the Issuer or the applicable Guarantor may provide in accordance with applicable law, rules, regulations and current and customary market practice in the relevant jurisdiction. In furtherance of and without limiting the foregoing:

(i) No Guarantee will be required to be provided, and no Lien will be required to be granted or perfected, if to do so would reasonably be expected to result (or, if the provision, grant or perfection thereof would not, in and of itself, reasonably be expected to result in such breach, the applicable Guarantee and the granting or perfection of the applicable Lien will be limited to the extent consistent with current and customary market practice in the relevant jurisdiction to the extent the failure to do so would reasonably be expected to result) in a breach of general statutory limitations, financial assistance, capital maintenance, corporate benefit, fraudulent preference, "thin capitalization" or similar laws, rules or regulations of any applicable jurisdiction, *provided* that the Issuer and the Guarantors will use commercially reasonable efforts (A) to assist in demonstrating that adequate corporate benefit accrues to the Issuer and each relevant Guarantor, as applicable, (B) to complete any whitewash or similar procedure required under any relevant financial assistance laws, other than in the case of a Belgian Guarantor and (C) otherwise to overcome or mitigate any such limitations through measures reasonably available to the Issuer and the relevant Guarantors, as applicable.

(ii) Each Guarantee will be limited as necessary to recognize certain defenses generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, capital maintenance, corporate benefit or similar laws, rules or regulations or defenses affecting the rights of creditors generally) or other similar considerations under applicable law.

(iii) No Guarantee will be required to be provided, and no Lien will be required to be granted or perfected, if to do so would reasonably be expected (or, if the provision, grant or perfection thereof would not, in and of itself, reasonably be expected to result in such conflict or violation, the applicable Guarantee and the granting or perfection of the applicable Lien will be limited to the extent consistent with current and customary market practice in the relevant jurisdiction to the extent the failure to do so would reasonably be expected) (A) to conflict with the fiduciary duties of directors or officers of the Issuer, the relevant Restricted Subsidiary or the relevant Guarantor, as applicable, or to give rise to or result in personal, civil or criminal liability on the part of any director, officer, legal representative or shareholder of the Issuer, the relevant Restricted Subsidiary or Guarantor, as applicable (and the Guarantees and Liens will be limited so as to mitigate any risk of any of the foregoing), or (B) to give rise to or result in any violation of applicable law, rule or regulation that, in each case, cannot be avoided or otherwise prevented through measures reasonably available to the Company or the applicable Restricted Subsidiary. Except as required by the covenant described under "*—Certain Covenants—Limitation on Issuance of Guarantees of Indebtedness by Restricted Subsidiaries*", no Guarantee will be required to be provided, and no Lien will be required to be granted or perfected, by a Restricted Group Company incorporated under the laws of France unless such Restricted Group Company is the recipient of proceeds borrowed under the Senior Secured Notes Indenture, either directly or as borrowed by another Restricted Group Company for the purposes of on-lending such proceeds to such Restricted Group Company.

(b) The Guarantees and the Liens and the extent of their perfection (and the extent of legal opinions, title insurance, surveys or other deliverables or formalities in connection therewith) will take into account the cost (which term, for purposes of the Security Principles, shall include internal costs and the scope of business disruption and administrative burden) to the Group (or, in the case of any Italian Guarantor, the cost to such Italian Guarantor) of providing the Guarantees or granting, perfecting or maintaining the Liens (or providing or taking such deliverables or formalities), as applicable, which shall not be disproportionate relative to the benefit accruing to the holders of the Senior Secured Notes (taking into account, without limitation, the extent of the obligations that can be guaranteed or secured and the priority that will be achieved thereby). In furtherance of and without limiting the foregoing:

(i) No Guarantee will be required to be provided, and no Lien will be required to be granted or perfected (and no deliverables or other formalities in connection therewith will be required to be provided or taken), if or to the extent to do so would reasonably be expected to result in any cost, expense, liability or obligation (including with respect of any Taxes) which is disproportionate relative to the benefit accruing to the holders of the Senior Secured Notes (taking into account, without limitation, the extent of the obligations that can be secured and the priority that will be achieved thereby) (it being understood and agreed that the cost of providing a Guarantee or granting or perfecting a Lien shall in any event be deemed to be so disproportionate (and such Guarantee or Lien, as the case may be, shall not be required to be provided or perfected) if such cost shall exceed the realizable value of such Guarantee or Lien, as the case may be). Without limiting the foregoing, the parties to the Senior Secured Notes Indenture will expressly acknowledge that no Liens will be required in respect of (A) assets of any French Guarantor other than, subject to the Security Principles, its bank and securities accounts and intra-group receivables owed to it, (B) real property located in France and owned by any Guarantor and (C) assets of any Italian Guarantor, other than, subject to the Security Principles, its bank and securities accounts and its intra-group receivables.

(ii) Where there is a material incremental cost involved in creating Liens over all or any particular assets owned by the Issuer or a Guarantor, the Liens to be taken and the extent of their perfection will take into account the cost to the Group (or, in the case of any Italian Guarantor, the cost to such Italian Guarantor) in doing so, which shall not be disproportionate relative to the benefit accruing to the holders of the Senior Secured Notes (taking into account, without limitation, the extent of the obligations that can be secured and the priority that will be achieved thereby).

(iii) Where a class of assets to be subject to a Lien includes material and immaterial assets (including real property), if the cost of granting or perfecting Liens over the immaterial assets is disproportionate relative to the benefit of such Liens accruing to the holders of the Senior Secured Notes (taking into account, without limitation, the extent of the obligations that can be secured and the priority that will be achieved thereby), Liens will be granted over the material assets only.

(iv) The maximum amount guaranteed or secured may be limited in a manner consistent with current and customary market practice in the relevant jurisdiction to minimize stamp duty, notarization, registration or other applicable fees, Taxes and duties, in each case, where the level of such costs, fees, Taxes and duties is disproportionate relative to the benefit to the holders of the Senior Secured Notes of increasing the guaranteed or secured amount (taking into account, without limitation, the extent of the obligations that can be guaranteed or secured and the priority that will be achieved thereby).

(c) No Guarantee or Liens will be required to be provided by (i) any Unrestricted Subsidiary, (ii) any LC Account Party, (iii) any Receivables Subsidiary or any other special purpose entity or bankruptcy remote entity, (iv) any captive insurance company, (v) any not-for-profit Restricted Subsidiary, (vi) any Restricted Subsidiary that is not a Wholly Owned Restricted Subsidiary; *provided* that, for purposes of the covenant described under "*—Certain Covenants—Limitation on Issuance of Guarantees of Indebtedness by Restricted Subsidiaries*", neither INOVYN Limited nor any of its Subsidiaries shall be treated as a non-Wholly Owned Restricted Subsidiary of the Company solely as a result of any Affiliate of the Company owning any issued and outstanding Capital Stock in INOVYN Limited, (vii) any Project Finance Subsidiary, (viii) any Restricted Subsidiary organized under the laws of an Excluded Jurisdiction and (ix) any Person that becomes a Restricted Subsidiary after the Issue Date, and that is prohibited by any contractual obligation, or the Guarantee by which would require any approval or consent of any third party, in each case which prohibition or requirement is permitted by the Senior Secured Notes Indenture and is in existence at the time such Person becomes a Restricted Subsidiary (so long as such prohibition or requirement is not created in contemplation of or in connection with such Person becoming a Restricted Subsidiary), *provided*, in the case of clause (ix), that, to the extent consistent with current and customary market practice in the relevant jurisdiction, such Person becoming a Restricted Subsidiary makes a written request to the relevant third parties for consent to providing a Guarantee or Liens, as the case may be, and uses commercially reasonable efforts (which, in any event, shall not require any expenditure of money) to obtain such third party consent for a period of at least 20 Business Days following the relevant request for consent (it being understood that at the end of such period such Person shall no longer be required to use its commercially reasonable efforts to obtain such consent).

(d) [Reserved]

(e) Notwithstanding anything to the contrary in the Senior Secured Notes Documents:

(i) no Lien will be required to be granted or perfected (in each case only for as long as, and to the extent that, such circumstances exist) over any assets (other than Capital Stock in Wholly Owned Restricted Subsidiaries) subject to third party arrangements that are not prohibited by the Senior Secured Notes Indenture and that prohibit or restrict (including if the grant of a Lien created under the Senior Secured Notes Documents would constitute a breach or default under, result in the termination of, or give rise to a right on the part of any party thereto to terminate or materially modify, any contract or agreement governing such arrangement) those assets from being subject to such Lien created under the Senior Secured Notes Documents; *provided* that, to the extent consistent with current and customary market practice in the relevant jurisdiction, the Issuer or the relevant Guarantor, as applicable, makes a written request to the third party for consent to creating a Lien on such assets and uses commercially reasonable efforts (which, in any event, shall not require any expenditure of money) to obtain such third party consent for a period of at least 20 Business Days following the relevant request for consent (it being understood that at the end of such period the Issuer or such Guarantor, as applicable, shall no longer be required to use its commercially reasonable efforts to obtain such consent); *provided further* that such requirement to make or obtain a written request shall not apply:

(A) in respect of any asset owned or acquired by the Issuer or any Guarantor that is subject to a Lien securing a purchase money, project financing, capital or finance lease obligation or Acquired Indebtedness permitted to be incurred pursuant to the Senior Secured Notes Indenture (or a refinancing of any of the foregoing) if the contract or other agreement in which such security interest is granted (or the documentation providing for such purchase money, project financing, capital or finance lease obligation or Acquired Indebtedness or such refinancing) prohibits or restricts the creation of any other Lien on such assets (including if the grant of any other Lien would constitute a breach or default under, result in the termination of, or give rise to a right on the part of any party thereto to terminate or materially modify, such contract or agreement or such documentation);

(B) in the case of any Capital Stock of any Person that is not a Wholly Owned Restricted Subsidiary (including any Permitted Joint Venture), if such Lien is prohibited or restricted (including if the grant of a Lien created under the Senior Secured Notes Documents would constitute a breach or default under, result in the termination of, or give rise to a right on the part of any party thereto to terminate or materially modify, any such document, contract or other agreement) by any organizational or governance documents of such Person, any applicable shareholder or similar agreement or any contract or other agreement governing Indebtedness of such Person; or

(C) with respect to any bank or securities accounts, or assets credited thereto, and any cash, cash equivalents or Temporary Cash Investments that, in each case, are subject to Permitted Liens securing any LC Facility, any bids, trade contracts, leases, performance, surety, appeal or tax bonds or similar instruments or any other obligations incurred in the ordinary course of business (other than any Indebtedness for borrowed money);

(ii) no Lien will be required to be granted or perfected (in each case only for as long as, and to the extent that, such circumstances exist) with respect to any Receivables Assets, or any assets of any Receivables Subsidiary, that are subject to Permitted Liens securing obligations in connection with any Permitted Receivables Financing;

(iii) no Lien will be required to be granted or perfected over any asset to the extent that, and only for so long as, the creation of such Lien under the Senior Secured Notes Documents over such asset (A) is prohibited or restricted by applicable law, rule or regulation or (B) requires a consent not obtained from any Governmental Authority pursuant to applicable law, rule or regulation (in each case of clauses (A) and (B), except to the extent such prohibition or restriction is rendered ineffective pursuant to applicable law (including, where applicable, Sections 9-406, 9-407, 9-408 or 9-409 of the Uniform Commercial Code as in effect in the State of New York); *provided* that the Issuer or the relevant Guarantor, as applicable, shall use commercially reasonable efforts, to the extent consistent with current and customary market practice in the relevant jurisdiction, to overcome any such obstacle or obtain such consent;

(iv) no Lien will be required to be granted or perfected over any (A) bank or securities accounts, and assets credited thereto, used solely to hold funds in trust for any director, officer or employee of the Parent or any of its Subsidiaries or any employee benefit plan maintained by the Parent or any of the Subsidiaries, (B) bank or securities accounts, and assets credited thereto, the funds in which consist solely of cash earnest money deposits, deposits to defease or to satisfy and discharge any Indebtedness or deposits under escrow or similar arrangements in connection with any letter of intent or agreement for any Acquisition or Investment permitted under the Senior Secured Notes Indenture or that represent Escrowed Proceeds and (C) bank accounts used solely for collections of receivables under any Permitted Receivables Financing;

(v) no Lien will be required to be granted or perfected over any Intellectual Property, lease, license or other agreement to the extent that a grant of a security interest therein is prohibited or restricted under such Intellectual Property, lease, license or other agreement (including if the grant of such Lien would constitute a breach or default under, result in the termination of, or give rise to a right on the part of any party thereto to terminate or materially modify, such

Intellectual Property, lease, license or other agreement), in each case except to the extent such prohibition or restriction is rendered ineffective pursuant to applicable law (including, where applicable, Sections 9-406, 9-407, 9-408 or 9-409 of the Uniform Commercial Code as in effect in the State of New York) or principles of equity; *provided* that, to the extent consistent with current and customary market practice in the relevant jurisdiction, the Issuer or the relevant Guarantor, as applicable, makes a written request to the applicable third party for consent to creating a Lien on such assets and uses commercially reasonable efforts (which, in any event, shall not require any expenditure of money) to obtain such third party consent for a period of at least 20 Business Days following the relevant request for consent (it being understood that at the end of such period the Issuer or such Guarantor, as applicable, shall no longer be required to use its commercially reasonable efforts to obtain such consent);

(vi) no Lien will be required to be granted or perfected over any Capital Stock of any Unrestricted Subsidiary; and

(vii) with respect to any U.S. Obligor, no Lien will be required to be granted or perfected over any intent-to-use trademark application prior to the filing of a "Statement of Use" or "Amendment to Allege Use" with respect thereto, to the extent that the grant of a security interest therein would impair the validity or enforceability of such intent-to-use trademark application under applicable United States Federal law;

in each case other than any proceeds of the foregoing (unless such proceeds, would constitute assets described in clauses (i) through (vii) above or would otherwise be excluded from Collateral pursuant to the Security Principles) (the foregoing being collectively referred to as the "**Excluded Property**").

(f) Except where such Liens may be created pursuant to a floating charge or other similar all-asset security (including, in the case of clause (ii) below, a German law global assignment agreement and, in the case of clause (iii) below, a German law security transfer agreement covering a defined security area (*Raumsicherungsubereignung*)), no Lien will be required to be granted and, except where such Lien may be perfected by filing of a financing statement under the Uniform Commercial Code (or a similar unitary filing in any relevant jurisdiction) with respect to the Issuer or the relevant Guarantor, as applicable, no Lien will be required to be perfected over:

(i) any Capital Stock owned by the Issuer or any Guarantor in any Restricted Subsidiary that is not the Issuer or a Guarantor;

(ii) (A) any intercompany advance, balance or loan in a principal amount of €200,000 or less and (B) any intercompany advance, balance or loan that is due or to be repaid or otherwise discharged within 30 days of the making thereof;

(iii) any trucks, trailers, tractors, service vehicles, automobiles, rolling stock or other registered mobile equipment or equipment covered by certificates of title or ownership (or the equivalent thereof in any relevant jurisdiction);

(iv) any Intellectual Property that is not material to the Company and its Restricted Subsidiaries or, with respect to any Intellectual Property that is so material, (A) with respect to the granting of such Lien, other than in the jurisdiction of organization of the Issuer or the relevant Guarantor, as applicable, or the United States and (B) with respect to the perfection of such Lien, other than in the United Kingdom, the United States, at the European Community level or the jurisdiction of the law governing the granting of such Lien;

(v) any right or interest in, to or under any Interest Rate Agreement, Currency Hedging Agreement or Commodity Price Protection Agreement;

(vi) any right or interest in, to or under any insurance policy, other than property damage, business interruption, marine cargo insurance and, to the extent constituting property damage insurance, contractors all risk insurance policies;

(vi) any right or interest in, to or under any insurance policy that is not material to the Company and its Restricted Subsidiaries;

(vii) (A) bank or securities accounts, and assets credited thereto, used primarily for payroll, payroll taxes, other employee wage and benefit payments and VAT and other similar taxes, (B) disbursement accounts, (C) bank accounts, and assets credited thereto, that are part of the cash pooling arrangements of the Restricted Group, so long as the assets credited thereto are transferred, on a regular basis, to one or more accounts that are either subject to a valid Lien under the Security Documents or that are not required to be subject to such Lien in accordance with the Security Principles and (D) any other bank or securities accounts (which are not subject to a valid Lien under the Security Documents) held at any one or more banks or securities intermediaries, *provided*, in the case of this clause (D), that the aggregate amount held in such accounts by the Issuer and the Guarantors does not exceed €100,000,000 (or its equivalent in any other currency) at any time (the "**Cash Limit**"), *provided further* that should the Cash Limit be exceeded at any time, then such excess shall, within five Business Days, be transferred to a bank or securities account that is subject to valid Lien under the Security Documents.

(viii) any owned real property that is not a Material Real Property and any real property leasehold interest; and

(ix) with respect to any U.S. Obligor, any commercial tort claim as to which the applicable U.S. Obligor has determined that it reasonably expects to recover less than €2,000,000 (or its equivalent in any other currency) or any letter of credit rights (other than letter of credit rights constituting supporting obligations).

(g) Perfection of Liens, when required, and other legal formalities will be completed (i) within the time periods specified therefor in the applicable Senior Secured Notes Documents (subject to any extensions thereof where the Company, acting reasonably, determines that such action cannot be accomplished without undue effort or expense by the time or times at which it would otherwise be required to be accomplished by the Senior Secured Notes Indenture, the Security Documents or any other Senior Secured Notes Document) or (ii) if not so specified, as soon as practicable but within the time periods specified by applicable law.

(h) [Reserved]

(i) Where the Issuer or a Guarantor pledges specific Capital Stock or a specific bank account, the Security Document will be governed by the law of the country of organization of the Person whose Capital Stock is being pledged or the law of the country in which such bank account is located to the extent necessary to ensure the perfection of such pledge.

(j) [Reserved]

(k) No perfection action will be required with respect to the Issuer or any Guarantor in jurisdictions other than the jurisdiction of organization of the Issuer or such Guarantor, as applicable, or the jurisdiction of the law governing the creation of the relevant Lien, other than in respect of Intellectual Property as set forth in clause (f)(iv) of this paragraph and except that perfection action may be required in the jurisdiction of organization of one Guarantor or the Issuer in relation to Liens granted by another Guarantor or the Issuer organized or incorporated, as applicable, in a different jurisdiction.

(l) Neither the Issuer nor any Guarantor will be required to take any action with respect to any Guarantee or any Lien created under the Senior Secured Notes Documents as a result of any assignment, transfer or participation by any holder of the Senior Secured Notes.

(m) In the case of any Person that becomes a Guarantor after the Issue Date, the application of the Security Principles to such Guarantor will be made in a manner that is no less favorable to such new Guarantor than the application thereof is to any then existing Guarantor that is organized or incorporated, as applicable, in the same jurisdiction as such new Guarantor (or, in the case of a new Guarantor that is organized or incorporated, as applicable, in a different jurisdiction than any then existing Guarantor, in

a manner that is no less favorable to such new Guarantor than the application thereof to the Guarantor on the Issue Date).

The following principles will be reflected in the Security Documents:

(a) The Liens will be first ranking, to the extent possible and subject to Permitted Liens and the Security Principles.

(b) All Liens will be created (including, where necessary, pursuant to any "parallel debt" provisions or similar (it being understood that in no event will "parallel debt" provisions apply to any Italian Guarantor and to any Italian Security Document)) in favor of, and be enforceable solely by, the Security Agent (including at the request or direction of the Trustee), and not by holders of the Senior Secured Notes individually, in each case, except to the extent otherwise required under applicable law or current and customary market practice in the relevant jurisdiction. Any security interest or guarantee granted pursuant to the Italian Security Documents or by any Italian Guarantor shall be given to, and in favor of, the holders of the Senior Secured Notes individually, it being understood that the Italian Security Documents, where possible, might be executed by the Security Agent acting in the name and on behalf of the holders of the Senior Secured Notes as agent with representative power (*mandatario con rappresentanza*).

(c) Except where it is inappropriate under applicable law, Liens will not be enforceable and will not crystallize until notice of intention to enforce has been given by the Security Agent following the occurrence of an Event of Default that is continuing (and with respect to any French Guarantor, will not be enforceable until the (i) occurrence of any Event of Default with respect to failure to pay that is continuing or (ii) the acceleration of the Senior Secured Notes under the Senior Secured Notes Indenture).

(d) Subject to the limitations set forth in clause (p) of this paragraph or elsewhere in the Security Principles, prior to the giving by the Security Agent of a notice of intention to enforce its Liens following the occurrence of an Event of Default that is continuing (and with respect to any French Guarantor, following the occurrence of an Event of Default as described in clause (c) of this paragraph), the Issuer and each Guarantor shall, subject to any restrictions required as a matter of law, or otherwise consistent with current and customary market practice in the relevant jurisdiction, (i) remain in possession and retain exclusive control over the Collateral (including, in the case of any bank or securities accounts (except for a securities account with respect to a French Guarantor), the right to withdraw or otherwise transfer any assets credited thereto and (except for a securities account with respect to a French Guarantor) to close such account) and retain the right to collect, invest and dispose of any income therefrom and (ii) otherwise be free to deal with assets and properties subject to the Liens (including by permitting any Intellectual Property that is not material to the Company and its Restricted Subsidiaries to lapse or expire or adjusting or compromising any receivable), and exercise any voting rights related thereto.

(e) Prior to the giving by the Security Agent of a notice of intention to enforce its Liens following the occurrence of an Event of Default that is continuing (and with respect to any French Guarantor, following the occurrence of an Event of Default as described in clause (c) of this paragraph), (i) no notice of any Lien over trade receivables, Intellectual Property, lease, license or other agreement or any insurance policy shall be required to be given to any debtor, counterparty or insurer, as the case may be, in each case, unless the giving of such notice would be consistent with current and customary market practice in the relevant jurisdiction, and the Issuer or the relevant Guarantor, as applicable, shall remain entitled to collect any payments thereunder, and (ii) no proceeds of any trade receivables shall be required to be paid into any blocked bank account.

(f) (i) Prior to the giving by the Security Agent of a notice of intention to enforce its Liens following the occurrence of an Event of Default that is continuing (and with respect to any French Guarantor, following the occurrence of an Event of Default as described in clause (c) of this paragraph), the Issuer and the Guarantors shall be entitled to collect (and, if requested by the applicable insurer, the Security Agent shall confirm to such insurer the authority of the Issuer or the relevant Guarantor, as applicable, to collect) any payments under insurance policies constituting Collateral and (ii) no loss payee or other endorsement will be made on any insurance policy and neither the Security Agent nor any holder of the Senior Secured Notes will be named as co-insured.

(g) To the extent such actions are consistent with current and customary market practice in the relevant jurisdiction, the Issuer or the relevant Guarantor, as applicable, will be required to provide customary notices of a Lien over its bank accounts to the applicable bank and to use its commercially reasonable efforts to obtain customary acknowledgements from the applicable banks (it being agreed, subject to any other provision of the Security Principles, that (i) while such notice may request a waiver of any Liens, rights of set-off or other rights that such bank may have, neither the Issuer nor any Guarantor shall be required to procure any such waiver, (ii) neither the Issuer nor any Guarantor shall be required to close any bank account in respect of which the applicable bank fails to provide any such acknowledgements and (iii) neither the Issuer nor any Guarantor shall be required to change its banking arrangements or standard terms and conditions in connection with the granting of bank account security). No control agreements will be required in respect of any deposit, securities or commodities account located in the United States or Canada.

(h) Neither the Issuer nor any Guarantor shall be required to obtain any collateral access agreements, landlord waivers, warehouse agreements or any similar agreements.

(i) No Liens will be taken over parts, inventory, moveable plant, equipment or receivables to the extent that the creation or perfection of such Lien requires labeling, segregation or periodic listing, filing, notification or specification of such parts, inventory, moveable plant, equipment or receivable. Subject to the foregoing, where, under applicable local law, supplemental pledges or notices are required in respect of future acquired assets in order to create or perfect a Lien over such class of assets, such supplemental pledges or notices will be provided only upon request of the Security Agent and, in any event, unless an Event of Default shall have occurred and is continuing, no more frequently than once in any calendar year (or, with respect to any Italian Guarantor, no more frequently than once in any calendar quarter).

(j) Subject to the Security Principles, to the extent practicable and consistent with the current and customary market practice and applicable law in the relevant jurisdiction, Liens created under the Security Documents will automatically create security over future assets of the same type as those already subject thereto.

(k) The Security Documents will expressly provide that the proceeds of enforcement of any Liens granted thereunder will be applied in the manner set forth in the Intercreditor Agreement.

(l) Representations and covenants and undertakings in the Security Documents shall be strictly limited to those necessary for the creation, perfection or maintenance of the security and shall not be included to the extent that the subject matter thereof is the same as the corresponding covenant or undertaking in the Senior Secured Notes Indenture; *provided* that representations (which, if included, will in any event be given only as of the date of the relevant Security Document), covenants and undertakings may be included to the extent consistent with applicable law and current and customary practice in the relevant jurisdiction, in which event such representation, covenant and undertaking shall be on the same terms as the corresponding provisions in the Senior Secured Notes Indenture and, in any event, shall not restrict any action or transaction that is permitted or not restricted by the Senior Secured Notes Indenture or require any additional consents, authorizations or approvals.

(m) Without prejudice to, or the limiting of, the obligations of the Issuer and the Guarantors as set forth in the definition of Excluded Property, to the extent and for so long as any asset constitutes an Excluded Property, neither the Issuer nor any Guarantor shall have any obligation in respect of such Excluded Property under any "further assurances" or similar covenants or undertakings set forth in the Security Documents.

(n) The Security Documents shall not contain any rights of set-off, expense reimbursement or indemnity provisions, *provided* that the Security Documents may include such provisions to the extent consistent with applicable law and current and customary practice in the relevant jurisdiction, in which event such provisions shall be in the form no less favorable to the Issuer and the Guarantors than the terms of the corresponding provisions in the Senior Secured Notes Indenture.

(o) Each Security Document shall expressly provide that (i) in the event of any conflict or inconsistency between such Security Document and the Intercreditor Agreement, the Intercreditor Agreement will control and (ii) nothing in such Security Document (A) shall restrict any action, transaction or other

matter that is permitted or not restricted under the Debt Documents (as defined in the Intercreditor Agreement) secured thereby (for the avoidance of doubt, excluding such Security Document) or (B) shall require any additional notices or consents with respect to any such action, transaction or other matter (it being understood that nothing in this clause (B) shall affect any such notices or consents required under such applicable Debt Documents); *provided* that clause (ii) shall not apply to the extent that its application would adversely affect the validity, ranking, priority or enforceability of the security interest(s) created under such Security Document (other than any such security interests that, in accordance with the Security Principles, would not have been required to be created).

(p) In respect of pledges of Capital Stock, the customary limitations on the exercise of voting rights attaching to any Capital Stock pledged by any pledgor and on the right to receive and retain dividends or other distributions on any Capital Stock pledged by them, in each case, to the extent these purport to protect the validity and enforceability of the Liens over such Capital Stock shall apply. In addition, until notice of intention to enforce has been given by the Security Agent following the occurrence of an Event of Default which is continuing (and with respect to any French Guarantor, following the occurrence of an Event of Default as described in clause (c) of this paragraph), the pledgors will be permitted to retain and to exercise voting rights attaching to any Capital Stock pledged by them and to receive and retain dividends or other distributions on any Capital Stock pledged by them, in each case, in a manner that does not adversely affect the validity or enforceability of the Liens or cause an Event of Default to occur and the pledgors will be permitted to pay dividends or other distributions upstream on pledged Capital Stock to the extent permitted by the Senior Secured Notes Indenture.

(q) The Security Agent and the Trustee shall only be able to exercise a power of attorney granted to it following the occurrence of an Event of Default that is continuing or if the Issuer or the relevant Guarantor, as applicable, has failed to comply with a further assurance or perfection obligation (after the passage of any applicable grace period).

(r) Any security interest created for the benefit of any Second Lien Debt Creditor (as defined in the Intercreditor Agreement) pursuant to any Security Document governed by the laws of the United States, any State thereof or the District of Columbia must be created as a separate and distinct junior Lien from any security interest granted for the benefit of any Primary Creditor (as defined in the Intercreditor Agreement).

(s) The Italian Security Documents will be executed by way of exchange of correspondence (*scambio di corrispondenza commerciale*) or outside the territory of Italy.

Notwithstanding the provisions of the Security Principles that would result in such Guarantees or such Liens not being required (but subject to the other provisions hereof), (a) each Parent Intermediate Holdco shall be required to provide a Guarantee and (b) the Parent and each Parent Intermediate Holdco shall be required to grant a Lien over the Capital Stock of each Parent Intermediate Holdco and the Company.

Notwithstanding the foregoing, amendments, supplements and other modifications to the Security Documents contemplated by the Senior Secured Notes Indenture shall be permitted as so contemplated.

Subject to the Security Principles, the Issuer and the Guarantors will be responsible for payment of all registration costs, disbursements, taxes, notary fees and other costs (including the reimbursement for fees, disbursements and other charges by counsel to the Security Agent) incurred in implementing the Guarantee and security package agreed upon in accordance with the Security Principles (including any of the foregoing arising in connection with a resignation of an existing Security Agent and an appointment of a new Security Agent), it being understood and agreed that, consistent with clause (l) of the first paragraph above, neither the Issuer nor Guarantor shall be responsible for payment of any registration costs, disbursements, taxes, notary fees or other costs arising as a result of any assignment, transfer or participation by any holder of the Senior Secured Notes.

Extensions of time for the creation and perfection of security interests in, or the obtaining of title insurance, legal opinions, surveys or other deliverables or formalities with respect to, particular properties or assets or the provision of any Guarantee by any Restricted Subsidiary (including extensions in connection with assets acquired, or Restricted Subsidiaries formed or acquired, after the Issue Date) may apply where the Company, acting reasonably, determines that such action cannot be accomplished without undue effort or expense by the time or times at which it would otherwise be required to be accomplished by the Senior Secured Notes Indenture, the Security Documents or any other Senior Secured Notes Document.

The application of the Security Principles will be by the Company, acting reasonably and in a manner which is consistent with current market practice at the time.

Each of the Trustee and the Security Agent shall be entitled to conclusively rely on an Officer's Certificate of the Company delivered to it in connection with the Security Principles as to any matter of fact or any determination to be made under the Security Principles.

Enforcement of Security

The Security Documents generally will only become enforceable after the Security Agent gives notice of an intention to enforce following the occurrence of an Event of Default under the Senior Secured Notes Indenture, an event of default under the Existing Indenture, an event of default under the Existing Term Loan B Facilities Agreement, an event of default under the Term Loan and Revolving Credit Facility Agreement or an event of default (or similar event, however described) under other Senior Secured Indebtedness which is subject to the Intercreditor Agreement. The Security Agent will only be permitted to enforce the Security Documents in accordance with instructions permitted to be given under the Intercreditor Agreement and each relevant Security Document.

The Intercreditor Agreement restricts the ability of the Trustee or the holders of the Senior Secured Notes to instruct the Security Agent to take enforcement action, and the Security Agent will act only at the direction of creditors holding a simple majority in aggregate principal amount of committed or funded debt under the Existing Indenture, the Existing Term Loan B Facilities Agreement, the Term Loan and Revolving Credit Facility Agreement, the Senior Secured Notes, any Additional Senior Secured Notes and any other Senior Secured Indebtedness incurred in the future will be able to instruct the Security Agent to enforce the security. For a description of security enforcement and other intercreditor provisions, please see "*Description of Other Indebtedness—Intercreditor Agreement*."

Priority

The relative priority among (a) the Hedge Counterparties, (b) the trustee under the Existing Indenture and the holders of the Existing Notes, (c) the lenders under the Existing Term Loan B Facilities Agreement, (d) the lenders under the Term Loan and Revolving Credit Facility Agreement, (e) certain Cash Management Providers, (f) creditors under other first-priority Indebtedness permitted to be incurred under the Senior Secured Notes Indenture and the Senior Secured Notes and the Intercreditor Agreement, (g) the Trustee and the holders of the Senior Secured Notes (including Additional Senior Secured Notes), (h) lenders under other Indebtedness permitted under the Senior Secured Notes ranking *pari passu* with the Senior Secured Notes and (i) the trustee under the Senior Notes Indenture and the holders of the Senior Notes, with respect to the Liens on the Collateral that are created by the Security Documents and secure obligations under the Senior Secured Notes or the Guarantees or the Senior Secured Notes Indenture, will be established by the terms of the Intercreditor Agreement and the Security Documents, which provide that (i) the obligations under the Hedging Obligations, the Existing Notes, the Existing Term Loan B Facilities, the Term Loan A Facilities, the Revolving Credit Facility, the New Term Loan B Facilities, certain Cash Management Obligations, the Senior Secured Notes, and other first-priority Indebtedness permitted to be incurred under the Senior Secured Notes Indenture and the Intercreditor Agreement are secured equally and ratably by, subject to Permitted Collateral Liens, a first-priority interest in the Collateral (or, with respect to certain German security interests, junior ranking security interests).

The holders of Senior Notes will have, subject to Permitted Collateral Liens, a second priority interest in the Senior Notes Shared Collateral.

Release of Security

The Security Agent will determine the circumstances and manner in which the Collateral will be disposed of including, but not limited to, the determination of whether to release all or any portion of the Collateral from the Liens created by the Security Documents and whether to foreclose on or otherwise enforce against, the Collateral following an acceleration of the Senior Secured Notes, in each case acting on instructions given to it in accordance with the terms of the Intercreditor Agreement. Please see "*Description of Other Indebtedness—Intercreditor Agreement—Enforcement of Transaction Security.*"

Under German law, if the realizable value of the collateral significantly and not only temporarily exceeds the amount of secured obligations, the Security Agent may be obliged to release (in full or in part) collateral subject to German law security interests to the extent of such excess value. Certain of the German law security documents provide for such a release obligation if the realizable value of collateral exceeds the amount of secured obligations by more than 10%. Such release obligation may arise even prior to the full discharge of the secured obligations.

The Liens on the Collateral will be automatically and unconditionally released and discharged, without any action by or the necessity of the consent of the Trustee, the Security Agent or any holder of the Senior Secured Notes as follows (and each holder of the Senior Secured Notes will be deemed to have irrevocably authorized the Trustee and the Security Agent to execute and deliver (and, at the request and cost of the Company, each of the Trustee and the Security Agent shall execute and deliver) any document to the extent necessary or reasonably requested by the Company to evidence such release and discharge):

(a) in connection with any sale, assignment, transfer or other disposition of such Collateral (other than Capital Stock in the Company) to a Person that is not the Parent, a Parent Intermediate Holdco, the Company or a Restricted Subsidiary or, subject to the requirements of clause (iv) of the first paragraph of "*—Certain Covenants—Impairment of Security Interest*", to any other Person that is not the Issuer or a Guarantor, in each case, if such sale, assignment, transfer or other disposition does not violate the requirements of "*—Certain Covenants—Limitation on Sale of Assets*" or is otherwise permitted by the Senior Secured Notes Indenture;

(b) if such Collateral is an asset of any Guarantor (other than the Parent, any Parent Intermediate Holdco or the Company) or any of its Subsidiaries, in connection with any sale, assignment, transfer or other disposition of Capital Stock of such Guarantor or such Subsidiary (or of the Capital Stock of any direct or indirect parent company of such Guarantor or such Subsidiary, in each case, other than the Parent, any Parent Intermediate Holdco, the Company or the Issuer) as a result of which such Guarantor or such Subsidiary shall cease to be a Restricted Subsidiary of the Company, if such sale, assignment, transfer or other disposition does not violate the requirements of "*—Certain Covenants—Limitation on Sale of Assets*" or is otherwise permitted by the Senior Secured Notes Indenture;

(c) in the case of any Guarantor that is released from its Guarantee pursuant to the terms of the Senior Secured Notes Indenture, any Security Document or the Intercreditor Agreement (which release shall be of the Liens on the property and assets, and Capital Stock, of such Guarantor);

(d) if the Company designates any Restricted Subsidiary to be an Unrestricted Subsidiary in accordance with "*—Certain Covenants—Limitation on Unrestricted Subsidiaries*" (which release shall be of the Liens on the property and assets, and Capital Stock, of such Restricted Subsidiary);

(e) with respect to the Collateral, upon legal defeasance, covenant defeasance or satisfaction and discharge of the Senior Secured Notes Indenture as provided below under the captions "*—Defeasance or Covenant Defeasance of Senior Secured Notes Indenture*" and "*—Satisfaction and Discharge*";

(f) to the extent set forth in "*—Consolidation, Merger, Sale of Assets*", as applicable, in connection with any merger, consolidation, amalgamation, sale, assignment, conveyance, transfer or other disposition made in compliance with "*—Consolidation, Merger, Sale of Assets*", as applicable;

(g) with respect to Liens on any Proceeds Loans, upon the payment in full or other discharge of such Proceeds Loans (including as a result of any merger or consolidation of the payor or the payee thereunder);

(h) in accordance with the Intercreditor Agreement;

(i) to release and/or re-take any Lien on any Collateral to the extent otherwise permitted by the terms of the Senior Secured Notes Indenture, the Security Documents or the Intercreditor Agreement;

(j) as provided for in paragraph (b) of "*—Certain Covenants—Limitation on Liens*";

(k) in connection with any Permitted Receivables Financing (which release shall be of Liens on the Receivables Assets transferred in connection therewith);

(l) in accordance with "*—Certain Covenants—Impairment of Security Interest*" or clause (e) under "*—Modifications and Amendments*";

(m) in the case of any Escrowed Proceeds with respect to any Loans, in accordance with the release provisions set forth in the applicable Security Documents creating Liens thereon;

(n) in connection with a Permitted Reorganization;

(o) in the case of any Collateral (other than any Capital Stock in the Company), upon written notice by the Company to the Trustee and the Security Agent if such Collateral is intended to secure (A) Indebtedness incurred under Finance Lease Obligations or Purchase Money Obligations or other Indebtedness of any Parent Obligor, the Company or any Restricted Subsidiary incurred for the purpose of financing all or any part of the acquisition, development, construction or improvement of real or personal, movable or immovable, property or assets (including Capital Stock) used or to be used in the business of the Company and its Restricted Subsidiaries, or any refinancing of any such Indebtedness, or (B) Indebtedness incurred under lines of credit, bilateral facilities, working capital or overdraft facilities or other operating facilities permitted to be incurred under "*—Certain Covenants—Limitation on Indebtedness*", *provided* that the Fair Market Value (for the avoidance of doubt, measured at the time of release and without giving effect to subsequent changes in value) of all the Collateral released since the Issue Date from Liens under this clause (o) (excluding any portion thereof to the extent Liens thereon are subsequently granted in favor of the Security Agent, for the benefit of the Trustee and the holders of the Senior Secured Notes) does not exceed €50.0 million in the aggregate; or

(p) in connection with any inventory financing or similar arrangement incurred pursuant to clause (b)(v) of "*—Certain Covenants—Limitation on Indebtedness*" (which release shall be of the Liens on the inventory and related assets transferred in connection therewith);

provided, *however*, that the Company shall have the right, in its sole discretion, by written notice to the Trustee and the Security Agent delivered prior to the automatic release and discharge of any Lien as specified above, to (A) waive such automatic release and discharge of such Lien and maintain such Lien in effect until such time as the Company shall instruct and direct the Trustee to instruct the Security Agent in writing to release and discharge such Lien or (B) elect that the release and discharge of such Lien shall not occur automatically as contemplated by this paragraph but shall occur at such other time or times, in such manner and order and upon the occurrence of such other events as shall be specified by the Company in such notice to the Trustee and the Security Agent; *provided further* that nothing in this clause (B) shall allow the Company to require the release and discharge of any Lien prior to (unless such release and discharge is to occur substantially concurrently with) the occurrence of the applicable event(s) set forth in clauses (a) through (p) above providing for the release and discharge thereof (and the Trustee, at the request of the Company and the Security Agent, at the request of the Trustee, shall execute and deliver any document reasonably requested by the Company to effect and evidence the release and discharge of such Lien). Any release and discharge of a Lien on any Collateral under this paragraph may be evidenced, at the Company's option, by the delivery by the Company to the Trustee and the Security Agent of an Officer's Certificate, and the Trustee and the Security Agent shall, at the Company's request, acknowledge and confirm receipt of such certificate.

Notwithstanding any provision to the contrary in the Senior Secured Notes Indenture or in any other Senior Secured Notes Document, the release of any Lien created or purported to be created on Collateral under any Swedish Security Document shall be subject to the prior written consent of the Security Agent (such consent to be granted at the Security Agent's sole discretion), other than upon legal defeasance, covenant defeasance or satisfaction and discharge of the Senior Secured Notes Indenture as provided below under the captions "*—Defeasance or Covenant Defeasance of Senior Secured Notes Indenture*" and "*—Satisfaction and Discharge*". Each holder of the Senior Secured Notes authorizes the Security Agent to release such Lien at its discretion without notification or further reference to the holders of the Senior Secured Notes.

Other

Subject to the terms of the Security Documents, and subject to certain exceptions required to ensure the Liens securing the Senior Secured Notes and the Guarantees under the Security Documents are perfected, the Issuer and the Guarantors will have the right to remain in possession and retain exclusive control of the Collateral, to collect, invest and dispose of any income therefrom and to vote in relation to the pledged shares. The Issuer and the Guarantors may, among other things, without any release or consent by the Trustee or the Security Agent, conduct ordinary course activities with respect to the Collateral, including, without limitation but subject to "*—Certain Covenants—Limitation on Asset Sales*", (i) selling or otherwise disposing of, in any transaction or series of related transactions, any property and assets subject to Liens under the Security Documents which has become worn out, defective or obsolete or no longer used or useful in the business, and (ii) selling, transferring or otherwise disposing of assets in the ordinary course of business.

No appraisal of any of the Collateral has been prepared by or on behalf of the Issuer, the Parent or the Company in connection with the issuance of the Senior Secured Notes. There can be no assurance that the proceeds from the sale of the Collateral remaining after sharing with other creditors entitled to share in such proceeds would be sufficient to satisfy

the obligations owed to the holders of the Senior Secured Notes. By its nature, some or all of the Collateral will be illiquid and may have no readily ascertainable market value. Accordingly, there can be no assurance that the Collateral will be able to be sold in a short period of time, if at all. In addition, the Intercreditor Agreement places limitations on the ability of the Security Agent to cause the sale of the Collateral, by reference to the interests of certain creditors, including holders of the Senior Secured Notes, the holders of the Existing Notes, the lenders under the Existing Term Loan B Facilities, the lenders under the Term Loan A Facilities, the lenders under the Revolving Credit Facility, the lenders under the New Term Loan B Facilities and the holders of the Senior Notes. These limitations may include requirements that some or all of the Collateral be disposed of only pursuant to public auctions or only at a price confirmed by a valuation.

Similar limitations also apply under German law with respect to certain types of Security Interests such as pledges over the Capital Stock of German companies and under Mexican law with respect to certain types of Security Interests such as pledges over the capital stock of Mexican companies and non-possessory pledges, where the secured creditor may not take possession and/or sell the Collateral and apply the proceeds of the sale to the payment of the secured obligations without court intervention. Under Swiss law, a private enforcement, including the acquisition of the pledged assets for the Security Agent's or any other secured party's account, is possible (outside an insolvency event) but is subject to certain requirements (including notification and acquisition at market value, provided that if the market value exceeds the secured obligations, the difference should be remitted to the security provider) and is generally to be made in accordance with the principles of good faith, adequately taking into account the interests of the security provider.

The Senior Secured Notes Indenture will provide that each holder, by accepting a Senior Secured Note, shall be deemed to have authorized the execution and delivery of, and to have agreed to and accepted the terms and conditions of, the Security Documents and the Intercreditor Agreement.

The Senior Secured Notes Proceeds Loan Notes

Upon the issuance of the Senior Secured Notes, the Issuer, as lender, and INEOS 226, as borrower, will enter into the Senior Secured Notes Proceeds Loan Notes pursuant to which the Issuer will loan to INEOS 226 the proceeds from the issuance of the Dollar Senior Secured Notes and the Euro Senior Secured Notes.

The Dollar Senior Secured Notes Proceeds Loan Note will be denominated in dollars and will be in an aggregate principal amount equal to the aggregate principal amount of the Dollar Senior Secured Notes. The Dollar Senior Secured Notes Proceeds Loan Note will bear interest at a rate at least equal to the rate required to enable the Issuer to make payments of principal, premium and interest (including Additional Amounts and default interest) and any costs, fees and expenses under the Dollar Senior Secured Notes. The Euro Senior Secured Notes Proceeds Loan Note will be denominated in euro and will be in an aggregate principal amount equal to the aggregate principal amount of the Euro Senior Secured Notes. The Euro Senior Secured Notes Proceeds Loan Note will bear interest at a rate at least equal to the rate required to enable the Issuer to make payments of principal, premium and interest (including Additional Amounts and default interest) and any costs, fees and expenses under the Euro Senior Secured Notes.

The Senior Secured Notes Proceeds Loan Notes will be subject to the terms of the Intercreditor Agreement and will provide that INEOS 226 will pay the Issuer interest and principal due and payable on the Senior Secured Notes and, in each case, any Additional Amounts due thereunder and any costs, fees and expenses. All amounts payable under the Senior Secured Notes Proceeds Loan Notes will be payable to such account or accounts with such Person or Persons as the Issuer may designate. The maturity date of the Senior Secured Notes Proceeds Loan Notes will be the same as the maturity date of the Senior Secured Notes.

The obligations of INEOS 226 in respect of the Senior Secured Notes Proceeds Loan Notes will rank junior to the obligations of INEOS 226 under the Senior Secured Notes Indenture, the Existing Indenture, the Existing Term Loan B Facilities Agreement and the Term Loan and Revolving Credit Facility Agreement, in accordance with the Intercreditor Agreement. The obligations of INEOS 226 in respect of the Senior Secured Notes Proceeds Loan Notes will also rank junior to the guarantee by INEOS 226 of the Senior Notes, in accordance with the Intercreditor Agreement. Except as otherwise required by law, all payments under the Senior Secured Notes Proceeds Loan Notes will be made without deductions or withholding for, or on account of, any applicable tax. In the event that INEOS 226 is required to make any such deduction or withholding, it shall gross up each payment to the Issuer to ensure that the Issuer receives and retains a net payment equal to the payment which it would have received had no such deduction or withholding been made.

The Senior Secured Notes Proceeds Loan Notes will provide that INEOS 226 will make all payments pursuant thereto on a timely basis in order to ensure that the Issuer can satisfy its payment obligations under the Senior Secured

Notes and the Senior Secured Notes Indenture, taking into account the administrative and timing requirements under the Senior Secured Notes Indenture with respect to amounts payable on the Senior Secured Notes.

The Senior Secured Notes Proceeds Loan Notes will be assigned by way of security to the Security Agent for the benefit of holders of the Senior Secured Notes, the holders of the Existing Notes, the lenders under Existing Term Loan B Facilities Agreement, the lenders under the Term Loan and Revolving Credit Facility Agreement, the Hedge Counterparties and the banks in respect of Cash Management Arrangements as described in "*Description of the Collateral and the Guarantees*".

Principal, Maturity and Interest

The Dollar Senior Secured Notes initially will be issued in the aggregate principal amount of $500.0 million and will mature on January 15, 2026, unless redeemed prior thereto as described herein. The Euro Senior Secured Notes initially will be issued in the aggregate principal amount of € 800.0 million and will mature on January 15, 2026, unless redeemed prior thereto as described herein. The Dollar Senior Secured Notes and Euro Senior Secured Notes will mature and the full principal amount will be payable on January 15, 2026. The Senior Secured Notes Indenture will allow additional Dollar Senior Secured Notes (the "**Additional Dollar Senior Secured Notes**") and additional Euro Senior Secured Notes (the "**Additional Euro Senior Secured Notes**" and, together with the Additional Dollar Senior Secured Notes, the "**Additional Senior Secured Notes**") to be issued from time to time, subject to certain limitations described under "*—Certain Covenants—Limitation on Indebtedness*"; *provided*, *however*, that any Additional Senior Secured Notes that are issued with the same CUSIP, ISIN or common code number will be fungible with the previously issued applicable series of Senior Secured Notes for U.S. federal income tax purposes. Each of the Dollar Senior Secured Notes and the Euro Senior Secured Notes will constitute a separate series of Senior Secured Notes. The Senior Secured Notes and any Additional Senior Secured Notes will be treated as a single class for all purposes of the Senior Secured Notes Indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase, except as otherwise provided for in the Senior Secured Notes Indenture.

The Dollar Senior Secured Notes will bear interest at the rate of 3.375% *per annum* and the Euro Senior Secured Notes will bear interest at the rate of 2.500% per annum, in each case, from and including the date of original issuance or from and including the most recent interest payment date to which interest has been paid, payable semi-annually in arrears on January 15 and July 15 in each year, commencing July 15, 2021. The Issuer will make each interest payment to the holders of record of the Dollar Senior Secured Notes and the Euro Senior Secured Notes on the immediately preceding January 1 and July 1. Interest on the Senior Secured Notes will accrue from the date of original issuance or, if interest has already been paid, from the interest payment date it was most recently paid. Interest on the Dollar Senior Secured Notes and the Euro Senior Secured Notes will be computed on the basis of a 360-day year composed of twelve 30-day months. Interest on overdue principal and, to the extent permitted by law, on overdue installments of interest will accrue at the rate of interest borne by the Dollar Senior Secured Notes and the Euro Senior Secured Notes, as applicable.

Principal of, premium, if any, any applicable Additional Amounts (as defined below) and interest on the Senior Secured Notes will be payable, and the Senior Secured Notes will be exchangeable and transferable, at the office or agency of the Issuer in London maintained for such purposes (which initially will be the corporate trust office of the Trustee) and, so long as the Senior Secured Notes are listed on the Official List of the Luxembourg Stock Exchange and are traded on the Euro MTF Market thereof, at the offices of each Paying Agent. Principal, interest and premium, if any, on the global notes (as described below) will be payable at the specified office or agency of one or more Paying Agents; *provided* that all such payments with respect to Senior Secured Notes represented by one or more global notes registered in the name of or held by a nominee of DTC or a depository common to Euroclear and/or Clearstream, as applicable, will be made by wire transfer of immediately available funds to the account specified by the holder or holders thereof. The initial Paying Agents will be HSBC Bank PLC, as Paying Agent with respect to the Euro Senior Secured Notes, and HSBC Bank USA, National Association, as Paying Agent with respect to the Dollar Senior Secured Notes.

The Dollar Senior Secured Notes will initially be represented by one or more global notes and will be issued in fully registered form without coupons attached and in minimum denominations of $200,000 and integral multiples of $1,000 in excess thereof. The Euro Senior Secured Notes will initially be represented by one or more global notes and will be issued in fully registered form without coupons attached and in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof. The global notes will be deposited with a custodian for DTC or its nominee or with a common depositary for Euroclear and Clearstream or its nominee, as applicable. Ownership of interests in the global notes, referred to as "**book-entry interests**," will be limited to Persons that have accounts with DTC, Euroclear and/or Clearstream, as applicable, or Persons that may hold interests through such participants. Book-entry interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by DTC, Euroclear and/or Clearstream, as applicable, and their participants. Please see "*Book-Entry, Delivery and Form*."

Settlement for the Senior Secured Notes will be made in same day funds. All payments of principal, any applicable Additional Amounts and interest will be made by the Issuer in same day funds.

If the due date for any payment in respect of the Senior Secured Notes is not a Business Day, payment shall be made on the next succeeding day that is a Business Day, and no interest shall accrue for the intervening period.

When issued, the Dollar Senior Secured Notes and the Euro Senior Secured Notes will each be a new issue of securities with no established trading market. No assurance can be given as to the liquidity of the trading market for the Senior Secured Notes. Application has been made for the Dollar Senior Secured Notes and the Euro Senior Secured Notes to be listed on the Official List of the Luxembourg Stock Exchange and to be traded on the Euro MTF Market thereof.

Optional Redemption

Dollar Senior Secured Notes

The Dollar Senior Secured Notes will be subject to redemption at any time prior to January 15, 2023 at the option of the Issuer, in whole or in part, on not less than 10 nor (except as provided under "*—Selection and Notice of Optional Redemption*") more than 60 days' prior notice at a redemption price equal to 100% of the principal amount thereof, plus the Applicable Redemption Premium and accrued and unpaid interest and applicable Additional Amounts (if any) to, but not including, the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

The Dollar Senior Secured Notes will be subject to redemption at any time and from time to time on or after January 15, 2023 at the option of the Issuer, in whole or in part, on not less than 10 nor (except as provided under "*—Selection and Notice of Optional Redemption*") more than 60 days' prior notice at the following redemption prices (expressed as percentages of the aggregate principal amount), if redeemed during the 12-month period beginning on January 15 of the year indicated below:

12-Month Period Beginning on	Redemption Price
2023	101.6875%
2024	100.84375%
2025 and thereafter	100.000%

together with any applicable Additional Amounts and accrued and unpaid interest, if any, to, but not including, the redemption date (subject to the rights of holders of record on relevant record dates to receive interest due on an interest payment date).

In addition, at any time on or prior to January 15, 2023, the Issuer or any Parent Holdco, at its option, on not less than 10 nor (except as provided under "*—Selection and Notice of Optional Redemption*") more than 60 days' prior notice, may use the net cash proceeds of one or more Public Equity Offerings (plus amounts equal to any Additional Amounts and accrued and unpaid interest, if any, to, but not including, the redemption date) to redeem the Dollar Senior Secured Notes and Additional Dollar Senior Secured Notes in an amount up to an aggregate of 40% of the sum of the initial aggregate principal amount of the Dollar Senior Secured Notes originally issued under the Senior Secured Notes Indenture and the initial aggregate principal amount of any Additional Dollar Senior Secured Notes issued under the Senior Secured Notes Indenture after the Issue Date at a redemption price equal to 103.375% of the aggregate principal amount of the Dollar Senior Secured Notes, plus any applicable Additional Amounts and accrued and unpaid interest, if any, to, but not including, the redemption date (subject to the rights of holders of record on relevant record dates to receive interest due on an interest payment date); *provided* that the Dollar Senior Secured Notes and Additional Dollar Senior Secured Notes in an amount equal to at least 50% of the sum of the initial aggregate principal amount of Dollar Senior Secured Notes originally issued under the Senior Secured Notes Indenture and the initial aggregate principal amount of any Additional Dollar Senior Secured Notes issued under the Senior Secured Notes Indenture after the Issue Date remains outstanding immediately after the occurrence of such redemption. In order to effect the foregoing redemption, the Issuer must consummate such redemption within 180 days of the closing of the Public Equity Offering.

In connection with any tender offer for, or other offer to purchase, all of the Dollar Senior Secured Notes, if holders of not less than 90% of the aggregate principal amount of the then outstanding Dollar Senior Secured Notes validly tender and do not validly withdraw such Dollar Senior Secured Notes in such tender offer and the Issuer, or any other Person making such tender offer in lieu of the Issuer, purchases all of the Dollar Senior Secured Notes validly tendered and not validly withdrawn by such holders, all of the holders of the Dollar Senior Secured Notes that remain

outstanding will be deemed to have consented to a redemption of the Dollar Senior Secured Notes on the terms set forth in this paragraph, and, accordingly, within 60 days of such purchase, the Issuer or such other Person will have the right upon not less than 10 nor more than 60 days' notice following such purchase date, to redeem all (but not less than all) Dollar Senior Secured Notes that remain outstanding following such purchase at a price equal to the highest price (excluding any early tender premium or similar payment and, for the avoidance of doubt, any accrued and unpaid interest and Additional Amounts, if any, thereon) paid to each other holder in such tender offer, plus, to the extent not included in the tender offer payment, accrued and unpaid interest and Additional Amounts, if any, thereon, to, but not including, the date of such redemption (subject to the rights of holders of record on the relevant record dates to receive interest due on an interest payment date).

Euro Senior Secured Notes

The Euro Senior Secured Notes will be subject to redemption at any time prior to January 15, 2023 at the option of the Issuer, in whole or in part, on not less than 10 nor (except as provided under "—*Selection and Notice of Optional Redemption*") more than 60 days' prior notice at a redemption price equal to 100% of the principal amount thereof, plus the Applicable Redemption Premium and accrued and unpaid interest and applicable Additional Amounts (if any) to, but not including, the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

The Euro Senior Secured Notes will be subject to redemption at any time and from time to time on or after January 15, 2023 at the option of the Issuer, in whole or in part, on not less than 10 nor (except as provided under "—*Selection and Notice of Optional Redemption*") more than 60 days' prior notice at the following redemption prices (expressed as percentages of the aggregate principal amount), if redeemed during the 12-month period beginning on January 15 of the year indicated below:

12-Month Period Beginning on	Redemption Price
2023	101.250%
2024	100.625%
2025 and thereafter	100.000%

together with any applicable Additional Amounts and accrued and unpaid interest, if any, to, but not including, the redemption date (subject to the rights of holders of record on relevant record dates to receive interest due on an interest payment date).

In addition, at any time on or prior to January 15, 2023, the Issuer or any Parent Holdco, at its option, on not less than 10 nor (except as provided under "—*Selection and Notice of Optional Redemption*") more than 60 days' prior notice, may use the net cash proceeds of one or more Public Equity Offerings (plus amounts equal to any Additional Amounts and accrued and unpaid interest, if any, to, but not including, the redemption date) to redeem the Euro Senior Secured Notes and Additional Euro Senior Secured Notes in an amount up to an aggregate of 40% of the sum of the initial aggregate principal amount of the Euro Senior Secured Notes originally issued under the Senior Secured Notes Indenture and the initial aggregate principal amount of any Additional Euro Senior Secured Notes issued under the Senior Secured Notes Indenture after the Issue Date at a redemption price equal to 102.500% of the aggregate principal amount of the Euro Senior Secured Notes, plus any applicable Additional Amounts and accrued and unpaid interest, if any, to, but not including, the redemption date (subject to the rights of holders of record on relevant record dates to receive interest due on an interest payment date); *provided* that the Euro Senior Secured Notes and Additional Euro Senior Secured Notes in an amount equal to at least 50% of the sum of the initial aggregate principal amount of Euro Senior Secured Notes originally issued under the Senior Secured Notes Indenture and the initial aggregate principal amount of any Additional Euro Senior Secured Notes issued under the Senior Secured Notes Indenture after the Issue Date remains outstanding immediately after the occurrence of such redemption. In order to effect the foregoing redemption, the Issuer must consummate such redemption within 180 days of the closing of the Public Equity Offering.

In connection with any tender offer for, or other offer to purchase, all of the Euro Senior Secured Notes, if holders of not less than 90% of the aggregate principal amount of the then outstanding Euro Senior Secured Notes validly tender and do not validly withdraw such Euro Senior Secured Notes in such tender offer and the Issuer, or any other Person making such tender offer in lieu of the Issuer, purchases all of the Euro Senior Secured Notes validly tendered and not validly withdrawn by such holders, all of the holders of the Euro Senior Secured Notes that remain outstanding will be deemed to have consented to a redemption of the Euro Senior Secured Notes on the terms set forth in this paragraph, and, accordingly, within 60 days of such purchase, the Issuer or such other Person will have the right upon not less than 10 nor more than 60 days' notice following such purchase date, to redeem all (but not less than all) Euro Senior Secured Notes that remain outstanding following such purchase at a price equal to the highest price (excluding any early tender premium or similar payment and, for the avoidance of doubt, any accrued and unpaid interest and Additional Amounts, if

any, thereon) paid to each other holder in such tender offer, plus, to the extent not included in the tender offer payment, accrued and unpaid interest and Additional Amounts, if any, thereon, to, but not including, the date of such redemption (subject to the rights of holders of record on the relevant record dates to receive interest due on an interest payment date).

Selection and Notice of Optional Redemption

If less than all of any series of Senior Secured Notes are to be redeemed, the applicable Paying Agent or the Registrar shall select the Senior Secured Notes of such series for redemption on a *pro rata* basis or by lot (or, in the case of Senior Secured Notes issued in global form as discussed under "*Book-Entry; Delivery and Form*," based on a method that most nearly approximates a *pro rata* or by lot selection as DTC, Euroclear, Clearstream or such successor depositary, as applicable, deems fair and appropriate) unless otherwise required by applicable law or applicable stock exchange or depositary requirements. None of the Trustee, any Paying Agent, or the Registrar shall be liable for any selection made under this paragraph.

No Dollar Senior Secured Notes shall be redeemed in part if the resulting Dollar Senior Secured Note would have a minimum denomination that is less than $200,000. No Euro Senior Secured Note shall be redeemed in part if the resulting Euro Senior Secured Note would have a minimum denomination that is less than €100,000. Notices of redemption shall be mailed by first class mail at least 10 but not more than 60 days before the redemption date to each holder of Senior Secured Notes to be redeemed at its registered address, except that a redemption notice may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Senior Secured Notes or a satisfaction and discharge of the Senior Secured Notes Indenture or as specified in the next paragraph, in each case in accordance with the provisions of the Senior Secured Notes Indenture. For Senior Secured Notes represented by global certificates held on behalf of DTC or Euroclear or Clearstream, notices may be given by delivery to DTC or Euroclear or Clearstream for communication to entitled account owners in substitution for the aforesaid mailing.

A notice of redemption shall state: the redemption date and the record date; the redemption price and the amount of accrued and unpaid interest, if any, and applicable Additional Amounts, if any, to be paid; the paragraph of the applicable Senior Secured Notes pursuant to which such Senior Secured Notes are being redeemed; the name and address of the applicable Paying Agent; that the applicable Senior Secured Notes called for redemption must be surrendered to the applicable Paying Agent to collect the redemption price, plus accrued and unpaid interest, if any, and applicable Additional Amounts, if any; that, unless the Issuer defaults in making the redemption payment, interest, if any, and applicable Additional Amounts, if any, on the applicable Senior Secured Notes called for redemption shall cease to accrue on and after the redemption date; if any series of Senior Secured Notes is being redeemed in part, the portion of the principal amount of such series of Senior Secured Notes to be redeemed; that the only remaining right of the holders of such series of Senior Secured Notes is to receive payment of the redemption price upon surrender to the applicable Paying Agent of such Senior Secured Notes; that, if less than all of any series of Senior Secured Notes is to be redeemed, the identification of the particular Senior Secured Notes and the principal amount (or portion thereof) of such Senior Secured Notes to be redeemed and the aggregate principal amount of such Senior Secured Notes to be outstanding after such partial redemption; whether the redemption is conditioned on any events and, if so, a detailed explanation of such conditions; and that no representation is made as to the correctness or accuracy of the CUSIP, ISIN or Common Code numbers, if any, listed in such notice or printed on the applicable Senior Secured Notes. Subject to the satisfaction of any conditions precedent set forth in a notice of redemption, Senior Secured Notes called for redemption become due on the date fixed for redemption. If such redemption is subject to the satisfaction of one or more conditions precedent, the related notice may, for the avoidance of doubt, state that, in the Issuer's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied or waived (*provided* that in no event shall the redemption date be delayed to a date later than 60 days from the date of the original notice of redemption, except that redemption notices may be given more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Senior Secured Notes or a satisfaction and discharge of the Senior Secured Notes Indenture), and the Issuer shall provide notice of the satisfaction or waiver of such conditions at least one Business Day prior to the redemption date for any conditional redemption, or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied or waived by the redemption date, or by the redemption date so delayed. On and after the redemption date, interest will cease to accrue on the series of Senior Secured Notes, or the portions thereof, called for redemption.

So long as any Senior Secured Notes are listed on the Official List of the Luxembourg Stock Exchange and are traded on the Luxembourg Stock Exchange's Euro MTF Market and the rules of the Luxembourg Stock Exchange so require, the Issuer will inform the Luxembourg Stock Exchange of any such redemption and will publish a notice regarding such redemption in a leading newspaper having a general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or on the Luxembourg Stock Exchange's official website, www.bourse.lu.

Redemption upon Changes in Withholding Taxes

If, as a result of:

(a) any amendment to, or change in, the laws or treaties (or regulations or rulings promulgated thereunder) of any Relevant Taxing Jurisdiction (as defined below under *"—Payment of Additional Amounts*"); or

(b) any change in the official application or the official interpretation or administration of such laws, treaties, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction or a change in published administrative practice) (each of the foregoing in clauses (a) and (b), a "**Change in Tax Law**"),

the Issuer, any Guarantor or any Surviving Entity would be obligated to pay, on the next date for any payment, Additional Amounts, as described below under "*—Payment of Additional Amounts*" with respect to the Senior Secured Notes of any series, which the Issuer, such Guarantor or such Surviving Entity cannot avoid by the use of reasonable measures available to it (including, without limitation, making payment through a paying agent located in another jurisdiction), then the Issuer or the Issuer Surviving Entity, as the case may be, may redeem, at its option, all, but not less than all, of the Senior Secured Notes of the relevant series at any time on or after the Issue Date and following such Change in Tax Law, upon not less than 30 nor more than 60 days' notice to the holders of the relevant series of Senior Secured Notes, at a redemption price of 100% of their principal amount, plus accrued and unpaid interest, if any, to, but not including, the redemption date.

In the case of the United Kingdom or any other jurisdiction that is a Relevant Taxing Jurisdiction on the Issue Date, the applicable Change in Tax Law must become effective on or after the date of this offering memorandum. In the case of a jurisdiction that becomes a Relevant Taxing Jurisdiction after the Issue Date, the applicable Change in Tax Law must become effective after the date that such jurisdiction becomes a Relevant Taxing Jurisdiction.

Prior to the giving of any notice of redemption described in this section, the Issuer, or the Issuer Surviving Entity, as the case may be, will deliver to the Trustee in form and substance reasonably satisfactory to the Trustee:

(i) an Officer's Certificate of the Issuer, or the Issuer Surviving Entity, as the case may be, stating that the obligation to pay such Additional Amounts cannot be avoided by the Issuer, such Guarantor or the relevant Surviving Entity taking reasonable measures available to it; and

(ii) a written opinion of independent legal counsel of recognized standing addressed to the Issuer or the Issuer Surviving Entity, as the case may be, to the effect that the Issuer, such Guarantor or the relevant Surviving Entity has or will become obligated to pay such Additional Amounts as a result of a Change in Tax Law described above.

The Trustee will accept such Officer's Certificate and opinion as sufficient evidence of the satisfaction of the conditions without further inquiry to a redemption upon a Change in Tax Law, including any changes in withholding Taxes, in which event it will be conclusive and binding on the holders of the Senior Secured Notes.

Notwithstanding the foregoing, no such notice will be given (a) earlier than 90 days prior to the earliest date on which the Issuer or the relevant Surviving Entity or Guarantor, as the case may be, would be obligated to pay such Additional Amounts if a payment were then due and (b) unless, at the time such notice is given, such obligation to pay such Additional Amounts remains in effect.

Payment of Additional Amounts

All payments by or on behalf of the Issuer or any Surviving Entity under or with respect to the Senior Secured Notes, or by or on behalf of any Guarantor or any Surviving Entity with respect to any Guarantee, will be made free and clear of, and without withholding or deduction for, or on account of, any Taxes, unless such withholding or deduction is required by law or by the official interpretation or administration of law, or by an applicable certification, identification, information or other reporting requirement or agreement, if entering into or complying with such requirement or agreement is required by law or by a taxing authority as a precondition to relief or exemption from such Tax. If any amount for, or on account of, Taxes imposed or levied by or on behalf of any jurisdiction in which the Issuer, any Guarantor or, if applicable, any Surviving Entity, is incorporated, organized, resident for Tax purposes or otherwise subject to Tax or from or through which any payment is made on or with respect to the Senior Secured Notes or a Guarantee by any taxing authority therein or political subdivision thereof (each, as applicable, a "**Relevant Taxing**

Jurisdiction") is required to be withheld or deducted from any payment made under or with respect to the Senior Secured Notes or any Guarantee, the Issuer, such Guarantor or such Surviving Entity, as the case may be, will pay such additional amounts ("**Additional Amounts**") as may be necessary to ensure that the net amount received after such withholding or deduction will be not less than the amount that would have been received if such Taxes had not been required to be withheld or deducted.

Notwithstanding the foregoing, no Additional Amounts will be payable in respect of or on account of:

(a) any Taxes that are imposed or levied by a Relevant Taxing Jurisdiction by reason of the holder's or beneficial owner's present or former connection with such Relevant Taxing Jurisdiction, including, without limitation, the holder or beneficial owner being, or having been, a citizen, national, or resident, being, or having been, engaged in a trade or business, being, or having been, physically present in or having or having had a permanent establishment in a Relevant Taxing Jurisdiction (but not including, in each case, any connection arising from the mere holding of Senior Secured Notes or the receipt of payments thereunder or under a Guarantee or the exercise or enforcement of rights under any Senior Secured Notes or the Senior Secured Notes Indenture or a Guarantee);

(b) any Taxes that are imposed or levied by reason of the failure of the holder or beneficial owner of Senior Secured Notes (or any financial institution through which the holder or beneficial owner holds the Senior Secured Notes or through which payment on the Senior Secured Notes is made), following the written request of the Issuer, any Guarantor or any Surviving Entity (as the case may be) made at a time that would enable the holder or beneficial owner (or any such financial institution) acting reasonably to comply with that request and in accordance with the notice procedures set forth in the Senior Secured Notes Indenture, to comply with any certification, identification, information or other reporting requirements, whether required by statute, treaty, regulation or administrative practice of a Relevant Taxing Jurisdiction, as a precondition to exemption from, or reduction in the rate of withholding or deduction of, Taxes imposed by the Relevant Taxing Jurisdiction (including, without limitation, a certification that the holder or beneficial owner is not resident in the Relevant Taxing Jurisdiction);

(c) any estate, inheritance, gift, sale, excise, transfer, personal property or similar Taxes;

(d) any Tax that is payable otherwise than by withholding or deduction from payments made under or with respect to the Senior Secured Notes or a Guarantee;

(e) any Tax that is imposed or levied by reason of the presentation (where presentation is required in order to receive payment) of such Senior Secured Notes for payment on a date more than 30 days after the date on which such payment became due and payable or the date on which payment thereof is duly provided for, whichever is later, except to the extent that the beneficial owner or holder thereof would have been entitled to Additional Amounts had the Senior Secured Notes been presented for payment on any date during such 30-day period;

(f) [Reserved]

(g) any Tax that is imposed or levied on or with respect to a payment made to a holder or beneficial owner of Senior Secured Notes who would have been able to avoid such withholding or deduction by presenting the Senior Secured Notes to another Paying Agent in a Member State of the European Union;

(h) any Taxes, duties, assessments or other governmental charges imposed on a payment in respect of the Senior Secured Notes required to be made pursuant to laws enacted by Switzerland providing for the taxation of payments according to principles similar to those laid down in the draft legislation of the Swiss Federal Council of December 17, 2014, or otherwise changing the Swiss federal withholding tax system from an issuer-based system to a paying-agent-based system pursuant to which a person other than the issuer is required to withhold tax on any interest payments (including as proposed by the Swiss Federal Council on June 26, 2019);

(i) any Taxes that are imposed or withheld pursuant to Sections 1471 through 1474 of the Code, as of the Issue Date (or any amended or successor version of such sections), any regulations promulgated thereunder, any official interpretations thereof, any agreements entered into pursuant to

Section 1471(b)(1) of the Code, any intergovernmental agreement between a non-U.S. jurisdiction and the United States with respect to the foregoing or any law or regulation implementing any such intergovernmental agreement; or

(j) any combination of items (a) through (i) above.

Notwithstanding the first paragraph of this section, Additional Amounts will not be paid with respect to the Senior Secured Notes to a holder who is a fiduciary, a partnership, a limited liability company or any person other than the sole beneficial owner of the payment under or with respect to the Senior Secured Notes, to the extent that a beneficiary or settlor with respect to the fiduciary, a member of that partnership, an interest holder in that limited liability company or a beneficial owner would not have been entitled to the Additional Amounts had it been the holder of the Senior Secured Notes.

The Issuer, the relevant Guarantor or the relevant Surviving Entity, as the case may be, will (i) make such withholding or deduction as is required by applicable law and (ii) remit the full amount withheld or deducted to the relevant taxing authority in accordance with applicable law.

At least 30 calendar days prior to each date on which any payment under or with respect to the Senior Secured Notes is due and payable, if the Issuer, any Guarantor or a Surviving Entity will be obligated to pay Additional Amounts with respect to such payment (unless such obligation to pay Additional Amounts arises after the 30th day prior to the date on which payment under or with respect to the Senior Secured Notes is due and payable, in which case it will be promptly thereafter), the Issuer, the relevant Guarantor or the relevant Surviving Entity (as the case may be) will deliver to the Trustee (with a copy to the applicable Paying Agent) an Officer's Certificate in form and substance reasonably satisfactory to the Trustee stating that such Additional Amounts will be payable and the amounts so payable and will set forth such other information necessary to enable the applicable Paying Agent to pay such Additional Amounts to holders on the payment date. The Trustee shall be entitled to rely solely on such Officer's Certificate as conclusive proof that such payments are necessary. The Issuer, the relevant Guarantor or the relevant Surviving Entity, as the case may be, will promptly publish a notice in accordance with the notice provisions set forth in the Senior Secured Notes Indenture stating that such Additional Amounts will be payable and describing the obligation to pay such amounts.

Upon written request, the Issuer, the relevant Guarantor or the relevant Surviving Entity, as the case may be, will furnish to the Trustee or to a holder of the Senior Secured Notes copies of tax receipts evidencing the payment of any Taxes by the Issuer, such Guarantor or such Surviving Entity in such form as provided in the normal course by the taxing authority imposing such Taxes and as is reasonably available to the Issuer, such Guarantor or such Surviving Entity. If, notwithstanding the efforts of the Issuer, such Guarantor or such Surviving Entity to obtain such receipts, the same are not obtainable, the Issuer, such Guarantor or such Surviving Entity will provide the Trustee or such holder with other evidence reasonably satisfactory to the Trustee or such holder.

In addition, the Issuer, any Guarantor and any Surviving Entity, as the case may be, will pay any present or future stamp, issue, registration, court, documentation, excise or property taxes or other similar taxes, charges and duties, including interest and penalties with respect thereto, imposed by or in any Relevant Taxing Jurisdiction in respect of the execution, issue, enforcement or delivery of the Senior Secured Notes or any other document or instrument referred to thereunder (other than on or in connection with (i) a transfer of the Senior Secured Notes other than the initial resale by the Initial Purchasers or (ii) the issue of replacement Notes or certificated Notes pursuant to the Senior Secured Notes Indenture).

Whenever the Senior Secured Notes Indenture, the Senior Secured Notes or this "*Description of the Senior Secured Notes*" refers to, in any context, the payment of principal, premium, if any, interest or any other amount payable under or with respect to any Senior Secured Note or with respect to any Guarantee, such reference includes the payment of Additional Amounts, if applicable.

Currency Indemnity

The U.S. dollar is the sole currency of account and payment for all sums payable by the Issuer or any Guarantor under the Dollar Senior Secured Notes and any Guarantee of the Dollar Senior Secured Notes. Any amount received or recovered in a currency other than U.S. dollars in respect of the Dollar Senior Secured Notes (whether as a result of, or as a result of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding up or dissolution of the Parent, the Issuer, any Subsidiary of the Parent or otherwise) by the Trustee or holder in respect of any sum expressed to be due to it from the Issuer or any Guarantor of the Dollar Senior Secured Notes shall constitute a discharge of the Issuer or any Guarantor of the Dollar Senior Secured Notes only to the extent of the dollar amount which the recipient is able to

purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not possible to make that purchase on that date, on the first date on which it is possible to do so). If that dollar amount is less than the dollar amount expressed to be due to the recipient under any Dollar Senior Secured Note, the Issuer and each Guarantor of the Dollar Senior Secured Notes, jointly and severally, shall indemnify the recipient against the cost of making any such purchase. For the purposes of this indemnity, it will be sufficient for the holder to certify (indicating the sources of information used) that it would have suffered a loss had the actual purchase of dollars been made with the amount so received in that other currency on the date of receipt or recovery (or, if a purchase of dollars on such date had not been possible, on the first date on which it would have been possible).

The euro is the sole currency of account and payment for all sums payable by the Issuer or any Guarantor under the Euro Senior Secured Notes and any Guarantee of the Euro Senior Secured Notes. Any amount received or recovered in currency other than euro in respect of the Euro Senior Secured Notes (whether as a result of, or as a result of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding up or dissolution of the Parent, the Issuer, any Subsidiary of the Parent or otherwise) by the Trustee or holder in respect of any sum expressed to be due to it from the Issuer or any Guarantor of the Euro Senior Secured Notes shall constitute a discharge of the Issuer or any Guarantor of the Euro Senior Secured Notes only to the extent of the Euro amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not possible to make that purchase on that date, on the first date on which it is possible to do so). If that Euro amount is less than the Euro amount expressed to be due to the recipient under any Euro Senior Secured Note, the Issuer and each Guarantor of the Euro Senior Secured Notes, jointly and severally, shall indemnify the recipient against the cost of making any such purchase. For the purposes of this indemnity, it will be sufficient for the holder to certify (indicating the sources of information used) that it would have suffered a loss had the actual purchase of Euro been made with the amount so received in that other currency on the date of receipt or recovery (or, if a purchase of Euro on such date had not been possible, on the first date on which it would have been possible).

Each of the above indemnities will, to the extent permitted by law:

- constitute a separate and independent obligation from the other obligations of the Issuer and any Guarantor;
- give rise to a separate and independent cause of action;
- apply irrespective of any waiver granted by any holder; and
- continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Senior Secured Note or any other judgment or order.

Sinking Fund

The Senior Secured Notes will not be entitled to the benefit of any sinking fund.

Open Market Purchases

The Parent, the Company and the Restricted Subsidiaries may at any time and from time to time purchase Notes in the open market or otherwise.

Purchase of Senior Secured Notes upon a Change of Control

If a Change of Control shall occur at any time, then each holder of Senior Secured Notes shall have the right to require that the Issuer purchase such holder's Senior Secured Notes in whole or in part (equal to $200,000 or €100,000, as the case may be, or an integral multiple of $1,000 or €1,000, as the case may be, in excess thereof), at a purchase price (the "**Change of Control Purchase Price**") in cash in an amount equal to 101% of the principal amount of such Senior Secured Notes, plus any Additional Amounts and accrued and unpaid interest, if any, to, but not including, the date of purchase (the "**Change of Control Purchase Date**") (subject to the rights of holders of record on relevant record dates to receive interest due on an interest payment date), pursuant to the offer described below (the "**Change of Control Offer**") and in accordance with the other procedures set forth in the Senior Secured Notes Indenture; *provided*, *however*, that the Issuer shall not be obliged to repurchase any series of Senior Secured Notes as described under this caption "*—Purchase of Senior Secured Notes upon a Change of Control*" in the event and to the extent that it has unconditionally exercised its right to redeem all of the Senior Secured Notes of such series as described under "*—Optional Redemption*." No such purchase in part shall reduce the principal amount at maturity of the Senior Secured Notes held by any holder to below $200,000, in the case of the Dollar Senior Secured Notes, or €100,000, in the case of the Euro Senior Secured Notes.

Within 30 days following any Change of Control, the Issuer shall notify the Trustee thereof and give written notice of such Change of Control to each holder of Senior Secured Notes by first class mail, postage prepaid, at the address appearing in the security register, stating, among other things:

- that a Change of Control has occurred and the date of such event;
- the circumstances and relevant facts regarding such Change of Control (including, but not limited to, applicable information with respect to *pro forma* historical income, cash flow and capitalization after giving effect to the Change of Control);
- the purchase price and the purchase date which shall be fixed by the Issuer on a Business Day no earlier than 10 days nor later than 60 days from the date such notice is mailed, or such later date as is necessary to comply with requirements under the Exchange Act;
- that any Senior Secured Note not tendered will continue to accrue interest and unless the Issuer defaults in payment of the Change of Control Purchase Price, any Senior Secured Notes accepted for payment pursuant to the Change of Control Offer shall cease to accrue interest after the Change of Control Purchase Date; and
- any other procedures that a holder of Senior Secured Notes must follow to accept a Change of Control Offer or to withdraw such acceptance.

The Issuer shall make available to the newswire service of Bloomberg (or if Bloomberg does not then operate, any similar agency) or, so long as the Senior Secured Notes are listed on the Official List of the Luxembourg Stock Exchange and are traded on the Euro MTF Market thereof and the rules of the Luxembourg Stock Exchange so require, a newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or on the Luxembourg Stock Exchange's official website, *www.bourse.lu*, the notice described above.

The ability of the Issuer to repurchase Notes pursuant to a Change of Control Offer may be limited by a number of factors. The occurrence of certain of the events that constitute a Change of Control would constitute an event of default under the Existing Term Loan B Facilities Agreement and the Term Loan and Revolving Credit Facility Agreement. In addition, certain events that may constitute a change of control under the Existing Term Loan B Facilities Agreement and the Term Loan and Revolving Credit Facility Agreement may not constitute a Change of Control under the Senior Secured Notes Indenture. The future Indebtedness of the Issuer, the Parent and its Subsidiaries may also contain prohibitions of certain events that would constitute a Change of Control or require such Indebtedness to be repurchased upon a Change of Control. Moreover, the exercise by the holders of the Senior Secured Notes of their right to require the Issuer to repurchase the Senior Secured Notes could cause a default under such Indebtedness, even if the Change of Control itself does not, due to the financial effect of such repurchase on the Issuer, the Parent and its subsidiaries. Finally, the ability of the Issuer to pay cash to the holders of the Senior Secured Notes upon a repurchase may be limited by its and the Company's then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make any required repurchases.

The Change of Control provisions described above will be applicable whether or not any other provisions of the Senior Secured Notes Indenture are applicable, except, for the avoidance of doubt, to the extent satisfaction and discharge of the Senior Secured Notes Indenture, as described under "—*Satisfaction and Discharge*," has occurred or the Issuer has elected to exercise its option for Legal Defeasance or Covenant Defeasance, as described under "—*Defeasance or Covenant Defeasance of Senior Secured Notes Indenture*," in each case prior to the occurrence of a Change of Control. Except as described above with respect to a Change of Control, the Senior Secured Notes Indenture will not contain provisions that permit the holders of the Senior Secured Notes to require that the Issuer repurchase or redeem the Senior Secured Notes in the event of a takeover, recapitalization or similar transaction. The existence of a holder's right to require the Issuer to repurchase such holder's Senior Secured Notes upon the occurrence of a Change of Control may deter a third party from seeking to acquire the Issuer, the Parent or its Subsidiaries in a transaction that would constitute a Change of Control.

The Issuer will not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Senior Secured Notes Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Senior Secured Notes validly tendered and not withdrawn under such Change of Control Offer.

The applicable Paying Agent will promptly deliver to each holder of Senior Secured Notes properly tendered the Change of Control Purchase Price for such Senior Secured Notes and will, in respect of the global notes, make such

notations thereon as are necessary to reflect the Senior Secured Notes (or interest therein) purchased in such Change of Control Offer, and the applicable Paying Agent will, in respect of certificated notes, cause to be authenticated and mailed to each holder a new certificated note or notes equal in principal amount to any unpurchased portion of Senior Secured Notes surrendered, if any; *provided* that each such new note will be in a principal amount of $200,000 or €100,000, as applicable, or an integral multiple of €1,000 or €1,000, as applicable, in excess thereof. The Issuer will publicly announce the results of the Change of Control Offer on, or as soon as practicable after, the Change of Control Purchase Date.

The definition of "**Change of Control**" includes a disposition of "all or substantially all" of the assets of the Company. Although there is a limited body of case law interpreting the phrase "all or substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the assets of the Company. As a result, it may be unclear as to whether a Change of Control has occurred and whether the Issuer must make an offer to repurchase the Senior Secured Notes as described above.

The Issuer will comply with the applicable tender offer rules, including Rule 14e-1 under the Exchange Act, and any other applicable securities laws or regulations, including administrative interpretations thereof (including those of the United States and the United Kingdom) in connection with a Change of Control Offer. To the extent that the provisions of any applicable securities laws or regulations conflict with the provisions of this covenant (other than the obligation to make an offer pursuant to this covenant), the Issuer will comply with the securities laws and regulations and will not be deemed to have breached its obligations described in this covenant by virtue thereof.

Certain Calculations

(a) Notwithstanding any other provision of the Senior Secured Notes Indenture or any other Senior Secured Notes Document, solely for purposes of determining whether a Limited Condition Transaction may be consummated or Indebtedness or Liens may be incurred in connection therewith, (i) each of Consolidated Adjusted EBITDA, the Consolidated Fixed Charge Coverage Ratio, the Consolidated First Lien Net Leverage Ratio, the Consolidated Total Net Leverage Ratio and the Total Assets may, at the Company's election, be determined as of the last day of or for the most recent period of four full fiscal quarters for which financial statements are available as of the date the definitive agreement for such Limited Condition Transaction is entered into (or, if applicable, in the case of any Acquisition or Investment made pursuant to a tender or similar offer, as of the date such offer has been commenced or, in the case of a Permitted Payment or Restricted Payment, as of the date of the declaration thereof or the date of the delivery of irrevocable (which may be conditional) notice with respect thereto) (and shall not be tested again on the date on which such Limited Condition Transaction is consummated or such Indebtedness or Lien is incurred) and shall be calculated giving *pro forma* effect to both the consummation of such Limited Condition Transaction and any related incurrence or repayment of Indebtedness; *provided* that, following any such election by the Company with respect to any Limited Condition Transaction (and which Limited Condition Transaction has not yet been consummated and with respect to which such definitive agreement, tender or similar offer, declaration or notice has not been terminated or been revoked without the consummation thereof), any subsequent calculation or determination (including any subsequent calculation or determination made in reliance on this paragraph (a)) of any such ratio or other metric shall be made giving *pro forma* effect to the consummation of such Limited Condition Transaction and any related incurrence or repayment of Indebtedness; and (ii) any condition thereto as to the absence of any Default or Event of Default may, at the Company's election, be determined as of the date the definitive agreement for such Limited Condition Transaction is entered into (or, if applicable, in the case of any Acquisition or Investment made pursuant to a tender or similar offer, as of the date such offer has been commenced or, in the case of a Permitted Payment or Restricted Payment, as of the date of the declaration thereof or the date of the delivery of irrevocable (which may be conditional) notice with respect thereto) (and shall not be tested again on the date on which such Limited Condition Transaction is consummated or such Indebtedness or Lien is incurred). For the avoidance of doubt, in making any determination contemplated by this paragraph (a) as to any amounts in Dollars, Euro or any other currency, it is understood that the Company may, at its election, select currency exchange rates in effect (x) as of the last day of the most recent period of four full fiscal quarters for which financial statements are available as of the date the definitive agreement for such Limited Condition Transaction is entered into (or, if applicable, in the case of any Acquisition or Investment made pursuant to a tender or similar offer, as of the date such offer has been commenced or, in the case of a Permitted Payment or Restricted Payment, as of the date of the declaration thereof or the date of the delivery of irrevocable (which may be conditional) notice with respect thereto), (y) as of the date the definitive agreement for such Limited Condition Transaction is entered into (or, if applicable, in the case of any Acquisition or Investment

made pursuant to a tender or similar offer, as of the date such offer has been commenced or, in the case of a Permitted Payment or Restricted Payment, as of the date of the declaration thereof or the date of the delivery of irrevocable (which may be conditional) notice with respect thereto) or (z) as of the date on which such Limited Condition Transaction is consummated or such Indebtedness or Lien is incurred.

(b) For purposes of determining Consolidated Adjusted EBITDA, the Consolidated First Lien Net Leverage Ratio, the Consolidated Fixed Charge Coverage Ratio, Consolidated Income Tax Expense, Consolidated Interest Expense, Consolidated Net Income (Loss), Consolidated Non-Cash Charges, the Consolidated Total Net Leverage Ratio, Excess Proceeds, Net Cash Proceeds (including for purposes of paragraph (b) under the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*"), Consolidated revenues or any other financial ratio, basket calculation or financial measurement of any kind whatsoever of the Parent, the Company, the Group or the Restricted Group in respect of a period commencing prior to the date of completion of any Permitted Reorganization and ending on or after such date, such determination shall be made using the results for the applicable period prior to such date of the Parent, the Company, the Group or the Restricted Group as in effect during such prior period and the results for the applicable period on and after such date of the Parent, the Company, the Group or the Restricted Group as in effect during such subsequent period. For purposes of each of clauses (1) and (2) under the first paragraph of the covenant described under "*—Certain Covenants—Provision of Financial Statements*", at any time when the most recent fiscal year or fiscal quarter, as applicable, ended after the date of the completion of any Permitted Reorganization and the comparable prior year period ended prior to such date, the financial statements delivered in respect of such prior period may be those of the Parent as of the last day of such prior fiscal year or fiscal quarter, as applicable. Where the Senior Secured Notes Indenture refers to the most recent fiscal year for which financial statements of the Parent have been delivered (or are required to have been delivered) pursuant to clause (1) under the first paragraph of the covenant described under "*—Certain Covenants—Provision of Financial Statements*" or the most recent fiscal quarter or period of four consecutive fiscal quarters for which financial statements of the Parent have been delivered (or are required to have been delivered) pursuant to clause (1) or (2) under the first paragraph of the covenant described under "*—Certain Covenants—Provision of Financial Statements*" (or words to similar effect), prior to the first delivery of any such financial statements hereunder, such fiscal year shall refer to December 31, 2019 and such fiscal quarter or period of four consecutive fiscal quarters shall refer to the fiscal quarter and the period of four consecutive fiscal quarters ended September 30, 2020.

(c) For purposes of determining the permissibility of any action, change, transaction or event that requires a calculation of any financial ratio, Consolidated Adjusted EBITDA, Total Assets, Fair Market Value or any other financial metric, such financial ratio or such other test shall be calculated at the time such action is taken, such change is made, such transaction is consummated or such event occurs, as the case may be (or, in each case, such other time as is applicable thereto pursuant to paragraph (a) of "*—Certain Calculations*"), it being understood, for the avoidance of doubt, that for purposes of determining compliance with any Consolidated Adjusted EBITDA or Total Asset percentage restriction in connection with any Acquisition or Investment, the amount of the Consolidated Adjusted EBITDA or the Total Assets will be determined after giving *pro forma* effect thereto, and no Default or Event of Default shall occur solely as a result of a subsequent change in such financial ratio, Consolidated Adjusted EBITDA, Total Assets, Fair Market Value or other financial metric, as the case may be. Notwithstanding anything to the contrary in "*—Certain Covenants—Limitation on Indebtedness*" or "*—Certain Covenants—Limitation on Liens*", (i) in connection with the incurrence of any Indebtedness, or any Lien securing any Indebtedness, in each case, in reliance on any exception set forth in "*—Certain Covenants—Limitation on Indebtedness*" or "*—Certain Covenants—Limitation on Liens*" that is based on a percentage of Consolidated Adjusted EBITDA or Total Assets, the amount of Consolidated Adjusted EBITDA or Total Assets shall be determined after giving *pro forma* effect to the application of the proceeds of such Indebtedness (and any other Indebtedness incurred substantially concurrently therewith), and any Indebtedness, or any Lien securing any Indebtedness, in each case, incurred in reliance on any exception set forth in "*—Certain Covenants—Limitation on Indebtedness*" or "*—Certain Covenants—Limitation on Liens*" that is based on a percentage of Consolidated Adjusted EBITDA or Total Assets will be permitted to be refinanced under such exception (if otherwise complying with the requirements of such exception) notwithstanding that, at the time of and after giving effect to such refinancing, the amount thereof might exceed the applicable percentage of Consolidated Adjusted EBITDA or Total Assets and (ii) in the case of any obligation to purchase or repurchase any inventory as part of any inventory financing or similar arrangement, no Default or Event of Default shall occur solely as a result of a change in the Fair Market Value of such inventory

after the date of the initial incurrence of such obligation, and such inventory financing or similar arrangement incurred in reliance on any exception set forth in "*—Certain Covenants—Limitation on Indebtedness*" or "*—Certain Covenants—Limitation on Liens*" will be permitted to be refinanced under such exception (if otherwise complying with the requirements of such exception) notwithstanding that, at the time of and after giving effect to such refinancing, the amount thereof might exceed the applicable cap set forth in such exception. For purposes of the Senior Secured Notes Indenture, whenever *pro forma* effect is to be given to any transaction or calculation, the *pro forma* calculations will be as determined in good faith by a responsible financial or accounting officer of the Parent.

(d) Notwithstanding anything to the contrary set forth herein (but subject to paragraph (e) of the covenant "*—Certain Covenants—Limitation on Restricted Payments*"), for purposes of determining compliance with any of the covenants described under the captions "*—Certain Covenants*" or "*—Consolidation, Merger, Sale of Assets*", in the event that any Indebtedness, Lien, Restricted Payment, Permitted Payment, Investment, Asset Sale or other transaction (each of the foregoing, an "**Item**") (or any portion thereof) meets the criteria of more than one of the exceptions set forth under such captions (or in any applicable defined term used under such captions), the classification of such Item (or any portion thereof) on the date of its incurrence, making, undertaking or consummation under any such exception shall be made by the Company in its sole discretion and the Company may, at any time or from time to time thereafter, in its sole discretion, reclassify such Item (or any portion thereof) as having been incurred, made, undertaken or consummated under one or more other exceptions set forth under such captions (or in any applicable defined term used under such captions) if such Item (or such portion thereof) (i) at the time of its incurrence, making, undertaking or consummation, would have been permitted under such other exception or exceptions (but after giving effect to any such other Item or Items (but not, for the avoidance of doubt, any other change in circumstance) that were incurred, made, undertaken or consummated since such time in reliance on such other exception or exceptions) or (ii) solely in the case of any Indebtedness Lien, Restricted Payment, Permitted Payment or Investment, at the time of such reclassification would have met the criteria set forth in such other exception or exceptions if then incurred, made, undertaken or consummated (including, in the case of this clause (ii), reclassifying any such Item as having been incurred, made undertaken or consummated under any "ratio-based" basket set forth in such Section if such Item (or such portion thereof) would, at the time of such reclassification, be permitted under the applicable "ratio-based" basket) and, in each case, such Item shall constitute a usage of any availability under such exception only to the extent so classified or reclassified; *provided* that, notwithstanding the foregoing, Indebtedness incurred under the Term Loan A Facilities, the Existing Term Loan B Facilities and the New Term Loan B Facilities, in each case outstanding on the Issue Date, shall be deemed to have been incurred pursuant to clause (i)(A) of paragraph (b) of "*—Certain Covenants—Limitation on Indebtedness*" and may not be subsequently reclassified.

(e) It is understood and agreed that for purposes of assessing whether any financial ratio or test set forth in any of the covenants described under the captions "*—Certain Covenants*" or "*—Consolidation, Merger, Sale of Assets*" (or in any applicable defined term used under such captions) has been or would be complied with in connection with any Item (or any portion thereof) incurred, made, undertaken or consummated in reliance on an exception that requires compliance with such financial ratio or test, any other Item (or any portion thereof) substantially contemporaneously incurred, made, undertaken or consummated, in each case, in reliance on any other available exceptions that do not require such other Item (or such portion thereof) to comply with such financial ratio or test (including, in the case of Indebtedness limited by clause (1)(D) of paragraph (b) under "*—Certain Covenants—Limitation on Indebtedness*", any other sub-clause of such clause (1)) shall be disregarded (even if part of the same transaction and, in the case of Indebtedness or Liens securing any Indebtedness, even if such other Item is Indebtedness of the same tranche or series as such Indebtedness being incurred under such financial ratio or test); *provided* that full *pro forma* effect shall be given to such other Item (or such portion thereof) for purposes of determining any increase in the amount of Consolidated Adjusted EBITDA or Total Assets resulting therefrom.

(f) For purposes of determining compliance with the Senior Secured Notes Indenture, (i) the outstanding principal amount of Indebtedness issued at a price that is less than the principal amount thereof shall be equal to the amount of the liability in respect thereof determined in conformity with IFRS and (ii) the accrual of interest, the accrual of dividends, the accretion of accreted value, the amortization of original issue discount, the payment of interest or a dividend in the form of additional Indebtedness and/or any increase in the amount of Indebtedness outstanding solely as a result of any fluctuation in the exchange

rate of any applicable currency shall not be deemed to be an incurrence of Indebtedness and, to the extent secured, shall not be deemed to result in an increase of the obligations so secured or to be a grant of a Lien securing any such obligations.

Certain Covenants

The Senior Secured Notes Indenture will contain, among others, the following covenants:

Limitation on Indebtedness

(a) The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, create, issue, incur, assume, guarantee or otherwise in any manner become directly or indirectly liable for the payment of (collectively, "**incur**") any Indebtedness (including any Acquired Indebtedness); *provided*, *however*, that the Company and its Restricted Subsidiaries may incur Indebtedness if, on the date of such incurrence and after giving effect thereto on a *pro forma* basis (including giving *pro forma* effect to the use of the proceeds thereof, including, in the case of any Escrow Indebtedness, upon the release of such Indebtedness from escrow), the Consolidated Fixed Charge Coverage Ratio for the most recent period of four full fiscal quarters for which financial statements are available immediately preceding the incurrence of such Indebtedness is not less than 2.00 to 1.00.

(b) Notwithstanding paragraph (a) above, the Company and its Restricted Subsidiaries may incur each and all of the following (collectively, the "**Permitted Indebtedness**"):

(1) Indebtedness of the Company and its Restricted Subsidiaries under the Credit Facilities, including such Indebtedness under the Existing Term Loan B Facilities, the Term Loan A Facilities and the New Term Loan B Facilities outstanding on the Issue Date and such Indebtedness under the Revolving Credit Facility Agreement, *provided* that, with respect to any incurrence of such Indebtedness after the Issue Date, at the time of incurrence thereof (after giving *pro forma* effect thereto and the use of proceeds thereof, including, in the case of any Escrow Indebtedness, upon the release of such Indebtedness from escrow) the aggregate outstanding principal amount of Indebtedness under this clause (1) shall not exceed the sum of (A) the sum of (w) the aggregate principal amount of Indebtedness outstanding under the Existing Term Loan B Facilities as of January 31, 2020, plus (x) the aggregate principal amount of Indebtedness outstanding under the Term Loan A Facilities on December 31, 2020, plus (y) the aggregate principal amount of commitments under the Revolving Credit Facility on December 31, 2020, plus (z) the aggregate principal amount of Indebtedness outstanding under the New Term Loan B Facilities on the Issue Date, *plus* (B) the greater of (x) €450.0 million and (y) 4.50% of Total Assets, *plus* (C) the aggregate amount of fees (including original issue discount), underwriting discounts, premiums and other costs and expenses incurred in connection with any refinancing of any Indebtedness permitted under this clause (1), *plus* (D) an additional amount so long as, in the case of this clause (D), at the time of incurrence thereof (after giving *pro forma* effect thereto and the use of proceeds thereof, including, in the case of any Escrow Indebtedness, upon the release of such Indebtedness from escrow), the Consolidated First Lien Net Leverage Ratio as of the last day of the most recent period of four full fiscal quarters for which financial statements are available immediately preceding the incurrence of such Indebtedness is not greater than 3.00 to 1.00, *provided* that solely for the purpose of determining Consolidated First Lien Net Leverage Ratio as set forth in this clause (D), any Indebtedness incurred in reliance on this clause (D) shall be deemed to be (whether or not it actually is) Senior Secured Indebtedness;

(2) Indebtedness of the Company or any of its Restricted Subsidiaries (A) outstanding on the Issue Date (other than Indebtedness outstanding under the Senior Secured Notes, the Senior Notes, the Existing Notes, the Existing Credit Facilities or the New Term Loan B Facilities), (B) pursuant to the Existing Notes and the guarantees of the Existing Notes, (C) pursuant to the Senior Secured Notes issued on the Issue Date and the Guarantees of the Senior Secured Notes and (D) pursuant to the guarantees of the Senior Notes issued on the Issue Date;

(3) Indebtedness of the Company or any of its Restricted Subsidiaries owing to the Company or any of its Restricted Subsidiaries; *provided* any Indebtedness of the Company, the Issuer or a Subsidiary Guarantor owing to a Restricted Subsidiary that is not the Company, the Issuer or a

Subsidiary Guarantor is unsecured and subordinated in right of payment to the payment and performance of the Company's, the Issuer's or the Subsidiary Guarantors' obligations under the Senior Secured Notes pursuant to, and to the extent required by, the Intercreditor Agreement; *provided further* that any disposition or transfer of any such Indebtedness to a Person (other than a disposition or transfer to the Company or any of its Restricted Subsidiaries) shall be deemed to be an incurrence of such Indebtedness by the obligor not permitted by this clause (3);

(4) Indebtedness of the Company or any of its Restricted Subsidiaries incurred in connection with a Permitted Reorganization; *provided* that after the consummation of such Permitted Reorganization, such Indebtedness is owed to the Company or any of its Restricted Subsidiaries (including, for the avoidance of doubt, any Surviving Entity) and would be permitted by clause (3) above;

(5) Indebtedness of the Company and its Restricted Subsidiaries incurred in connection with inventory financing or similar arrangements, including any guarantees thereof, and any Indebtedness that refinances any such Indebtedness; *provided* that, at the time of incurrence of any such Indebtedness (after giving *pro forma* effect thereto and the use of proceeds thereof) the aggregate outstanding principal amount of Indebtedness permitted under this clause (5) shall not exceed the sum of (A) the greater of (x) €425.0 million and (y) 3.75% of Total Assets, *plus* (B) the aggregate amount of fees (including original issue discount), underwriting discounts, premiums and other costs and expenses incurred in connection with any refinancing of any Indebtedness permitted under this clause (5);

(6) guarantees by the Company or any of its Restricted Subsidiaries of any Indebtedness of the Company or any of its Restricted Subsidiaries, including any guarantee of an Unrestricted Subsidiary's guarantee of any Indebtedness of the Company or any of its Restricted Subsidiaries, so long as the incurrence of such Indebtedness by the Company or such Restricted Subsidiary is otherwise permitted by the Senior Secured Notes Indenture; *provided* that if the Indebtedness being guaranteed is subordinated in right of payment to the Senior Secured Notes or any Guarantee, then such guarantee, if provided by the Company, the Issuer or a Subsidiary Guarantor, will be subordinated to the Senior Secured Notes or such Guarantee, as applicable, substantially to the same extent as the relevant Indebtedness guaranteed;

(7) obligations of the Company or any of its Restricted Subsidiaries in respect of:

(A) any Interest Rate Agreements,

(B) any Currency Hedging Agreements, or

(C) any Commodity Hedging Agreements,

in each case, entered into for bona fide business purposes (including any commodity trading or commodity risk management business) and not for speculative purposes, as determined in good faith by the Board of Directors or senior management of the Company;

(8) Indebtedness of the Company or any of its Restricted Subsidiaries incurred after the Issue Date represented by Finance Lease Obligations or Purchase Money Obligations and other Indebtedness of the Company or any of its Restricted Subsidiaries incurred after the Issue Date for the purpose of financing all or any part of the acquisition, development, construction or improvement of real or personal, movable or immovable, property or assets (including Capital Stock) used or to be used in the business of the Company and its Restricted Subsidiaries, and any Indebtedness that refinances any such Indebtedness; *provided* that, at the time of incurrence of any such Indebtedness (after giving *pro forma* effect thereto and the use of proceeds thereof, including, in the case of any Escrow Indebtedness, upon the release of such Indebtedness from escrow), the aggregate outstanding principal amount of Indebtedness permitted under this clause (8) shall not exceed the sum of (A) the greater of (x) €250.0 million and (y) 2.50% of Total Assets, *plus* (B) the aggregate amount of fees (including original issue discount), underwriting discounts, premiums and other costs and

expenses incurred in connection with any refinancing of any Indebtedness permitted under this clause (8);

(9) Indebtedness of the Company or any of its Restricted Subsidiaries represented by Permitted Refinancing Indebtedness with respect to Indebtedness that was permitted to be incurred under paragraph (a) of this covenant or clause (1) (in the case of Indebtedness incurred in reliance on clause (D) thereof), (2), (9), (14) or (18) of this paragraph;

(10) to the extent constituting Indebtedness, obligations of the Company or any of its Restricted Subsidiaries in respect of (A) letters of credit issued in the ordinary course of business with respect to trade payables relating to purchase of materials (including obligations under any LC Facility) and (B) other letters of credit, bank guarantees, surety, performance, Tax or appeal bonds, completion guarantees, judgment, advance payment, customs, VAT or other Tax guarantees or similar instruments issued in the ordinary course of business and not in connection with the borrowing of money, including letters of credit, bank guarantees or similar instruments in respect of self-insurance and workers compensation obligations (including obligations under any LC Facility); *provided*, *however*, that upon the drawing of such letters of credit, bank guarantees or other instruments, such obligations are reimbursed within 30 days following such drawing;

(11) Indebtedness of the Company and its Restricted Subsidiaries owed to their employees in connection with loan stock issued under employee stock purchase plans; *provided* that the aggregate principal amount of Indebtedness under this clause (11) shall not exceed €10.0 million outstanding at any time;

(12) Indebtedness of the Company and its Restricted Subsidiaries in connection with (A) any Permitted Receivables Financing and (B) any sales and leasebacks (or similar arrangements) of inventory with customers so long as the Fair Market Value of such inventory shall not exceed 5.0% of the Fair Market Value of the Consolidated inventories of the Company and its Restricted Subsidiaries at any one time;

(13) Indebtedness of the Company and its Restricted Subsidiaries represented by Management Advances in the form of guarantees;

(14) (A) any Acquired Indebtedness incurred by the Company and its Restricted Subsidiaries or (B) any Acquisition Indebtedness incurred by the Issuer or any Guarantor; *provided*, *however*, that (1) at the time of the acquisition or other transaction pursuant to which such Acquired Indebtedness or such Acquisition Indebtedness, as applicable, was incurred the Company would have been able to incur €1.00 of additional Indebtedness pursuant to paragraph (a) of this covenant after giving *pro forma* effect to the incurrence of such Indebtedness pursuant to this clause (14) (including giving *pro forma* effect to the use of the proceeds thereof, including, in the case of any Escrow Indebtedness, upon the release of such Indebtedness from escrow) or (2) the Consolidated Fixed Charge Coverage Ratio for the most recent period of four full fiscal quarters for which financial statements are available immediately preceding the incurrence of such Indebtedness would not be less, after giving *pro forma* effect as set forth above to such incurrence, than it would be for such period prior to giving *pro forma* effect thereto;

(15) Indebtedness arising from agreements of the Company or any of its Restricted Subsidiaries providing for customary indemnification, obligations in respect of earnouts or other adjustments of purchase price or, in each case, similar obligations, in each case, incurred in connection with the acquisition or disposition of any business or assets or Person or any Capital Stock of a Subsidiary (other than guarantees of Indebtedness incurred by any Person acquiring or disposing of such business or assets or such Subsidiary for the purpose of financing such acquisition or disposition);

(16) Indebtedness of the Company and its Restricted Subsidiaries arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business or owed in respect of Cash Management

Arrangements; *provided*, *however*, that such Indebtedness is extinguished within 30 days of incurrence;

(17) Indebtedness of the Company and its Restricted Subsidiaries incurred in connection with Permitted Joint Ventures or other joint ventures of the Company or any Restricted Subsidiary, including guarantees by the Company and its Restricted Subsidiaries of Indebtedness of Permitted Joint Ventures or such other joint ventures, and any Indebtedness that refinances any such Indebtedness; *provided* that, at the time of incurrence of any such Indebtedness (after giving *pro forma* effect thereto and the use of proceeds thereof, including, in the case of any Escrow Indebtedness, upon the release of such Indebtedness from escrow), the aggregate outstanding principal amount of Indebtedness permitted under this clause (17), together with the aggregate outstanding amount of Investments made pursuant to clause (l) of the definition of "Permitted Investments" (and without duplication to the extent proceeds of any such Indebtedness are used to make any such Investment), shall not exceed the sum of (A) the greater of (x) €500.0 million and (y) 4.50% of Total Assets *plus* (B) the aggregate amount of fees (including original issue discount), underwriting discounts, premiums and other costs and expenses incurred in connection with any refinancing of any Indebtedness permitted under this clause (17);

(18) Indebtedness of the Aromatics and Acetyls Businesses to the extent such Indebtedness was permitted to remain outstanding at the time of the consummation of the BP Acquisition pursuant to the BP Acquisition Agreement (and remained outstanding on December 31, 2020); and

(19) Indebtedness of the Company and its Restricted Subsidiaries in addition to that described in clauses (1) through (18) above; *provided* that, at the time of incurrence of any such Indebtedness (after giving *pro forma* effect thereto and the use of proceeds thereof, including, in the case of any Escrow Indebtedness, upon the release of such Indebtedness from escrow), the aggregate outstanding principal amount of Indebtedness permitted under this clause (19) shall not exceed the sum of (A) the greater of (x) €550.0 million and (y) 7.50% of Total Assets *plus* (B) the aggregate amount of fees (including original issue discount), underwriting discounts, premiums and other costs and expenses incurred in connection with any refinancing of any Indebtedness permitted under this clause (19).

For purposes of determining any particular amount of Indebtedness under this "*—Limitation on Indebtedness*" covenant and compliance with this "*—Limitation on Indebtedness*" covenant, (i) guarantees, Liens or obligations with respect to letters of credit, bank guarantees, bankers' acceptances or similar instruments supporting Indebtedness that is otherwise included in the determination of any such particular amount will be disregarded, (ii) in the case of any new Indebtedness of the Company and its Restricted Subsidiaries the net proceeds of which are to be applied to refinance any existing Indebtedness of the Company and its Restricted Subsidiaries, the determination of any such particular amount and such compliance will be made on a *pro forma* basis giving effect to the application of the net proceeds of such new Indebtedness as if such application occurred on the date of incurrence thereof, (iii) any Proceeds Loans made by a Parent Holdco or Financing Subsidiary with the proceeds of any Indebtedness incurred by such Parent Holdco or Financing Subsidiary, which Indebtedness is guaranteed by the Company or any of its Restricted Subsidiaries in accordance with this "*—Limitation on Indebtedness*" covenant, will be disregarded and (iv) if obligations in respect of letters of credit, bank guarantees, bankers' acceptances or other similar instruments are incurred pursuant to any Credit Facility and are being treated as incurred pursuant to clause (1), (5), (8), (9), (17) or (19) of the paragraph (b) of this "*—Limitation on Indebtedness*" covenant or pursuant to the paragraph (a) of this "*—Limitation on Indebtedness*" covenant, then to the extent such letters of credit, bank guarantees, bankers' acceptances or other similar instruments support other Indebtedness, such other Indebtedness will be disregarded.

For purposes of determining compliance with this "*—Limitation on Indebtedness*" covenant and the covenant described under the caption "*—Limitation on Liens*":

(i) in the case of any exception requiring compliance with any financial ratio or test, to the extent the committed amount of any Indebtedness has been tested, such committed amount may thereafter be borrowed and, in the case of commitments of a revolving nature, reborrowed in whole or in part, from time to time, without any further testing under this "*—Limitation on Indebtedness*" covenant or the covenant described under the caption "*—Limitation on Liens*", it being understood, however, that for purposes of any subsequent determination of compliance with such financial ratio or test, such Indebtedness (other than, for purposes of paragraph (a) under this "*—Limitation on Indebtedness*", any

Indebtedness that is revolving in nature) shall, solely to the extent of the reliance at such time on this clause (i) with respect to such committed amount, be deemed to be outstanding;

(ii) any Escrow Indebtedness shall be deemed to be incurred on the date of the original incurrence thereof (and, for the avoidance of doubt, not on the date of the release of such Indebtedness from escrow or the date on which the obligor in respect of such Indebtedness becomes a Restricted Subsidiary or transfers its assets to, or merges, consolidates or amalgamates with, the Company or any Restricted Subsidiary); *provided* that, for the avoidance of doubt, any Escrow Indebtedness that is redeemed pursuant to a special mandatory redemption or the proceeds of which are not released to the Company or any Restricted Subsidiary for any other reason shall be deemed not to have been incurred by the Company or any Restricted Subsidiary on the date of original incurrence thereof; and

(iii) such determinations and calculations in connection with any Limited Condition Transaction shall be subject to the provisions of the Senior Secured Notes Indenture described under "*—Certain Calculations*" above.

For purposes of determining compliance with any Euro-denominated restriction on the incurrence of Indebtedness where Indebtedness is denominated in a different currency, the amount of such Indebtedness shall be the Euro Equivalent determined on the date of such determination; *provided*, *however*, that if any such Indebtedness that is denominated in a different currency is subject to a Currency Hedging Agreement (with respect to Euro) covering principal amounts payable on such Indebtedness, the amount of such Indebtedness expressed in Euro shall be adjusted to take into account the effect of such agreement. The principal amount of any Permitted Refinancing Indebtedness, if incurred in the same currency as the Indebtedness being refinanced, will be the Euro Equivalent of the Indebtedness refinanced, determined on the date such Indebtedness being refinanced was initially incurred. The principal amount of any Permitted Refinancing Indebtedness, if incurred in a different currency from the Indebtedness being refinanced, will be calculated based on the currency exchange rate applicable to the currencies in which such Permitted Refinancing Indebtedness is denominated that is in effect on the date of such refinancing. Notwithstanding any other provision of this "*—Limitation on Indebtedness*" covenant, the maximum amount that the Company or any of its Restricted Subsidiaries may incur pursuant to this "*—Limitation on Indebtedness*" covenant shall not be deemed to be exceeded, with respect to any outstanding Indebtedness, solely as a result of fluctuations in the exchange rates of currencies (and such Indebtedness will be permitted to be refinanced notwithstanding that, after giving effect to such refinancing, such excess will continue). Notwithstanding the foregoing, any determinations and calculations pursuant to this paragraph in connection with any Limited Condition Transaction shall be subject to paragraph (a) under "*—Certain Calculations*".

Limitation on Restricted Payments

(a) The Company will not, and will not cause or permit any Restricted Subsidiary to, directly or indirectly take any of the following actions (each of which, other than any such action that is a Permitted Payment, is referred to as a "**Restricted Payment**"):

(1) declare or pay any dividend on, or make any distribution on, the Company's Capital Stock to any Person (other than dividends or distributions payable solely in shares of its Qualified Capital Stock or in options, warrants or other rights to acquire shares of such Qualified Capital Stock) or make any payment of cash interest in respect of Subordinated Shareholder Funding;

(2) purchase, redeem, defease or otherwise acquire or retire for value, directly or indirectly, (A) the Company's Capital Stock or any Capital Stock of any direct or indirect parent entity of the Company held by Persons other than the Company or a Restricted Subsidiary, (B) options, warrants or other rights to acquire the Company's Capital Stock or (C) any Subordinated Shareholder Funding held by any Person;

(3) make any principal payment on, or repurchase, redeem, defease or otherwise acquire or retire for value, prior to any scheduled principal payment, sinking fund payment or maturity, (A) any Subordinated Indebtedness or Subordinated Lien Indebtedness (other than the purchase, repurchase, redemption, defeasance or other acquisition or retirement of (x) Subordinated Indebtedness or Subordinated Lien Indebtedness in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case, due within one year of the date of purchase, repurchase, redemption, defeasance or other acquisition or retirement and (y) any Indebtedness incurred pursuant to clause (3) or (4) of paragraph (b) of the covenant described under "*—Limitation on Indebtedness*") or (B) any Subordinated

Shareholder Funding (it being understood that payment of interest on and scheduled amortization of any Subordinated Indebtedness, Subordinated Lien Indebtedness or, to the extent permitted by the definition of such term, the payment of interest on Subordinated Shareholder Funding is not subject to this clause (3));

(4) declare or pay any dividend or distribution on any Capital Stock of any Restricted Subsidiary to any Person (other than (A) to the Company or any of its Wholly Owned Restricted Subsidiaries, (B) dividends or distributions made by a Restricted Subsidiary on a *pro rata* basis (or, if not on a *pro rata* basis, on a basis more favorable to the Company and its Restricted Subsidiaries) to all stockholders of such Restricted Subsidiary or (C) dividends or distributions payable solely in its Qualified Capital Stock or in options, warrants or other rights to acquire shares of such Qualified Capital Stock or in Subordinated Shareholder Funding); or

(5) make any Investment in any Person;

provided that (A) the Company and the Restricted Subsidiaries may make any Permitted Investment and (B) for the avoidance of doubt, any payment on, or repurchase, redemption, defeasance or otherwise acquisition or retirement for value of, any Senior Indebtedness held by any Sponsor Purchaser does not constitute a Restricted Payment.

(b) Notwithstanding paragraph (a) of this "*—Limitation on Restricted Payments*" covenant, the Company or any Restricted Subsidiary may make a Restricted Payment if, at the time of and after giving *pro forma* effect to such proposed Restricted Payment:

(1) no Default or Event of Default shall have occurred and be continuing;

(2) the Company could incur at least €1.00 of additional Indebtedness under paragraph (a) of the covenant described under "*—Limitation on Indebtedness*"; and

(3) the aggregate amount of all Restricted Payments (together with, except as otherwise provided in paragraph (d) below, the aggregate amount of all Permitted Payments) made (and not returned or rescinded) after the Issue Date does not exceed the sum of:

(A) 50% of the aggregate Consolidated Net Income (Loss) of the Parent determined on a cumulative basis for the period beginning on July 1, 2020 and ending on the last day of the Parent's most recent fiscal quarter for which financial statements are available ending immediately prior to the date of such Restricted Payment (or, if such aggregate cumulative Consolidated Net Income (Loss) shall be a loss, minus 100% of such loss);

(B) the aggregate Net Cash Proceeds and the Fair Market Value of property and assets received after July 31, 2020 by the Company either (x) as capital contributions to the Company in respect of Qualified Capital Stock of the Company or (y) from the issuance or sale (other than to any of its Restricted Subsidiaries) of Qualified Capital Stock of the Company or any options, warrants or rights to purchase such Qualified Capital Stock of the Company or from any Subordinated Shareholder Funding (except, in each case, to the extent such Net Cash Proceeds are used as set forth in clause (ii) or (iii) of paragraph (c) below and excluding the Net Cash Proceeds and the Fair Market Value of property and assets from the issuance of Capital Stock or Subordinated Shareholder Funding financed, directly or indirectly, using funds borrowed from, or the borrowing of which is guaranteed by, the Company or any of its Restricted Subsidiaries except to the extent such borrowing is repaid in cash);

(C) the aggregate Net Cash Proceeds and the Fair Market Value of property and assets received after July 31, 2020 by the Company (other than from any of its Restricted Subsidiaries) upon the exercise of any options, warrants or rights to purchase Qualified Capital Stock of the Company (and excluding the Net Cash Proceeds and the Fair Market Value of property and assets from the exercise of any options, warrants or rights to purchase such Qualified Capital Stock financed, directly or

indirectly, using funds borrowed from, or the borrowing of which is guaranteed by, the Company or any of its Restricted Subsidiaries except to the extent such borrowing is repaid);

(D) the aggregate Net Cash Proceeds and the Fair Market Value of property and assets received after July 31, 2020 by the Company or its Restricted Subsidiaries from the conversion or exchange, if any, of Indebtedness or Redeemable Capital Stock of the Company or its Restricted Subsidiaries into or for Qualified Capital Stock of the Company plus, to the extent such Indebtedness or Redeemable Capital Stock was incurred or issued after July 31, 2020, the aggregate Net Cash Proceeds and the Fair Market Value of property and assets received from their original incurrence or issuance (except, in each case, to the extent such Net Cash Proceeds are used as set forth in clause (2) or (3) of paragraph (c) below) (and excluding the Net Cash Proceeds and the Fair Market Value of property and assets from the conversion or exchange of Indebtedness or Redeemable Capital Stock financed, directly or indirectly, using funds borrowed from, or the borrowing of which is guaranteed by, the Company or any of its Restricted Subsidiaries except to the extent such borrowing is repaid); and

(E) the amount equal to the sum (without duplication) of:

(i) 100% of the aggregate Net Cash Proceeds and the Fair Market Value of property and assets received by the Company or any Restricted Subsidiary upon the sale or other disposition of any Investment that had been a Restricted Payment or a Permitted Payment (to the extent such Permitted Payment is included in the sum under clause (3) above) or from any dividend, distribution, interest payment, return of capital, repayment or other amount or value received in respect of an Investment;

(ii) upon the full and unconditional release of a guarantee that had been a Restricted Payment or a Permitted Payment (to the extent such Permitted Payment is included in the sum under clause (3) above) made by the Company or any of its Restricted Subsidiaries in favor of any Person (other than the Company or any of its Restricted Subsidiaries), to the extent not included in clause (i) above, an amount equal to the amount of such guarantee;

(iii) upon the redesignation of any Unrestricted Subsidiary (other than any Unrestricted Subsidiary designated as such in reliance on clause (u) of the definition of the term Permitted Investment) as a Restricted Subsidiary, the Fair Market Value of the Company's or any Restricted Subsidiary's interest in such Unrestricted Subsidiary;

(iv) 100% of the Net Cash Proceeds and the Fair Market Value of property and assets received by the Company or any of its Restricted Subsidiaries from a sale or disposition of Capital Stock of an Unrestricted Subsidiary (other than to the Company or any of its Restricted Subsidiaries or an employee stock ownership plan or trust established by the Company or any of its Restricted Subsidiaries for the benefit of its employees);

(v) to the extent any Investment constituting a Restricted Payment or a Permitted Payment (to the extent such Permitted Payment is included in the sum under clause (3) above) was made after July 31, 2020 in a Person that on or after July 31, 2020 became a Restricted Subsidiary of the Company, the Fair Market Value of such Investment as of the date such Person becomes a Restricted Subsidiary; and

(vi) 100% of the Net Cash Proceeds and the Fair Market Value of property and assets received by the Company or any of its Restricted Subsidiaries from

any dividend or distribution made by any Unrestricted Subsidiary on or after July 31, 2020;

provided, *however*, that in the case of any amount referred to in this clause (E) that would also be included in Consolidated Net Income (Loss) for the purposes of clause (A) above, such amount (or any portion thereof) may be included for the purposes of this clause (E) or for the purposes of clause (A) above, all as determined by the Company in its discretion (but without duplication); and *provided* further that, notwithstanding anything to the contrary contained in this paragraph (b), the INOVYN Contribution, and any contribution to the Capital Stock in the Company occurring on December 31, 2020 in connection with the BP Acquisition, shall be disregarded for purposes of, and shall not result in any increase in the amount available for making Restricted Payments pursuant to, sub-clauses (B) through (E) of clause (3) of this paragraph (b).

(c) Notwithstanding paragraph (a) above, the provisions thereof shall not prohibit the following actions (any action permitted under any of clauses (1) through (19) below being referred to as a "**Permitted Payment**"):

(1) the payment of any dividend within 60 days after the date of declaration thereof, if at such date of declaration such payment was permitted by this covenant (and such payment shall be deemed to have been paid on such date of declaration);

(2) any Restricted Payment included in clauses (2), (3) and (5) of paragraph (a) of this covenant made by exchange for (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares or scrip), or in an amount not in excess of the Net Cash Proceeds of a substantially concurrent issuance and sale (other than to a Restricted Subsidiary of the Company and excluding the Net Cash Proceeds from the issuance of any Capital Stock or of Subordinated Shareholder Funding financed, directly or indirectly, using funds borrowed from, or the borrowing of which is guaranteed by, the Company or any of its Restricted Subsidiaries except to the extent such borrowing is repaid in cash) of, Qualified Capital Stock or Subordinated Shareholder Funding of, or a capital contribution to, the Company; *provided* that the Net Cash Proceeds from the issuance of such Qualified Capital Stock or Subordinated Shareholder Funding or from such capital contribution (to the extent such Net Cash Proceeds are used to make such Permitted Payment) are excluded from clauses (3)(B) and (3)(D) of paragraph (b) of this covenant;

(3) the repurchase, redemption, defeasance, retirement or acquisition for value of, or payment of principal of, any Subordinated Indebtedness or Subordinated Lien Indebtedness in exchange for (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares or scrip), or in an amount not in excess of the Net Cash Proceeds of a substantially concurrent issuance and sale (other than to any Restricted Subsidiary of the Company) of, any Qualified Capital Stock or Subordinated Shareholder Funding of, or a capital contribution to, the Company; *provided* that the Net Cash Proceeds from the issuance of such Qualified Capital Stock or Subordinated Shareholder Funding (to the extent such Net Cash Proceeds are used to repurchase, redeem, defease, retire or acquire such Subordinated Indebtedness or Subordinated Lien Indebtedness) are excluded from clauses (3)(B) and (3)(D) of paragraph (b) of this covenant;

(4) the repurchase, redemption, defeasance, retirement, refinancing or other acquisition for value of, or payment of principal of, and payment of accrued and unpaid interest on, any Subordinated Indebtedness or Subordinated Lien Indebtedness (but in each case not, for the avoidance of doubt, Subordinated Shareholder Funding) through the substantially concurrent incurrence of new Indebtedness of the Company or any of its Restricted Subsidiaries that (x) is permitted by clause (a), (b)(1) or (b)(19) of the covenant under the caption "*—Limitation on Indebtedness*" or (y) qualifies as Permitted Refinancing Indebtedness;

(5) the repurchase, redemption, defeasance, retirement, refinancing or other acquisition for value of, or payment of principal of, and payment of accrued and unpaid interest on, (A) Subordinated Indebtedness or Subordinated Lien Indebtedness (but not, for the avoidance

of doubt, Subordinated Shareholder Funding) of the Company or any Restricted Subsidiary (other than Subordinated Indebtedness and Subordinated Lien Indebtedness held by Affiliates of the Company) upon a "change of control" or "asset sale" to the extent required by the agreement governing such Subordinated Indebtedness or Subordinated Lien Indebtedness, but only if the Issuer shall have complied, to the extent applicable, with the covenants described under the captions "*—Purchase of Senior Secured Notes upon a Change of Control*" or "*—Limitation on Sale of Assets*", as the case may be, and the Issuer shall have repurchased, or shall repurchase, all Senior Secured Notes tendered pursuant to the offer required by such covenants prior to or substantially concurrently with such repurchase, redemption, defeasance, retirement, refinancing or other acquisition for value of, or payment of principal of, Subordinated Indebtedness or Subordinated Lien Indebtedness, (B) Subordinated Indebtedness or Subordinated Lien Indebtedness (but not, for the avoidance of doubt, Subordinated Shareholder Funding) of the Company or any Restricted Subsidiary that constitutes Acquired Indebtedness (other than any such Subordinated Indebtedness or Subordinated Lien Indebtedness held by Affiliates of the Company) and (C) Subordinated Indebtedness, Subordinated Shareholder Funding and Subordinated Lien Indebtedness, in each case, for the avoidance of doubt, under this sub-clause (C), to the extent of any Declined Proceeds;

(6) to the extent constituting Restricted Payments, the Specified Affiliate Payments;

(7) the declaration and payment of dividends or other distributions by the Company, and the declaration and payment of dividends or other distributions, or the making of loans and advances, by the Company or any of its Restricted Subsidiaries to any Parent Holdco to make payments of dividends or other distributions by any Parent Holdco, in respect of Qualified Capital Stock of the Company or any Parent Holdco issued in a Public Equity Offering; *provided* that the aggregate amount (without duplication) of all such dividends or other distributions, or loans and advances, under this clause (7) shall not exceed in any fiscal year 6% of the Net Cash Proceeds received by the Company from such Public Equity Offering;

(8) payments by the Company, or loans, advances, dividends or distributions to any Parent Holdco to make payments, to holders of Capital Stock of the Company or any Parent Holdco in lieu of the issuance of fractional shares of such Capital Stock, *provided* that the aggregate amount of any such payments, loans, advances, dividends or distributions made since the Issue Date (in the case of any loans or advances, to the extent outstanding) shall not exceed €10.0 million;

(9) dividends, distributions, contributions or other transfers of Capital Stock, Indebtedness or other securities of Unrestricted Subsidiaries (other than any Unrestricted Subsidiary designated as such in reliance on clause (u) of the definition of the term Permitted Investment);

(10) payment of any Receivables Fees and purchases of Receivables Assets pursuant to a Receivables Repurchase Obligation or any other fees and payments in connection with a Permitted Receivables Financing;

(11) any Restricted Payments made as part of any Permitted Reorganization or to pay or reimburse any costs and expenses related to the consummation thereof;

(12) any Restricted Payment; *provided* that, at the time of such Restricted Payment and after giving effect thereto, the aggregate amount of Restricted Payments made under this clause (12) since the Issue Date (in the case of any Investment, to the extent outstanding) shall not exceed the greater of €425.0 million and 3.75% of Total Assets;

(13) Restricted Payments made to pay or reimburse any costs and expenses in connection with the Transactions and any future incurrence or repayment of Indebtedness;

(14) creation of one or more book entry or loan receivables payable by the Company or any of its Restricted Subsidiaries in its capacity as controlled company (*beherrschtes Unternehmen*) to its dominating entity (*herrschendes Unternehmen*) under a Profit Pooling Agreement as a non-cash settlement of any claim for the transfer of profits within the meaning of Sec. 301

German Stock Corporation Act (*Aktiengesetz*) under the relevant Profit Pooling Agreement, which receivable, at the option of the relevant dominating entity (*herrschendes Unternehmen*), may be documented by way of a loan from the relevant dominating entity (*herrschendes Unternehmen*), *provided* that under the terms of such loan, the relevant dominating entity (*herrschendes Unternehmen*) is not entitled to claim the payment of the principal and/or any interest on such loan prior to the final Stated Maturity of the Senior Secured Notes, and *provided further* that all such receivables and loans (as applicable) and any amounts accruing in respect thereof shall be subject to the Intercreditor Agreement and will be "Subordinated Obligations" (under and as defined in the Intercreditor Agreement);

(15) any Restricted Payment of the Capital Stock in or assets of any INOVYN Entity; provided that (x) at the time of the making of such Restricted Payment and after giving *pro forma* effect thereto, no Default or Event of Default has occurred and is continuing or would result therefrom and (y) the Consolidated Total Net Leverage Ratio as of the last day of the most recent period of four fiscal quarters for which financial statements are available immediately prior to the making of such Restricted Payment, after giving *pro forma* effect thereto, is not greater than 2.50 to 1.00; *provided* further that, solely for purposes of this clause (15), the Consolidated Total Net Leverage Ratio shall be calculated without giving effect to any portion of the Run Rate Adjustment attributable to cost savings, operating expense reductions and/or synergies relating to any applicable transaction, event or initiative consummated, adopted or implemented within the most recent period of four fiscal quarters for which financial statements are available immediately prior to the making of such Restricted Payment;

(16) any Restricted Payment; *provided* that (x) no Default or Event of Default has occurred and is continuing at the time of the making of such Restricted Payment and (y) the Consolidated Total Net Leverage Ratio as of the last day of the most recent period of four fiscal quarters for which financial statements are available immediately prior to the making of such Restricted Payment, after giving *pro forma* effect thereto, is not greater than 1.75 to 1.00;

(17) loans, advances, dividends, distributions or other payments by the Company or any of its Restricted Subsidiaries to or on behalf of any Parent Holdco or Financing Subsidiary to service the substantially concurrent payment of interest, premiums, make whole amounts, fees, costs, expenses, hedging, tax, breakage costs and indemnification obligations as and when due under or in respect of Indebtedness of any Parent Holdco or Financing Subsidiary that has been guaranteed by, or is otherwise considered Indebtedness of, the Company or any of its Restricted Subsidiaries incurred in accordance with the covenant described under the caption "—*Limitation on Indebtedness*"; *provided* that either (A) the Net Cash Proceeds of such Indebtedness have been contributed or loaned to the Company or any of its Restricted Subsidiaries or (B) at the time such Indebtedness is incurred by such Parent Holdco or Financing Subsidiary, the Company is deemed to have made, and is able to make in accordance with this "—*Limitation on Restricted Payments*" covenant, a Restricted Payment, a Permitted Payment or a Permitted Investment, or a combination thereof (as determined by the Company in accordance with this "—*Limitation on Restricted Payments*" covenant), in an aggregate amount equal to the Net Cash Proceeds of such Indebtedness;

(18) any payments or other transactions pursuant to Tax Sharing Agreements between the Company and any other Person or any Restricted Subsidiary of the Company and any other Person with which the Company or any of its Restricted Subsidiaries files a consolidated Tax return or with which the Company or any of its Restricted Subsidiaries is part of a group for Tax purposes or any Tax advantageous group contribution made pursuant to applicable legislation; *provided* that any such Tax Sharing Agreement does not permit or require payments in excess of the amounts of Tax that would be payable by the Company and its Restricted Subsidiaries on a stand-alone basis; and

(19) Restricted Payments made in connection with the BP Acquisition to finance the redemption, repayment or other discharge (in full or in part) of the Vendor Loan Notes (as defined in the BP Acquisition Agreement); *provided* that the aggregate amount of Restricted Payments made under this clause (19) shall not exceed US$1,000,000,000.

(d) In calculating the amount of Restricted Payments made after the Issue Date for purposes of clause (3) of paragraph (b) of this "—*Limitation on Restricted Payments*" covenant, Permitted Payments made

pursuant to clauses (2), (3), (4), (5)(B), (5)(C), (6), (8), (9), (10), (11), (12), (13), (14), (15), (16), (17), (18) and (19) (and, to the extent relating to any of the foregoing clauses, clause (1)) of the immediately preceding paragraph (c) shall be excluded from such calculation.

(e) The amount of any Restricted Payment or Permitted Payment that is not made in cash shall be deemed to be equal to the Fair Market Value thereof at the date of the making of such Restricted Payment or Permitted Payment.

(f) Notwithstanding anything to the contrary in this "*—Limitation on Restricted Payments*" or elsewhere in the Senior Secured Notes Indenture, neither the Company nor any of its Restricted Subsidiaries shall make, other than pursuant to and as permitted by clause (15) of paragraph (c) of this covenant, any Restricted Payment or Permitted Payment, in each case, of the type referred to in clause (1), (2) or (3) of paragraph (a) of this covenant if such Restricted Payment or Permitted Payment is made with the Capital Stock in or assets of any INOVYN Entity; *provided* that nothing in this paragraph shall restrict any such Restricted Payment or Permitted Payment (i) to the Company or any of its Restricted Subsidiaries, (ii) to any INOVYN Entity or any of its joint ventures or (iii) to any Person that is not an Affiliate of the Company (including any joint venture partner in respect of any joint venture of any INOVYN Entity).

Limitation on Transactions with Affiliates

(a) The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, enter into any transaction or series of related transactions (including, without limitation, the sale, purchase, exchange or lease of assets, property or services) with any Affiliate of the Company (other than a Restricted Subsidiary) involving aggregate consideration in excess of €10.0 million, unless such transaction or series of related transactions is entered into in good faith and:

(1) such transaction or series of related transactions is on terms that are no less favorable to the Company or such Restricted Subsidiary, as the case may be, than those that could reasonably be expected to be obtained in a comparable transaction in arm's length dealings with an unrelated third party, as determined in good faith by the Board of Directors or senior management of the Company;

(2) with respect to any transaction or series of related transactions involving aggregate consideration in excess of €25.0 million, the Company delivers to the Trustee either (A) an Officer's Certificate attaching a resolution of the Board of Directors of the Company pursuant to which such transaction or series of related transactions has been approved by a majority of the Disinterested Directors of the Board of Directors of the Company or, in the event there is only one Disinterested Director, by such Disinterested Director or (B) a written opinion of an accounting, appraisal or investment banking firm of international standing, or other recognized independent expert with experience appraising the terms and conditions of the type of transaction or series of related transactions for which an opinion is required, stating that such transaction or series of related transactions is fair from a financial point of view taking into account all relevant circumstances; *provided* that the liability of such accounting, appraisal or investment banking firm or such other independent expert in giving such opinion may be limited in accordance with its engagement policies; and

(3) with respect to any transaction or series of related transactions involving aggregate consideration in excess of €50.0 million, the Company delivers to the Trustee (A) an Officer's Certificate attaching a resolution of the Board of Directors of the Company pursuant to which such transaction or series of related transactions has been approved by a majority of the Disinterested Directors of the Board of Directors of the Company or, in the event there is only one Disinterested Director, by such Disinterested Director and (B) a written opinion of an accounting, appraisal or investment banking firm of international standing, or other recognized independent expert with experience appraising the terms and conditions of the type of transaction or series of related transactions for which an opinion is required, stating that such transaction or series of related transactions is on terms not less favorable than might have been obtained in a comparable transaction at such time on an arm's length basis from a Person that is not an Affiliate; *provided* that the liability of such accounting, appraisal or investment banking firm or such other independent expert in giving such opinion may be limited in accordance with its engagement policies.

(b) The restrictions in clause (a) shall not apply to:

(1) any employment agreement, collective bargaining agreement, consultant agreement or other employee benefit arrangements with any employee, consultant, officer or director of any Parent Holdco, the Company or any Restricted Subsidiary, including under any stock option, stock appreciation rights, stock incentive or similar plans, entered into in the ordinary course of business;

(2) payment of compensation to employees, consultants, officers or directors of any Parent Holdco, the Company or any Restricted Subsidiary in the ordinary course of business;

(3) maintenance in the ordinary course of business (and payments required thereby) of benefit programs and other arrangements for employees, consultants, officers or directors of any Parent Holdco, the Company or any Restricted Subsidiary, including vacation plans, health and life insurance plans, deferred compensation plans, severance plans, employees', consultants', directors' and officers' indemnification agreements and retirement or savings plans and similar plans;

(4) Management Advances;

(5) transactions between or among the Company and its Restricted Subsidiaries (including any Person that becomes a Restricted Subsidiary as a result of such transaction), between or among the Restricted Subsidiaries (including any Person that becomes a Restricted Subsidiary as a result of such transaction) and between or among the Restricted Subsidiaries and any Receivables Subsidiary;

(6) any Restricted Payment or Permitted Investment;

(7) any Permitted Payment;

(8) any transaction in the ordinary course of business between or among the Company or any Restricted Subsidiary and any Affiliate of the Company or a joint venture or similar Person that would otherwise be subject to this "*—Limitation on Transactions with Affiliates*" covenant solely because the Company or a Restricted Subsidiary owns any of the Capital Stock of or otherwise controls such Affiliate, joint venture or similar Person;

(9) any payments or other transactions pursuant to (x) Tax Sharing Agreements between the Company and any other Person or any Restricted Subsidiary of the Company and any other Person with which the Company or any of its Restricted Subsidiaries files a consolidated Tax return or with which the Company or any of its Restricted Subsidiaries is part of a group for Tax purposes or any Tax advantageous group contribution made pursuant to applicable legislation, *provided*, *however*, that any such Tax Sharing Agreement does not permit or require payments in excess of the amount of Taxes that would be payable by the Company and its Restricted Subsidiaries on a stand-alone basis, or (y) Profit Pooling Agreements between the Company or any of its Restricted Subsidiaries and any other Person;

(10) the Existing Term Loan B Facilities Agreement or other Senior Secured Facilities Documents (as defined in the Intercreditor Agreement), the Existing Indenture, the Term Loan and Revolving Credit Facility Agreement, the Senior Secured Notes Indenture or other Senior Secured Documents (as defined in the Intercreditor Agreement), the Intercreditor Agreement, the Senior Notes Indenture or other Second Lien Debt Documents (as defined in the Intercreditor Agreement) and any other definitive documents governing or evidencing any Indebtedness not prohibited by the Senior Secured Notes Indenture (and, in each case, the transactions contemplated thereby), any collateral for or guarantee by the Company or any Restricted Subsidiary of any obligations under any of the foregoing (and any release thereof), any Proceeds Loans Documents, any Proceeds Loans, any collateral for or guarantee of any Proceeds Loans, any release of any Proceeds Loans or any release of any guarantee or collateral with respect thereto and any other agreement or action relating to any other Indebtedness not prohibited by the Senior Secured Notes Indenture;

(11) (A) issuances or sales of Capital Stock of the Company, any receipt of capital contributions by the Company and any issuance or incurrence of any Subordinated Shareholder Funding and (B) any amendment, waiver or other transaction with respect to any Subordinated Shareholder Funding that is in compliance with the other provisions of the Senior Secured Notes Indenture and, if applicable, the Intercreditor Agreement;

(12) any transaction effected in connection with a Permitted Receivables Financing;

(13) Specified Affiliate Payments;

(14) (A) the provision of administrative or infrastructure goods or services, asset sharing, the allocation of customers, contracts or other business or any other transaction with customers, clients, suppliers or purchasers or sellers of goods or services (including, among others, feedstocks and raw materials) or any other transaction in the ordinary course of business between the Company or a Restricted Subsidiary, on the one hand, and any Affiliate that is not a Restricted Group Company, on the other, and (B) to the extent that the Remedy Entity may be deemed to be an Affiliate of the Company, the provision of administrative or infrastructure goods or services, asset sharing, the allocation of customers, contracts or other business, or any other transaction in the ordinary course of business between the Company or a Restricted Subsidiary and the Remedy Entity; *provided* that, in each case, such transactions, when taken together with all other transactions between the Company and its Restricted Subsidiaries, on the one hand, and such Affiliates or the Remedy Entity, on the other, are in all material respects (i) not inconsistent with those applying prior to the Issue Date for similar transactions among such Persons or (ii) on terms substantially consistent with those that might have been obtained in comparable transactions at such time on an arm's length basis from a Person that is not an Affiliate, as determined by the Company in good faith (it being understood that where such transactions are entered into pursuant to a master agreement or similar arrangement, such arm's length determination may be made with respect to such agreement or arrangement, which will cover all transactions entered into pursuant thereto);

(15) any transaction by any Person referred to in clause (a)(3) of the definition of Permitted Investment that is entered pursuant to an arrangement existing (or that is made pursuant to, and as required under, legally binding agreements that exist) on the date such Person becomes a Restricted Subsidiary or is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Company or any Restricted Subsidiary (for the avoidance of doubt, in any case including any arrangement with (A) any joint venture of the Aromatics and Acetyls Businesses that exists (or that is made pursuant to, and as required under, legally binding agreements that exist) on December 31, 2020 or (B) any joint venture of any such Person, whether or not such joint venture is acquired by the Company or any Restricted Subsidiary after such Person becomes a Restricted Subsidiary or after the consummation of such merger, consolidation, amalgamation, transfer, conveyance or liquidation); *provided* that such agreement was not entered into in contemplation of such Person becoming a Restricted Subsidiary or such merger, consolidation, amalgamation, transfer, conveyance or liquidation;

(16) any transaction effected as part of a Permitted Reorganization; and

(17) any transaction effected pursuant to any inventory financing or similar arrangement that is incurred pursuant to clause (5) of paragraph (b) of the covenant described under the caption "*—Limitation on Indebtedness*".

Limitation on Liens

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume, affirm or suffer to exist any Lien (the "**Initial Lien**") of any kind securing any Indebtedness upon any property or assets of the Company or any of its Restricted Subsidiaries, including any Capital Stock or intercompany notes or other Indebtedness of any Restricted Subsidiary, owned on the Issue Date or acquired thereafter, or any income, profits or proceeds therefrom, except (i) in the case of any property or asset that does not constitute Collateral, (A) Permitted Liens and (B) Liens on property or assets that are not Permitted Liens if the Senior Secured Notes and the Guarantees are, subject to the Security Principles, directly secured equally and ratably or on a prior basis with the

Indebtedness secured by such Initial Lien (and if such Indebtedness so secured is Subordinated Indebtedness, on a senior priority basis) and (ii) in the case of any property or asset that constitutes Collateral, Permitted Collateral Liens (it being understood that any Lien existing in reliance on clause (i)(B) above shall not also be required to be a Permitted Collateral Lien notwithstanding that the assets subject thereto shall have become Collateral).

Any Lien created for the benefit of the holders of the Senior Secured Notes pursuant to clause (i)(B) of the first paragraph of this covenant will provide (and will be deemed to provide) by its terms that such Lien will be automatically and unconditionally released and discharged, without any action by the Trustee, the Security Agent or any holder of the Senior Secured Notes (and each holder of the Senior Secured Notes will be deemed to have irrevocably authorized the Trustee and the Security Agent to execute and deliver (and, at the request and cost of the Company, each of the Trustee and the Security Agent will execute and deliver) any document to the extent necessary or reasonably requested by the Company to evidence such release and discharge), (i) upon the release and discharge of the applicable Initial Lien, (ii) upon the sale or other disposition of the property or assets subject to such Initial Lien (or the sale or other disposition of the Person that owns such property or assets) in compliance with the terms of the Senior Secured Notes Indenture, (iii) with respect to the property or assets of, or the Capital Stock of, any Guarantor or any Subsidiary of a Guarantor that are encumbered by such Lien, upon the release of the Guarantee of such Guarantor in accordance with the terms of the Senior Secured Notes Indenture, (iv) with respect to the property or assets of, or the Capital Stock of, any Restricted Subsidiary that are encumbered by such Lien, upon the designation of such Restricted Subsidiary as an Unrestricted Subsidiary in accordance with the terms of the Senior Secured Notes Indenture, (v) upon effectiveness of any defeasance or satisfaction and discharge of the Senior Secured Notes as specified in the Senior Secured Notes Indenture, (vi) in the case of any Lien on any Proceeds Loan, upon the payment in full or other discharge of such Proceeds Loan (including as a result of any merger, consolidation or amalgamation of the payor or the payee thereunder) or (vii) as otherwise provided under the caption "*—Brief Description of the Senior Secured Notes, the Guarantees and the Security—Security—Release of Security*"; *provided*, *however*, that the Company shall have the right, in its sole discretion, by written notice to the Trustee, which shall provide written notice thereof to the Security Agent, delivered prior to the automatic release and discharge of any such Lien as specified above, to (A) waive such automatic release and discharge of such Lien and maintain such Lien in effect until such time as the Company shall instruct and direct the Trustee in writing to instruct and direct the Security Agent in writing to release and discharge such Lien (with the Trustee agreeing so to instruct and direct the Security Agent promptly upon receipt thereof from the Company) or (B) elect that the release and discharge of such Lien shall not occur automatically as contemplated by this paragraph but shall occur at such time or times, in such manner and order and upon the occurrence of such other events as shall be specified by the Company in such notice to the Trustee (and the Trustee, at the request of the Company, and the Security Agent, at the request of the Trustee, shall execute and deliver any document reasonably requested by the Company to effect and evidence the release and discharge of such Lien); *provided further* that nothing in this clause (B) shall allow the Company to require the release and discharge of any Lien prior to (unless such release and discharge is to occur substantially concurrently with) the occurrence of the applicable event(s) set forth in clauses (i) through (vii) above providing for the release and discharge thereof.

Notwithstanding any provision to the contrary in the Senior Secured Notes Indenture or in any other Senior Secured Notes Document, the release of any Lien created or purported to be created on Collateral under any Swedish Security Document shall be subject to the prior written consent of the Security Agent (such consent to be granted at the Security Agent's sole discretion), other than upon legal defeasance, covenant defeasance or satisfaction and discharge of the Senior Secured Notes Indenture as provided below under the captions "*—Defeasance or Covenant Defeasance of Senior Secured Notes Indenture*" and "*—Satisfaction and Discharge*". Each holder of the Senior Secured Notes authorizes the Security Agent to release such Lien at its discretion without notification or further reference to the holders of the Senior Secured Notes.

For purposes of determining compliance with any Euro-denominated restriction on the incurrence of any Lien where the Indebtedness secured by such Lien is denominated in a different currency, the amount of such Indebtedness shall be the Euro Equivalent determined on the date of such determination; *provided*, *however*, that if any such Indebtedness is Indebtedness that is denominated in a different currency and is subject to a Currency Hedging Agreement (with respect to Euro) covering principal amounts payable on such Indebtedness, the amount of such Indebtedness expressed in Euro shall be adjusted to take into account the effect of such agreement. Notwithstanding any other provision of this "*—Limitation on Liens*" covenant, the maximum amount of Indebtedness secured by any Lien that the Company or any of its Restricted Subsidiaries may incur pursuant to this "*—Limitation on Liens*" covenant shall not be deemed to be exceeded, with respect to any outstanding Indebtedness, due solely to the result of fluctuations in the exchange rates of currencies (and such Indebtedness will be permitted to be refinanced with other secured Indebtedness notwithstanding that, after giving effect to such refinancing, such excess shall continue). Notwithstanding the foregoing, any determinations and calculations pursuant to this paragraph in connection with any Limited Condition Transaction shall be subject to paragraph (a) under "*—Certain Calculations*".

Limitation on Sale of Assets

(a) The Company shall not, and shall not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, consummate an Asset Sale unless:

(1) except to the extent such Asset Sale is a Permitted Asset Swap, at least 75% of the consideration from such Asset Sale or series of related Asset Sales is received (A) in cash, cash equivalents or Temporary Cash Investments or (B) in the form of the assumption by the purchaser of the liabilities of the Company or any of its Restricted Subsidiaries (other than the liabilities that are by their terms subordinated to the Senior Secured Notes or Guarantees) as a result of which the Company and its Restricted Subsidiaries are no longer obligated with respect to such liabilities; and

(2) the Company or such Restricted Subsidiary receives consideration at the time of such Asset Sale at least equal to the Fair Market Value of the properties or assets subject to such Asset Sale (including, for the avoidance of doubt, if such Asset Sale is a Permitted Asset Swap).

(b) Within 540 days after the receipt of any Net Cash Proceeds from an Asset Sale consummated after the Issue Date, the Company or any of its Restricted Subsidiaries may apply all or a portion of such Net Cash Proceeds (at the option of the Company or any such Restricted Subsidiary):

(1) to invest in properties and other assets (including Capital Stock) that (as determined by the Board of Directors or senior management of the Company) replace the properties and assets (including Capital Stock) that were the subject of such Asset Sale or in properties and assets that will be used in or are related to the businesses of the Company or its Restricted Subsidiaries existing on the Issue Date or prior to such Asset Sale;

(2) to either (i) purchase the Dollar Senior Secured Notes or the Euro Senior Secured Notes or any other series of Senior Secured Notes pursuant to an offer to all holders of such series of Senior Secured Notes at a purchase price equal to or greater than 100% of the principal amount thereof, plus accrued and unpaid interest to (but not including) the date of purchase (a "**Senior Secured Notes Offer**") and/or (ii) redeem the Dollar Senior Secured Notes or the Euro Senior Secured Notes or any other series of Senior Secured Notes on a *pro rata* basis pursuant to the redemption provisions set forth above under the caption "*—Optional Redemption*";

(3) to repurchase, prepay, redeem, repay or otherwise acquire for value loans under the Existing Term Loan B Facilities Agreement, loans under the Term Loan and Revolving Credit Facility Agreement or any other *Pari Passu* Indebtedness that is secured by a Permitted Collateral Lien on the properties or assets that are the subject of such Asset Sale that ranks equal to or prior to any Lien thereon securing the Senior Secured Notes, any Guarantee or the Senior Secured Notes Indenture;

(4) to repurchase, prepay, redeem, repay or otherwise acquire for value Indebtedness that is (or, immediately prior to such Asset Sale, was) secured by a Lien (other than a Permitted Collateral Lien (except a Permitted Collateral Lien referred to in clause (g) of the definition of such term)) on any of the properties or assets which are the subject of such Asset Sale;

(5) to repurchase, prepay, redeem, repay or otherwise acquire for value any Indebtedness of the Company or any of its Restricted Subsidiaries that is not *Pari Passu* Indebtedness, Subordinated Indebtedness or Subordinated Lien Indebtedness; or

(6) pursuant to a binding commitment (including pursuant to an offer to purchase) to apply such Net Cash Proceeds in a manner described in any of clauses (1) through (5) above; *provided* that such binding commitment shall be treated as a permitted application of such Net Cash Proceeds from the date of such commitment until the earlier of (A) the date on which such application of such Net Cash Proceeds occurs and (B) the 180th day following the expiration of the aforementioned 540-day period.

The amount of Net Cash Proceeds not applied as specified above within such 540-day period shall constitute "**Excess Proceeds**". Pending the final application of the Net Cash Proceeds of any Asset

Sale, the Company or any Restricted Subsidiary may temporarily reduce Indebtedness, invest such Net Cash Proceeds in Temporary Cash Investments or otherwise use such Net Cash Proceeds for general corporate purposes.

(c) When the aggregate amount of Excess Proceeds exceeds €100.0 million, the Company (or a Restricted Subsidiary on the Company's behalf) will apply the Excess Proceeds to the repurchase, prepayment, redemption, repayment or acquisition for value of Indebtedness under the Senior Secured Notes and any *Pari Passu* Indebtedness secured by a Permitted Collateral Lien that ranks equal to or prior to any Lien on the applicable assets securing the Senior Secured Notes (which, solely for the purposes of this clause (c), shall be deemed to include any Permitted Receivables Financing) outstanding with similar provisions requiring the Company or a Restricted Subsidiary to make an offer to repurchase, prepay, redeem, repay or acquire for value such Indebtedness with the proceeds from any Asset Sale as follows:

(1) the Company or a Restricted Subsidiary will make an offer to purchase (an "**Asset Sale Offer**") from all holders of the Senior Secured Notes in accordance with the procedures set forth in the Senior Secured Notes Indenture in respect of an aggregate maximum principal amount of Senior Secured Notes (expressed as a multiple of $1,000, in the case of the Dollar Senior Secured Notes, or €1,000, in the case of the Euro Senior Secured Notes) (the "**Note Amount**") equal to the product of such Excess Proceeds multiplied by a fraction, the numerator of which is the outstanding principal amount of the Senior Secured Notes, and the denominator of which is the sum of the outstanding principal amount of the Senior Secured Notes and such *Pari Passu* Indebtedness (subject to proration in the event the Note Amount is less than the aggregate Offered Price (as defined herein) of all Senior Secured Notes tendered);

(2) to the extent required by such *Pari Passu* Indebtedness to permanently reduce the principal amount of such *Pari Passu* Indebtedness, the Company or a Restricted Subsidiary, as the case may be, will make an offer to repurchase, prepay, redeem, repay or otherwise acquire for value such *Pari Passu* Indebtedness (a "***Pari Passu* Offer**") in an amount (the "***Pari Passu* Debt Amount**") equal to the excess of the Excess Proceeds over the Note Amount; *provided* that in no event will the Company or a Restricted Subsidiary be required to make a *Pari Passu* Offer in a *Pari Passu* Debt Amount exceeding the principal amount of such *Pari Passu* Indebtedness plus the amount of any premium required to be paid to repurchase such *Pari Passu* Indebtedness; and

(3) the offer price for the Senior Secured Notes will be payable in cash in an amount equal to 100% of the principal amount of the Senior Secured Notes plus accrued and unpaid interest, if any, to the date (the "**Offer Date**") such Asset Sale Offer is consummated (the "**Offered Price**"), in accordance with the procedures set forth in the Senior Secured Notes Indenture.

To the extent that the aggregate Offered Price of the Senior Secured Notes tendered pursuant to the Asset Sale Offer is less than the Note Amount relating thereto or the aggregate amount of *Pari Passu* Indebtedness that is repurchased, prepaid, redeemed, repaid or otherwise acquired for value in a *Pari Passu* Offer is less than the *Pari Passu* Debt Amount, the Company or any Restricted Subsidiary may use any remaining Excess Proceeds for general corporate purposes, including reinvesting in assets useful to the business of the Restricted Group. If the aggregate principal amount of Senior Secured Notes and *Pari Passu* Indebtedness surrendered by holders thereof exceeds the applicable Note Amount, the Trustee shall select the Senior Secured Notes to be purchased on a *pro rata* basis, unless otherwise required by applicable law or applicable stock exchange or depositary requirements. Upon the completion of the purchase of all the Senior Secured Notes tendered pursuant to an Asset Sale Offer and the completion of a *Pari Passu* Offer, the amount of Excess Proceeds, if any, shall be reset at zero.

The Issuer, the Company or a Restricted Subsidiary, as the case may be, may make an Asset Sale Offer prior to the expiration of the 540-day period referred to in paragraph (b) above.

(d) If the Company or a Restricted Subsidiary becomes obligated to make an Asset Sale Offer pursuant to paragraph (c) above, the Senior Secured Notes and the *Pari Passu* Indebtedness shall be purchased by the Company or a Restricted Subsidiary, at the option of the holders thereof, in whole or in part (in a principal amount of $200,000, in the case of the Dollar Senior Secured Notes or €100,000, in the case of the Euro Senior Secured Notes, or an integral multiple of $1,000 or €1,000, as applicable, in excess

thereof, such that no Dollar Senior Secured Note of less than $200,000 and no Euro Senior Secured Note of less than €100,000 remains outstanding thereafter) on a date that is not earlier than 30 days and not later than 60 days from the date the notice of the Asset Sale Offer is given to holders, or such later date as may be necessary for the Company or a Restricted Subsidiary to comply with the requirements under the Exchange Act or other applicable laws or regulations (including, without limitation, those of any securities exchange on which the Senior Secured Notes are listed).

(e) If the Company or a Restricted Subsidiary is required to make an Asset Sale Offer or makes a Senior Secured Notes Offer, the Company or such Restricted Subsidiary, as applicable, will comply with the applicable tender offer rules, including Rule 14e-1 under the Exchange Act, and any other applicable securities laws or regulations, including administrative interpretations thereof (including those of the United States and the United Kingdom) in connection with such Asset Sale Offer or Senior Secured Notes Offer. To the extent that the provisions of any applicable securities laws or regulations conflict with the provisions of this covenant (other than the obligation to make an Asset Sale Offer pursuant to this covenant), the Company and such Restricted Subsidiary, as the case may be, will comply with the securities laws and regulations and will not be deemed to have breached its obligations described in this covenant by virtue thereof.

(f) If the Offer Date is on or after an interest record date and on or before the related interest payment date, any accrued and unpaid interest will be paid to the Person in whose name a Senior Secured Note is registered at the close of business on such record date, and no additional interest will be payable to holders of the Senior Secured Notes who tender Notes pursuant to the Asset Sale Offer or Senior Secured Notes Offer.

(g) Compliance with paragraph (a) of this covenant shall be determined as of the date of consummation of the applicable Asset Sale, without giving effect to any post-closing purchase price adjustments not then determined, and for purposes of sub-clause (1) thereof, the following will be deemed to be cash:

(1) securities, notes or other obligations received by the Company or any of its Restricted Subsidiaries from the transferee that are converted by the Company or such Restricted Subsidiary into cash, cash equivalents or Temporary Cash Investments within 180 days following the closing of such Asset Sale;

(2) liabilities of any Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Sale, *provided* that the Company and each other Restricted Subsidiary of the Company are released from any guarantee of payment of such liabilities in connection with such Asset Sale;

(3) consideration consisting of liabilities of the Company or any of its Restricted Subsidiaries (other than Subordinated Indebtedness) received after the Issue Date from Persons that are not the Company or any of its Restricted Subsidiaries;

(4) any properties and assets (including Capital Stock of a business) of the kind referred to in clause (b)(1) above; and

(5) any Designated Non-Cash Consideration received by the Company or any of its Restricted Subsidiaries in such Asset Sale having an aggregate Fair Market Value, taken together with all other Designated Non-Cash Consideration received pursuant to this covenant that is at that time outstanding, not to exceed (with the Fair Market Value of each item of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value) the greater of (x) €425.0 million and (y) 3.75% of Total Assets.

Limitation on Issuance of Guarantees of Indebtedness by Restricted Subsidiaries

(a) The Company shall not cause or permit any of its Restricted Subsidiaries (which is not a Guarantor or the Issuer), directly or indirectly, to guarantee (i) any Indebtedness of the Issuer or any Guarantor under any Credit Facilities or (ii) any Public Debt (including, for the avoidance of doubt, any guarantee of Public Debt) of the Issuer or any Guarantor, in each case, unless such Restricted Subsidiary (if not the Issuer or a Guarantor) simultaneously executes and delivers a supplemental indenture to the Senior Secured Notes Indenture providing for a Guarantee of the Senior Secured Notes on the same terms as

the other Guarantees of the Senior Secured Notes (subject to any applicable Guarantee limitations) by the Guarantors, *provided* that:

(1) no Guarantee shall be required as a result of any guarantee of Indebtedness that existed at the time such Person became a Restricted Subsidiary if the guarantee was not incurred in connection with, or in contemplation of, such Person becoming a Restricted Subsidiary;

(2) no Guarantee shall be required as a result of any guarantee in connection with a Permitted Receivables Financing or any inventory financing or similar arrangement;

(3) such Guarantee need not be secured unless required pursuant to the "*—Limitation on Liens*" covenant;

(4) if such Indebtedness is by its terms expressly subordinated to the Senior Secured Notes or any Guarantee, any such guarantee by such Restricted Subsidiary of such Indebtedness shall be subordinated to such Restricted Subsidiary's Guarantee of the Senior Secured Notes at least to the same extent as such Indebtedness is subordinated to the Senior Secured Notes or any other Guarantee;

(5) no Guarantee shall be required as a result of any guarantee given in connection with any Cash Management Arrangement of the Company or any of its Restricted Subsidiaries;

(6) no Guarantee shall be required under this covenant if such Guarantee would not be required under the Security Principles, including if such Guarantee could reasonably be expected to give rise to or result in (x) personal, civil or criminal liability for any officers, directors, legal representatives or shareholders of such Restricted Subsidiary, (y) any violation of applicable law that cannot be avoided or otherwise prevented through measures reasonably available to the Company or such Restricted Subsidiary or (z) any significant cost, expense, liability or obligation (including with respect to any Taxes) other than reasonable out-of-pocket expenses and other than reasonable expenses incurred in connection with any governmental or regulatory filings required as a result of, or any measures pursuant to clause (y) undertaken in connection with, such Guarantee, which cannot be avoided through measures reasonably available to the Company or such Restricted Subsidiary (it being understood, for the avoidance of doubt, that the cost of providing a Guarantee shall in any event be deemed to be significant and unreasonable (and such Guarantee shall not be required to be provided) if the cost shall exceed the realizable value of such Guarantee); and

(7) each such Guarantee shall be limited as set forth in or contemplated by the Senior Secured Notes Indenture and the Security Principles, including as necessary to recognize certain defenses generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, rules or regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law.

(b) Notwithstanding the foregoing, any Guarantee by a Restricted Subsidiary of the Company created pursuant to paragraph (a) above will be deemed to provide by its terms that it shall be automatically and unconditionally released and discharged, without any action by the Trustee, the Security Agent or the holders of the Senior Secured Notes, upon:

(1) any sale, exchange or transfer, directly or indirectly, to any Person that is not the Company or any of its Restricted Subsidiaries, of all of the Capital Stock held by the Company and its Restricted Subsidiaries in, or all or substantially all the assets of, such Restricted Subsidiary (which sale, exchange or transfer is not prohibited by the Senior Secured Notes Indenture) and such Restricted Subsidiary is released from all guarantees, if any, by it of other Credit Facilities and Public Debt of the Company or any Restricted Subsidiaries;

(2) with respect to any Guarantee created after the Issue Date, the release by the holders of the Credit Facilities and Public Debt of the Issuer or any Guarantor described in paragraph (a) above of their guarantee by such Restricted Subsidiary at such time as (A) no other Credit Facility or Public Debt of the Issuer or any Guarantor has been guaranteed by such Restricted

Subsidiary or (B) the holders of all other Credit Facilities and Public Debt of the Issuer or any Guarantor which is guaranteed by such Restricted Subsidiary also release their guarantee by such Restricted Subsidiary;

(3) any defeasance or discharge of the Senior Secured Notes as provided in "*—Defeasance or Covenant Defeasance of Senior Secured Notes Indenture*" or "*—Satisfaction and Discharge*;" or

(4) the satisfaction of the requirements of any of the other provisions described under the caption "*—Brief Description of the Senior Secured Notes, the Guarantees and the Security—The Guarantees—Release of the Guarantees*;"

provided, *however*, that the Company shall have the right, in its sole discretion, by written notice to the Trustee delivered prior to the automatic release and discharge of any such Guarantee as specified above, to (A) waive such automatic release and discharge of such Guarantee and maintain such Guarantee in effect until such time as the Company shall instruct and direct the Trustee in writing to release and discharge such Guarantee or (B) elect that the release and discharge of such Guarantee shall not occur automatically as contemplated by this paragraph (b) but shall occur at such time or times, in such manner and order and upon the occurrence of such other events as shall be specified by the Company in such notice to the Trustee (and the Trustee, at the request of the Company, shall execute and deliver any document reasonably requested by the Company to effect and evidence the release of such Guarantee); *provided further* that nothing in this clause (B) shall allow the Company to require the release and discharge of any Guarantee prior to (unless such release and discharge is to occur substantially concurrently with) the occurrence of the applicable event(s) set forth in clauses (1) through (4) above providing for the release and discharge thereof.

Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

(a) The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create or otherwise cause to exist or become effective any consensual encumbrance or restriction on the ability of any of its Restricted Subsidiaries to:

(1) pay dividends or make any other distribution on its Capital Stock or any other interest or participation in, or measured by, its profits to the Company or any of its Restricted Subsidiaries;

(2) pay any Indebtedness owed to the Company or any of its Restricted Subsidiaries;

(3) make any loans or advances to the Company or any of its Restricted Subsidiaries; or

(4) transfer any of its properties or assets to the Company or any of its Restricted Subsidiaries;

provided that (A) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (B) the subordination of (including the application of any standstill requirements to) any Indebtedness owed to the Company or any of its Restricted Subsidiaries to other Indebtedness incurred by the Company or any of its Restricted Subsidiaries shall not be deemed to constitute such an encumbrance or restriction.

(b) Notwithstanding anything to the contrary in paragraph (a) above, the provisions of such paragraph will not prohibit:

(1) any encumbrance or restriction pursuant to (A) the Intercreditor Agreement, any LC Facility, the Security Documents, the Senior Secured Facilities Documents (as defined in the Intercreditor Agreement), the Senior Secured Notes, the Senior Secured Notes Indenture, the Existing Term Loan B Facilities Agreement, the Term Loan and Revolving Credit Facility Agreement, the Existing Notes, the Existing Indenture, the Senior Notes, the Senior Notes Indenture and the Proceeds Loans Documents, (B) any other agreement in effect on the Issue Date and (C) any indenture for any Public Debt of the Company or any of its Restricted Subsidiaries;

(2) any encumbrance or restriction with respect to a Restricted Subsidiary that is not a Restricted Subsidiary of the Company on the Issue Date in existence at the time such Person becomes a Restricted Subsidiary of the Company and not incurred in connection with, or in contemplation of, such Person becoming a Restricted Subsidiary; *provided* that such encumbrances and restrictions are not applicable to the Company or any of its Restricted Subsidiaries or the properties or assets of the Company or any of its Restricted Subsidiaries other than such Person (and its properties or assets or Capital Stock) that is becoming a Restricted Subsidiary of the Company;

(3) any encumbrance or restriction pursuant to an agreement or instrument of a Person or relating to any Capital Stock or Indebtedness of a Person which is assumed by the Company or any of its Restricted Subsidiaries in connection with any Acquisition or any other acquisition of assets (other than Capital Stock or Indebtedness incurred as consideration in, or to provide all or any portion of the funds utilized to consummate, the transaction or series of related transactions pursuant to which the Company or any of its Restricted Subsidiaries entered into such acquisition) and outstanding on the date of consummation of such acquisition, which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or property or assets or Capital Stock of the Person, so acquired;

(4) [Reserved];

(5) any encumbrance or restriction under Purchase Money Obligations and Finance Lease Obligations that imposes restrictions with respect only to the property and assets that are the subject thereof (and any rights relating thereto) and any restriction pursuant to a joint venture agreement that imposes restrictions on the transfer of the assets of the joint venture;

(6) any encumbrance or restriction (A) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract, (B) by virtue of any transfer of, agreement to transfer, option or right with respect to or a Lien on any property or assets of the Company or any of its Restricted Subsidiaries not otherwise prohibited by the Senior Secured Notes Indenture, (C) contained in security agreements, mortgages or other agreements relating to any secured Indebtedness to the extent such encumbrance or restriction restricts the transfer of the property or assets subject to the Liens securing such Indebtedness, (D) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of the Company or any of its Restricted Subsidiaries or (E) in respect of Intellectual Property contained in licenses or sublicenses of, or other grants of rights to use or exploit, such Intellectual Property;

(7) any encumbrances or restrictions pursuant to contracts for the sale of assets, including any encumbrance or restriction with respect to any Restricted Subsidiary of the Company imposed pursuant to an agreement entered into for the sale or disposition of all or substantially all of the Capital Stock or assets of such Restricted Subsidiary pending the closing of such sale or disposition as determined in good faith by the Board of Directors or senior management of the Company;

(8) customary provisions in leases, licenses and other agreements restricting the assignment thereof;

(9) any encumbrances or restrictions created under any agreement (A) with respect to Indebtedness permitted to be incurred subsequent to the Issue Date pursuant to the provisions of the covenant described under the caption "*—Limitation on Indebtedness*" if (x) the encumbrances and restrictions are not materially less favorable to the holders of the Senior Secured Notes than those contained in the Existing Term Loan B Facilities Agreement, the Term Loan and Revolving Credit Facility Agreement, the Existing Indenture, the Senior Notes Indenture or the Senior Secured Notes Indenture on the Issue Date or in comparable financings (as determined in good faith by the Company) or (y) the Company determines in good faith at the time of the incurrence of such Indebtedness that such encumbrances or restrictions will not materially adversely affect the ability of the Issuer to make principal or interest payments on the Senior Secured Notes or (B) constituting an additional intercreditor

agreement entered into in compliance with the covenant described under "*—Intercreditor Agreement; Additional Intercreditor Agreements*";

(10) any encumbrances or restrictions required by any Governmental Authority having jurisdiction over the Company or any of its Restricted Subsidiaries or any of their businesses;

(11) in the case of (A) any Restricted Subsidiary that is not a Wholly Owned Restricted Subsidiary or (B) the Capital Stock in any Person that is not a Restricted Subsidiary (including any Unrestricted Subsidiary), encumbrances and restrictions imposed by the organizational documents of such Restricted Subsidiary or such other Person or contained in any related joint venture, shareholders' or similar agreement or in any agreement or instrument relating to Indebtedness of such Person, *provided* that such encumbrances and restrictions apply only to such Restricted Subsidiary (and its properties and assets) and/or to any Capital Stock in such Restricted Subsidiary or such other Person; *provided further* that the Company determines that such encumbrances or restrictions will not materially adversely affect the ability of the Issuer to make principal or interest payments on the Senior Secured Notes;

(12) encumbrances or restrictions existing by reason of any Lien permitted under the covenant described under "*—Limitation on Liens*";

(13) any encumbrance or restriction on cash or other deposits or net worth imposed under agreements entered into in the ordinary course of business;

(14) any encumbrance or restriction pursuant to Hedging Agreements, Cash Management Arrangements and Metals Arrangements;

(15) any encumbrance or restriction effected in connection with the Styrolution Securitization Programs or the INOVYN Securitization Program;

(16) (A) any encumbrance or restriction effected in connection with a Permitted Receivables Financing (other than the Styrolution Securitization Programs or the INOVYN Securitization Program) that, in the good faith determination of the Board of Directors or senior management of the Company, is necessary or advisable to effect such Permitted Receivables Financing and (B) any encumbrance or restriction effected in connection with any inventory financing or similar arrangement that, in the good faith determination of the Board of Directors or senior management of the Company, is necessary or advisable to effect such inventory financing or similar arrangement;

(17) contracts entered into in the ordinary course of business, not relating to Indebtedness, and that do not, individually or in the aggregate, (A) detract from the value of property or assets of the Company or any Restricted Subsidiary of the Company in any manner material to the Company and its Restricted Subsidiaries, taken as a whole, or (B) materially adversely affect the ability of the Issuer to make principal or interest payments on the Senior Secured Notes; or

(18) any encumbrance or restriction existing under any agreement that extends, renews, refinances or replaces the agreements containing the encumbrances or restrictions in the foregoing clauses (1) through (17) or in this clause (18); *provided* that the terms and conditions of any such encumbrances or restrictions are no more restrictive in any material respect than those under or pursuant to the agreement so extended, renewed, refinanced or replaced, in the good faith determination of the Board of Directors or senior management of the Company.

Limitation on Layered Debt

The Issuer, the Company and the Guarantors shall not, directly or indirectly, incur or otherwise permit to exist any Indebtedness (including Permitted Indebtedness) that is contractually subordinated in right of payment to any other Indebtedness of the Issuer, the Company or any Guarantor, as the case may be, unless such Indebtedness is also contractually subordinated in right of payment to the Senior Secured Notes or the applicable Guarantor's Guarantee, as the case may be, on reasonably similar terms; *provided*, *however*, that no Indebtedness will be deemed to be subordinated in right of payment to any other Indebtedness solely by virtue of being unsecured or by virtue of being secured with different collateral, by virtue of being secured on a first or junior priority basis, by virtue of claims with respect thereto

being subject to a waterfall or other payment ordering provisions affecting different tranches of Indebtedness or by virtue of not being guaranteed. In addition, junior liens, second liens and other contractual arrangements that provide for priorities among holders of the same or different issues of Indebtedness with respect to any collateral or the proceeds of collateral or tranching of Indebtedness under Credit Facilities shall not constitute subordination in right of payment.

Limitation on Unrestricted Subsidiaries

The Company may designate on or after the Issue Date (a "**Designation**") any Subsidiary of the Company (other than the Issuer or any parent entity of the Issuer) as an Unrestricted Subsidiary under the Senior Secured Notes Indenture, *provided* that:

(a) no Default or Event of Default shall have occurred and be continuing at the time of or after giving effect to such Designation or would occur as a consequence of such Designation;

(b) either (i) the Subsidiary to be so designated has total assets of €1,000 or less or (ii) the Company would be permitted to make a Restricted Payment, Permitted Payment or Permitted Investment at the time of such Designation (assuming the effectiveness of such Designation) pursuant to the covenant described under "*—Limitation on Restricted Payments*" in an amount (the "**Designation Amount**") equal to the greater of (1) the net book value of the Company's interest in such Subsidiary calculated in accordance with IFRS and (2) the Fair Market Value of the Company's interest in such Subsidiary;

(c) such Subsidiary does not own directly or indirectly any Capital Stock of the Company or any Restricted Subsidiary of the Company which is not simultaneously being designated an Unrestricted Subsidiary; and

(d) such Subsidiary is not a party to any agreement, contract, arrangement or understanding at the time of such Designation with the Company or any of its Restricted Subsidiaries (other than any Restricted Subsidiary that is to be simultaneously designated as an Unrestricted Subsidiary) unless (i) the terms of any such agreement, contract, arrangement or understanding are no less favorable in any material respect to the Company or such Restricted Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of the Company or would be permitted under the covenant described under "*—Limitation on Transactions with Affiliates*" or (ii) to the extent the requirements of clause (i) above are not satisfied, the value of such agreement, contract, arrangement or understanding to such Unrestricted Subsidiary (to the extent not already included in the Designation Amount) shall be deemed a Restricted Payment.

For purposes of the foregoing, the Designation of a Subsidiary of the Company as an Unrestricted Subsidiary shall be deemed to be the Designation of all of the Subsidiaries of such Subsidiary as Unrestricted Subsidiaries.

In the event of any Designation, unless clause (b)(i) of the first paragraph of this covenant applies, the Company shall be deemed to have made an Investment in an amount equal to the Designation Amount.

The Company will not, and will not cause or permit any Restricted Subsidiary to, at any time (i) provide a guarantee of, or subject any of its property or assets (other than the Capital Stock of any Unrestricted Subsidiary) to the satisfaction of, any Indebtedness of any Unrestricted Subsidiary (including any undertaking, agreement or instrument evidencing such Indebtedness) or (ii) be directly or indirectly liable for any Indebtedness of any Unrestricted Subsidiary, in each case, except to the extent permitted under covenants described under "*—Limitation on Indebtedness*" and "*—Limitation on Restricted Payments*".

The Company may redesignate any Unrestricted Subsidiary as a Restricted Subsidiary (a "**Redesignation**") if:

(a) no Default or Event of Default shall have occurred and be continuing at the time of and after giving effect to such Redesignation or would occur as a consequence of such Redesignation;

(b) all Liens and Indebtedness of such Unrestricted Subsidiary outstanding immediately following such Redesignation would, if incurred at such time, have been permitted to be incurred for all purposes of the Senior Secured Notes Indenture; and

(c) unless such redesignated Subsidiary shall not have any Indebtedness outstanding (other than Indebtedness that would be Permitted Indebtedness), immediately after giving effect to such proposed

Redesignation, and after giving *pro forma* effect to the incurrence of any such Indebtedness of such redesignated Subsidiary as if such Indebtedness was incurred on the date of the Redesignation, the Company could incur €1.00 of additional Indebtedness pursuant to paragraph (a) of the covenant described under "*—Limitation on Indebtedness*".

Impairment of Security Interest

The Parent Obligors and the Company will not, and the Company will not permit any Restricted Subsidiary to, take or knowingly or negligently omit to take any action which action or omission would have the result of materially impairing the security interests with respect to the Collateral for the benefit of the Security Agent, the Trustee and the holders of the Senior Secured Notes, and the Parent Obligors and the Company will not, and the Company will not permit any Restricted Subsidiary to, grant to any Person other than the Security Agent or the Trustee, for the benefit of the Trustee and the holders of the Senior Secured Notes and the other beneficiaries described in the Security Documents, any Lien whatsoever on any of the Collateral, in each case, except as otherwise permitted by the Senior Secured Notes Indenture (including pursuant to the following paragraph or as described under "*—Suspension of Covenants and Release of Guarantees on Achievement of Investment Grade Status*" or "*Brief Description of the Senior Secured Notes, the Guarantees and the Security—Security—Release of Security*") or the Security Documents (including (i) the grant of any Permitted Collateral Liens or any other Liens that are not prohibited by the covenant described under "*—Limitation on Liens*", (ii) the implementation of any transaction that is subject to the covenant described under the caption "*—Consolidation, Merger, Sale of Assets*" and is completed in compliance therewith, (iii) the implementation of any transaction as part of a Permitted Reorganization and (iv) any sale, transfer or other disposition of Collateral that is permitted by the covenant described under "*—Limitation on Sale of Assets*" or that does not constitute an Asset Sale under the definition thereof), *provided* that in the case of any sale, transfer or other disposition, other than in the ordinary course of business, by the Issuer or any Guarantor to the Company or any of its Restricted Subsidiaries of any assets that constitute Collateral and that are material to the business and operations of the Issuer or such Guarantor, unless (A) the transferee thereof would be permitted, were it a Guarantor, to be released from its Guarantee pursuant to clause (a), (b), (c), (d) or (f) under the caption "*—Brief Description of the Senior Secured Notes, the Guarantees and the Security—Release of the Guarantees*", (B) the transferee thereof would be permitted, were it a Guarantor, to be released from its Guarantee pursuant to clause (i) under the caption "*—Brief Description of the Senior Secured Notes, the Guarantees and the Security—Release of the Guarantees*" if the calculations set forth therein were redetermined on a *pro forma* basis to give effect to such sale, transfer or other deposition or (C) the release of Liens on such assets would be permitted under clause (d), (k), (o) or (p) under the caption "*—Brief Description of the Senior Secured Notes, the Guarantees and the Security—Security—Release of Security*", then either the transferee thereof shall have granted or shall grant, substantially concurrently with such sale, transfer or other disposition, a Lien on such Collateral to the Security Agent for the benefit of the Trustee and the holders of the Senior Secured Notes, or an existing Lien on such Collateral in favor of the Security Agent for the benefit of the Trustee and the holders of the Senior Secured Notes shall remain in effect immediately after such sale, transfer or other disposition, subject to any subsequent release thereof as provided under the caption "*—Brief Description of the Senior Secured Notes, the Guarantees and the Security—Security—Release of Security*".

At the request of the Company from time to time, the Trustee and the Security Agent shall, and are hereby irrevocably authorized and directed by the holders of the Senior Secured Notes to, in each case on behalf of such holders and without any further consent, authorization or other action by such holders, execute and deliver one or more amendments, supplements or other modifications to the Security Documents to:

(i) cure any ambiguity, omission, defect or inconsistency therein or reflect changes of a minor, technical or administrative nature;

(ii) provide for Permitted Collateral Liens;

(iii) add to the Collateral;

(iv) implement any transaction as part of a Permitted Reorganization (including any such change to any Security Document to provide for upstream security and guarantees or security and guarantees over or in favor of Proceeds Loans);

(v) make any change necessary or desirable, in the good faith determination of the Board of Directors or senior management of the Company, in order to implement any transaction that is subject to the covenants described under "*—Consolidation, Merger, Sale of Assets—Parent Obligors and the*

Company", "*—Consolidation, Merger, Sale of Assets—Issuer*" or "*—Consolidation, Merger, Sale of Assets—Subsidiary Guarantors*" and is completed in compliance therewith;

(vi) provide for the release of any properties and assets constituting Collateral from the Liens created under the Security Documents; *provided* that such release is followed by the substantially concurrent (as determined in good faith by the Company, it being agreed that in making such determination the Company may take into account the occurrence of any related transactions and that the re-taking need not occur on the same day as the release) re-taking (irrespective of the Security Principles) of a Lien in favor of the Security Agent, for the benefit of the Trustee and the holders of the Senior Secured Notes, securing the Senior Secured Notes and/or the applicable Guarantees, as the case may be, on such properties or assets of at least equivalent priority (subject to any Liens thereon permitted under the Senior Secured Notes Indenture); *provided further* that, in the case of this clause (vi), the Parent shall deliver to the Trustee either (1) a solvency opinion, in form and substance reasonably satisfactory to the Trustee, from an accounting, appraisal or investment banking firm of national standing confirming the solvency of the Parent and its Restricted Subsidiaries, taken as a whole, after giving effect to any transactions relating to such release and/or re-taking, (2) a certificate substantially in the form of an exhibit attached to the Senior Secured Notes Indenture from the chief financial officer or the Board of Directors of the Parent (acting in good faith) which confirms the solvency of the Parent and its Restricted Subsidiaries, taken as a whole, after giving effect to any transactions relating to such release and/or re-taking or (3) an opinion of counsel, in form and substance reasonably satisfactory to the Trustee (subject to customary exceptions and qualifications), confirming that, after giving effect to any such transactions, the Lien or Liens securing the Senior Secured Notes and the Guarantees created under the Security Documents are valid and perfected Liens not otherwise subject to any limitation, imperfection or new hardening period, in equity or at law, to which such Lien or Liens were not otherwise subject to immediately prior to such release and/or re-taking;

(vii) (A) provide for the release of the Liens on any Proceeds Loans upon the payment in full or other discharge of such Proceeds Loans (including as a result of any merger, consolidation or amalgamation of the payor or the payee thereunder) (and the release of the Liens on any amounts so repaid or discharged) or (B) with respect to any repayment, defeasance, satisfaction, cancellation or other discharge of all or any portion of the underlying Indebtedness giving rise to any Proceeds Loans, provide for the repayments, defeasance, satisfaction, cancellation or other discharge of such Proceeds Loans, *provided* that any amount remaining under such Proceeds Loan after such repayments, defeasance, satisfaction, cancellation or discharge remains subject to a valid Lien;

(viii) make any other change to the Security Documents to provide for additional Indebtedness (which may be *Pari Passu* Indebtedness, Subordinated Indebtedness or Subordinated Lien Indebtedness) or other obligations that are permitted by the terms of the Senior Secured Notes Indenture to be secured by a Lien on the Collateral on a senior, *pari passu* or junior basis with the Liens securing the Senior Secured Notes or the Guarantees, including, without limitation, changes to the definition of the term "Obligations" in the Security Documents (or any other term, however described, relating to the obligations of the Company, the Guarantors and the Restricted Subsidiaries of the Company that are subject to the security interest created therein); *provided* that, in the case of this clause (viii), the Parent shall deliver to the Trustee either (1) a solvency opinion, in form and substance reasonably satisfactory to the Trustee, from an accounting, appraisal or investment banking firm of national standing confirming the solvency of the Parent and its Restricted Subsidiaries, taken as a whole, after giving effect to any transactions relating to such change, (2) a certificate substantially in the form of an exhibit attached to the Senior Secured Notes Indenture from the chief financial officer or the Board of Directors of the Parent (acting in good faith) which confirms the solvency of the Parent and its Restricted Subsidiaries, taken as a whole, after giving effect to the transactions relating to such change or (3) an opinion of counsel, in form and substance reasonably satisfactory to the Trustee (subject to customary exceptions and qualifications), confirming that, after giving effect to the transactions relating to such change, the Lien or Liens securing the Senior Secured Notes and the Guarantees created under the Security Documents are valid and perfected Liens not otherwise subject to any limitation, imperfection or new hardening period, in equity or at law, that such Lien or Liens were not otherwise subject to immediately prior to such transactions;

(ix) amend or otherwise modify any Security Document to the extent necessary (A) to conform any restriction or limitation contained therein to any analogous restriction or limitation contained in the Senior Secured Notes Indenture or to eliminate any restriction or limitation therein that is not contained in the Senior Secured Notes Indenture except to the extent such restriction or limitation is necessary to

create, perfect, preserve or enforce the security interest in the Collateral purported to be created by such Security Document or (B) to conform to the Security Principles (including any amendment or other modification to exclude from the Liens created or purported to be created by such Security Document any assets that, in accordance with the Security Principles, would not or would no longer be required to be subject to such Liens (it being understood and agreed that such exclusion may provide that its effectiveness is delayed until the satisfaction of any requirement set forth on the Security Principles that must be satisfied in order for such assets to not be required, in accordance with the Security Principles, to be subject to such Liens);

(x) make any other change thereto that does not adversely affect the holders of the Senior Secured Notes in any material respect; or

(xi) effect or confirm transfers of Collateral permitted under the first paragraph of this covenant.

Notwithstanding the foregoing, no Security Document may be amended and no waiver of any of the requirements of, or granting of any consent under, any Security Document may be made unless any such amendment, waiver or consent applies equally to all holders of the Senior Secured Notes. In the event of any action under this covenant, the consent of the Trustee, the Security Agent or the holders of the Senior Secured Notes shall not be required.

Intercreditor Agreement; Additional Intercreditor Agreements

The Security Agent has, and, on or about the Issue Date, the Trustee will, become parties to the Intercreditor Agreement, and each holder of a Senior Secured Note, by accepting such Senior Secured Note, will be deemed to have irrevocably (i) (A) acknowledged that the Trustee became a party to the Intercreditor Agreement by executing an accession thereto on or about the Issue Date and (B) authorized and directed each of the Trustee and the Security Agent to execute and deliver any other intercreditor agreement contemplated by the Senior Secured Notes Indenture, in each case on behalf of such holder and, in the case of this clause (B), without any further consent, authorization or other action by such holder, (ii) consented to the treatment of Liens to be provided for under the Intercreditor Agreement (including any other intercreditor agreement contemplated by the Senior Secured Notes Indenture), (iii) agreed that such holder is bound by the provisions of the Intercreditor Agreement and, upon the execution and delivery thereof, will be bound by the provisions of any other intercreditor agreement contemplated by the Senior Secured Notes Indenture as if it were a signatory thereto and will take no actions contrary to the provisions of the Intercreditor Agreement (including any other intercreditor agreement contemplated by the Senior Secured Notes Indenture), (iv) appointed each of the Trustee and the Security Agent to act on its behalf and to perform the duties and exercise the rights, powers and discretions that are specifically given to them under the Intercreditor Agreement (including any other intercreditor agreement contemplated by the Senior Secured Notes Indenture), (v) authorized and directed the Trustee and the Security Agent to carry out the provisions and intent of this section and the Intercreditor Agreement (including any other intercreditor agreement contemplated by the Senior Secured Notes Indenture), (vi) authorized and directed the Trustee and the Security Agent to take such actions as shall be required to release Liens on the Collateral in accordance with the terms of the Intercreditor Agreement (including any other intercreditor agreement contemplated by the Senior Secured Notes Indenture) and (vii) agreed that no holder of Senior Secured Notes shall have any right of action whatsoever against the Trustee or the Security Agent as a result of any action taken by the Trustee or the Security Agent pursuant to this section or in accordance with the terms of the Intercreditor Agreement (including any other intercreditor agreement contemplated by the Senior Secured Notes Indenture).

At the request of the Company, at the time of, or prior to, the incurrence or establishment of any Indebtedness or other obligations that are permitted to be secured by Liens on the Collateral pursuant to the definition of Permitted Collateral Liens, the Trustee and the Security Agent shall, and, by accepting a Senior Secured Note, each holder of the Senior Secured Notes shall be deemed to have irrevocably authorized and directed the Trustee and the Security Agent to, in each case on behalf of such holder and without any further consent, authorization or other action by such holder, execute and deliver (i) an additional intercreditor agreement (A) on terms that are substantially the same as those contained in the Intercreditor Agreement (or terms that are no less favorable to the holders of the Senior Secured Notes) and/or (B) in the case of any inventory financing or similar arrangement, on terms that are within the range of terms and conditions customary for intercreditor agreements that are of the type that govern intercreditor relationships between providers of inventory financings or similar arrangements, on the one hand, and holders of Public Debt, on the other hand, and do not materially impair the rights of the holders of the Senior Secured Notes in respect of payment or enforcement, in each case as determined in good faith by the Company and consented to by the Trustee (such consent not to be unreasonably withheld, delayed or conditioned, it being understood that in providing such consent the Trustee may conclusively rely on an Officer's Certificate of the Company setting forth its determination set forth above) or (ii) an accession and/or amendment to the Intercreditor Agreement to permit such Indebtedness or other obligations to be subject to (and benefit from) substantially the same terms with respect to the release of the Collateral and Guarantees,

enforcement of security interests, turnover, limitations on enforcement and other rights and limitations of the creditors of Senior Secured Indebtedness, Subordinated Lien Indebtedness or Subordinated Indebtedness, as applicable, as those contained in the Intercreditor Agreement (or, in the case of any such terms, terms that are no less favorable to the holders of the Senior Secured Notes), it being understood and agreed, in each case, that the execution and delivery by the Trustee and the Security Agent of any such additional intercreditor agreement or any such accession or amendment shall be conclusive evidence of the satisfaction of the foregoing requirements as to the terms thereof. The Issuer may only direct the Trustee to enter into any such amendment to the extent such amendment does not impose any personal obligations on the Trustee or, in the opinion of the Trustee, adversely affect its rights, duties, liabilities, indemnities or immunities under the Senior Secured Notes Indenture or the Intercreditor Agreement or any additional intercreditor agreement.

At the request of the Company from time to time, the Trustee and the Security Agent shall, and by accepting a Senior Secured Note, each holder of the Senior Secured Notes shall be deemed to have irrevocably authorized and directed the Trustee and the Security Agent to, in each case on behalf of such holder and without any further consent, authorization or other action by such holder, execute and deliver one or more amendments, supplements or other modifications to the Intercreditor Agreement (including any other intercreditor agreement contemplated by the Senior Secured Notes Indenture) to:

(i) cure any ambiguity, omission, defect or inconsistency therein or reflect changes of a minor, technical or administrative nature;

(ii) increase or decrease the amount or change the type of Indebtedness or other obligations covered thereby that are permitted by the terms of the Senior Secured Notes Indenture to be incurred by the Company or a Restricted Subsidiary and to be subject thereto;

(iii) add Restricted Subsidiaries, Guarantors or other Persons (such as representatives of new issuances or incurrences of Indebtedness or other obligations) as parties thereto;

(iv) further secure the Senior Secured Notes, including to make provision for the grant of Liens on the Collateral to secure Additional Senior Secured Notes;

(v) implement any Permitted Collateral Liens and provide for other Liens not prohibited by the covenant described under "*—Limitation on Liens*";

(vi) make any other change to the Intercreditor Agreement (or such other intercreditor agreement) to provide for additional Indebtedness (which may be *Pari Passu* Indebtedness, Subordinated Lien Indebtedness or Subordinated Indebtedness) or other obligations that are permitted by the terms of the Senior Secured Notes Indenture to be secured by a Lien on the Collateral on a senior, *pari passu* or junior basis with the Liens securing the Senior Secured Notes and the Guarantees;

(vii) provide for the release of the Liens on any Proceeds Loans upon the payment in full or other discharge of such Proceeds Loans (including as a result of any merger, consolidation or amalgamation of the payor or the payee thereunder) (and the release of the Liens on any amounts so repaid or discharged) or the repayment, defeasance, satisfaction, cancellation or other discharge of the Senior Secured Notes or other Indebtedness;

(viii) provide for (A) the cancellation and discharge of all or a portion of the principal amount of any Proceeds Loans, *provided* that such cancellation and discharge shall not result in the principal amount of the Proceeds Loans outstanding being less than the corresponding Indebtedness giving rise thereto then outstanding, (B) the cancellation and discharge of a corresponding amount of the principal amount of any Proceeds Loans upon the repayment, defeasance, satisfaction, cancellation or other discharge of the corresponding Indebtedness giving rise thereto and (C) the cancellation and discharge of any Guarantor from its obligations and liabilities in respect of any Proceeds Loans upon the repayment, defeasance, satisfaction, cancellation or other discharge of all of the corresponding Indebtedness giving rise thereto then outstanding;

(ix) make any change necessary or desirable, in the good faith determination of the Board of Directors of the Company, in order to implement any transaction that is subject to the covenants described under the captions, "*—Consolidation, Merger, Sale of Assets—Parent Obligors and the Company*", "*—Consolidation, Merger, Sale of Assets—Issuer*" or "*—Consolidation, Merger, Sale of Assets—Subsidiary Guarantors*".

(x) implement any transaction in connection with the renewal, extension, refinancing, replacement or increase of Indebtedness under the Senior Secured Notes Indenture;

(xi) make any other change thereto that does not adversely affect the rights of the holders of the Senior Secured Notes in any material respect, as determined in good faith by the Board of Directors or senior management of the Company;

(xii) reflect appropriately therein any changes made to the definitions in the Existing Term Loan B Facilities Agreement or the Term Loan and Revolving Credit Facility Agreement that are referred to or included in the Intercreditor Agreement (or any such other intercreditor agreement); *provided* that no such changes shall be permitted under this clause (xii) to the extent they affect the ranking of any Senior Secured Note or Guarantee in a manner than would adversely affect the rights of the holders of the Senior Secured Notes in any material respect except as otherwise permitted by the Senior Secured Notes Indenture or the Intercreditor Agreement (or any such other intercreditor agreement); or

(xiii) permit payments to be made to the Issuer that would not otherwise have been permitted pursuant to the terms thereof.

The Company will not otherwise direct the Trustee or the Security Agent to enter into any amendment, supplement or other modification to the Intercreditor Agreement (or, if applicable, any additional intercreditor agreement), without the consent of the holders of a majority in principal amount of the outstanding Senior Secured Notes, other than any such amendment, supplement or other modification that, pursuant to the covenant described under "— *Modifications and Amendments*" or the Intercreditor Agreement, does not require the consent of at least the holders of a majority in principal amount of the outstanding Senior Secured Notes.

Limitations on Activities of Parent and Parent Intermediate Holdcos

Notwithstanding anything contained in the Senior Secured Notes Indenture to the contrary:

(a) the Parent will not, and will not permit any Parent Intermediate Holdco to, engage in any business activity, except any such activity (A) reasonably relating to the offering, sale, issuance, incurrence and servicing, purchase, redemption, amendment, exchange, refinancing or retirement of the Senior Secured Notes, letters of credit or any other Indebtedness not prohibited by the Senior Secured Notes Indenture or of any Capital Stock; (B) undertaken with the purpose of fulfilling any other obligations under the Senior Secured Facilities Documents (as defined in the Intercreditor Agreement), the Existing Term Loan B Facilities Agreement, the Term Loan and Revolving Credit Facility Agreement, the Existing Notes, the Existing Indenture, the Senior Notes, the Senior Notes Indenture, the Proceeds Loans, the Senior Secured Notes, the Senior Secured Notes Indenture, any Hedging Obligations or any agreements or instruments relating to any other Indebtedness or other obligations not prohibited by the Senior Secured Notes Indenture, including any Proceeds Loan or any guarantees or Liens relating to any of the foregoing; (C) involving the provision of administrative services (including treasury services), human resources functions and other corporate and overhead services to its Subsidiaries of a type customarily provided by a holding company to its Subsidiaries and the receipt of any amounts related thereto; (D) related to the establishment and/or maintenance of its corporate existence or corporate activities, the acquisition, holding or disposition of assets not prohibited to be held by it under the Senior Secured Notes Indenture or reasonably related to its function as a holding company, including (1) the participation in tax and accounting matters as a member of the consolidated group with the Company and its Subsidiaries, (2) the entry into, and performance of its obligations with respect to, contracts and other arrangements with officers, directors, employees and consultants, (3) the obtainment of, and the payment of any fees and expenses for, management, consulting, monitoring, investment banking, advisory and other services, (4) the payment of dividends and distributions and the purchase of Capital Stock of, and the making of capital contributions to, its Subsidiaries and (5) preparing reports to Governmental Authorities and complying with applicable law; (E) undertaken in connection with any Permitted Investment, any Restricted Payment, any Permitted Payment, any Permitted Reorganization or the Transactions; or (F) other activities not specifically enumerated above that are immaterial in nature; and

(b) the Parent will not, and will not permit any Parent Intermediate Holdco to, own any assets or property, other than (A) any Capital Stock of the Company or any Parent Intermediate Holdco or any Financing Subsidiary, (B) intercompany Indebtedness, (C) any rights under any other contract or agreement,

provided that the Parent or such Parent Intermediate Holdco shall remain in compliance with the preceding clause (a), (D) any cash, cash equivalents or Temporary Cash Investments, (E) any assets and properties arising from activities of the Parent or Parent Intermediate Holdco undertaken in compliance with the preceding clause (a) and (F) other assets and properties that are immaterial in nature; *provided* that the Parent and each Parent Intermediate Holdco may from time to time receive in a transaction otherwise permitted under the Senior Secured Notes Indenture and the Security Documents properties and assets (including cash, cash equivalents, Temporary Cash Investments, shares of Capital Stock of another Person and/or Indebtedness and other obligations) for the purpose of transferring such properties and assets to any Person, so long as in any case such further transfer is made promptly by the Parent or such Parent Intermediate Holdco, as applicable, and, after giving effect thereto, the Parent or such Parent Intermediate Holdco, as applicable, is in compliance with this clause (b); *provided further* that, except in the case of any such transitional properties or assets to be transferred to any Parent Obligor, the Company or any of its Restricted Subsidiaries, no such transitional properties or assets shall be included in any calculation of Total Assets or any netting of cash or Temporary Cash Investments in calculating the Consolidated Total Net Debt or the Consolidated Senior Secured Net Debt during the time held by the Parent or any Parent Intermediate Holdco.

Notwithstanding the foregoing, nothing in this covenant shall restrict the ability of any Parent Obligor to enter into, make payments in respect of or engage in other transactions pursuant to any Profit Pooling Agreement (including the creation of one or more book entry or loan receivables), *provided* that the Parent shall ensure that only INEOS Styrolution Investment GmbH (and, in particular, none of the Company nor any Parent Holdco) will be the ultimate dominating entity (*Organträger*) under or in connection with any Profit Pooling Agreement.

Provision of Financial Statements

For so long as any Senior Secured Notes are outstanding, the Parent will provide to the Trustee the following reports:

(1) within 180 days after the end of the fiscal year ended December 31, 2020, and within 120 days after the end of each subsequent fiscal year: (i) the audited consolidated balance sheet of the Parent as of the end of, and the audited consolidated statements of income and cash flows of the Parent for, such fiscal year, setting forth in each case in comparative form the figures for the prior fiscal year (which may be presented on a *pro forma* combined basis), together with complete footnotes to such financial statements and the report of the independent auditors on such financial statements, which report shall be prepared in accordance with IFRS, (ii) *pro forma* consolidated income statement and balance sheet information of the Parent (which need not comply with Article 11 of Regulation S-X), together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of such fiscal year, unless pro forma information with respect thereto has been previously provided pursuant to this covenant, (iii) an operating and financial review of the audited consolidated financial statements, including a discussion of the consolidated results of operations, financial condition, and liquidity and capital resources of the Parent, and a discussion of material commitments and contingencies and critical accounting policies, (iv) a description of the business, management and shareholders of the Parent, all material affiliate transactions and a description of all material contractual arrangements, including material debt instruments, (v) a description of material risk factors and material recent developments, (vi) a presentation of earnings before interest, taxes, depreciation and amortization, (vii) a presentation of capital expenditures, and (viii) a presentation of depreciation and amortization; *provided* that disclosure with respect to any such items that complies in all material respects with the requirements that would be applicable under Form 20-F under the Exchange Act with respect to such item shall be deemed to satisfy the requirements with respect to such item under this clause (1);

(2) within 90 days after the end of each of the fiscal quarters ending after December 31, 2020 and on or prior to September 30, 2021, and within 60 days after the end of each of the subsequent first three fiscal quarters in each fiscal year: (i) the unaudited condensed consolidated balance sheet of the Parent as of the end of such fiscal quarter and the unaudited condensed consolidated statements of income and cash flows of the Parent for such fiscal quarter or the portion of the fiscal year then ended, setting forth in each case in comparative form the figures for the comparable prior year period (which may be presented on a *pro forma* combined basis), together with condensed footnotes to such financial statements, (ii) *pro forma* condensed consolidated income statement and balance sheet information of the Parent (which need not comply with Article 11 of Regulation S-X), together with explanatory

footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of such fiscal year, unless pro forma information with respect thereto has been previously provided pursuant to this covenant, (iii) an operating and financial review of the unaudited condensed consolidated financial statements, including a discussion of the consolidated results of operations, financial condition, and liquidity and capital resources of the Parent, and a discussion of material commitments and contingencies and critical accounting policies, and (iv) a description of material recent developments and any material changes to the risk factors disclosed in the most recent annual report; provided that disclosure with respect to any such item that complies in all material respects with the requirements that would be applicable under Form 10-Q under the Exchange Act with respect to such item shall be deemed to satisfy the requirements with respect to such item under this clause (2); and

(3) promptly after the occurrence of any acquisition, disposition or restructuring that is material to the Parent and its Restricted Subsidiaries, taken as a whole, or any senior executive officer changes at the Parent or change in auditors of the Parent or the Issuer or any other material event that the Parent or any of its Restricted Subsidiaries announces publicly, a report containing a description of such event.

All financial statements and *pro forma* financial information will be prepared in accordance with IFRS on a consistent basis for the periods presented; *provided*, *however*, that the reports set forth in clauses (1), (2) and (3) above may, in the event of a change in applicable IFRS, present earlier periods on a basis that applied to such periods, subject to the provisions of the Senior Secured Notes Indenture. Except as provided for above, no report need include separate financial statements for the Subsidiaries of the Parent or any disclosure with respect to the results of operations or any other financial or statistical disclosure not of a type included in this offering memorandum. For purposes of this covenant, IFRS shall be deemed to be IFRS as in effect from time to time, without giving effect to the proviso in the definition thereof.

Contemporaneously with the furnishing of each such report discussed above, the Parent will post such report on its or the Issuer's website. In the event that the Parent becomes subject to the reporting requirements of Section 13(a) or 15(d) of the Exchange Act, or elects to comply with such provisions, the Issuer will, for so long as it continues to file the reports required by Section 13(a) or 15(d) with the Commission, make available to the Trustee the annual reports, information, documents and other reports that the Parent is required to file with the Commission pursuant to such Section 13(a) or 15(d). Upon complying with the foregoing requirement, the Parent will be deemed to have complied with the provisions contained in the preceding three paragraphs.

The Senior Secured Notes Indenture will also provide that, so long as any of the Senior Secured Notes remain outstanding, the Parent will make available to any prospective purchaser of Senior Secured Notes or beneficial owner of Senior Secured Notes in connection with any sale thereof the information required by Rule 144A(d)(4) under the Securities Act. The Parent and the Issuer will also make any of the foregoing information available during normal business hours on any business day at the offices of each Paying Agent, if and so long as the Senior Secured Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market thereof and the rules of the stock exchange so require.

Listing

Each of the Company and the Issuer will use its commercially reasonable efforts to obtain on or prior to the first interest payment date a listing of the Senior Secured Notes on the Official List of the Luxembourg Stock Exchange and the admission of the Senior Secured Notes to trading on the Euro MTF Market of the Luxembourg Stock Exchange, and use its commercially reasonable efforts to maintain such listing for so long as such Senior Secured Notes are outstanding; *provided* that if at any time the Issuer determines that it will not seek or maintain such listing, it will use commercially reasonable efforts to obtain, prior to the first interest payment date or prior to the delisting of the Senior Secured Notes from the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF Market of the Luxembourg Stock Exchange, a listing of such Senior Secured Notes on another "recognised stock exchange" as defined in section 1005 of the United Kingdom Income Tax Act 2007 (the "**ITA**") for the purposes of section 987 of the ITA or, on admission to trading on a "multilateral trading facility" operated by a "regulated recognized stock exchange" (within the meaning of section 987 of the ITA).

Suspension of Covenants and Release of Guarantees on Achievement of Investment Grade Status

If on any date following the Issue Date, the Senior Secured Notes have achieved Investment Grade Status and no Default or Event of Default has occurred and is continuing (a "**Suspension Event**"), then, beginning on such date and continuing until such time, if any, at which the Senior Secured Notes cease to have Investment Grade Status,

(a) the provisions of the Senior Secured Notes Indenture summarized under the following captions will not apply to the Senior Secured Notes: "*—Limitation on Indebtedness*," "*—Limitation on Restricted Payments*," "*—Limitation on Sale of Assets*," "*—Limitation on Transactions with Affiliates*," "*—Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries*," "*—Limitation on Unrestricted Subsidiaries*," "*—Limitation on Layered Debt*", the provisions of clause (c) of the covenant described under "*—Consolidation, Merger, Sale of Assets—Parent Obligors and the Company*" and any related default provisions of the Senior Secured Notes Indenture will cease to be effective and will not be applicable to the Parent, the Parent Intermediate Holdcos, the Company and its Restricted Subsidiaries; *provided* that such covenants (and any related default provisions) will again apply in accordance with their terms from and after the first day on which a Suspension Event ceases to be in effect; *provided*, however, that such covenants (and any related default provisions) will not be of any effect with regard to actions of the Parent, the Parent Intermediate Holdcos, the Company or any Restricted Subsidiary properly taken during the continuance of the Suspension Event, and the "*—Limitation on Restricted Payments*" covenant will be interpreted as if it had been in effect since the Issue Date except that no Default will be deemed to have occurred solely by reason of a Restricted Payment made while such covenant was suspended; and

(b) the Company shall have the right, in its sole discretion, by written notice to the Trustee and the Security Agent, to request the release and discharge of all Guarantees by any Restricted Subsidiary of the Company (other than the Guarantee of any Restricted Subsidiary that is a parent entity of the Issuer) created under the Senior Secured Notes Indenture or any supplemental indenture to the Senior Secured Notes Indenture, whereupon the Trustee and the Security Agent shall execute and deliver any document reasonably requested by the Company to effect and evidence the release and discharge of such Guarantees and any related release of Liens pursuant to "*—Brief Description of the Senior Secured Notes, the Guarantees and the Security—Security—Release of Security*"; *provided* that such Guarantee shall not be released and discharged unless, substantially concurrently with such release and discharge, any guarantee by such Restricted Subsidiary in respect of the Existing Credit Facilities, the New Term Loan B Facilities, the Existing Notes and the Senior Notes shall be released and discharged and no other Indebtedness is at that time guaranteed by the relevant Restricted Subsidiary that would have otherwise given rise to an obligation to guarantee the Senior Secured Notes pursuant to the covenant described under "*Certain Covenants—Limitation on Issuance of Guarantees of Indebtedness by Restricted Subsidiaries*" had the relevant Restricted Subsidiary not already been a Guarantor.

The Company shall notify the Trustee that the conditions set forth above in this covenant have been satisfied, provided that such notification shall not be a condition for the suspension of the covenants set forth above to be effective, nor shall failure to notify the Trustee thereof constitute a breach of this covenant or default under the Senior Secured Notes Indenture. The Trustee shall be under no obligation to notify the holders of the Senior Secured Notes that the conditions set forth in this covenant have been satisfied.

Additional Covenants

The Senior Secured Notes Indenture will also contain covenants with respect to the following matters: (a) payment of principal, premium, any Additional Amounts and interest; (b) maintenance of certain offices or agencies; and (c) arrangements regarding the handling of money held in trust.

Consolidation, Merger, Sale of Assets

Parent Obligors and the Company

Subject to the provisions described under "*—General*" below, neither any Parent Obligor nor the Company will, in a single transaction or through a series of related transactions, consolidate with, amalgamate with or merge with or into any other Person (whether or not such Parent Obligor or the Company, as applicable, is the surviving Person), or sell, assign, convey, transfer, lease or otherwise dispose of its properties and assets (or permit any of its Restricted Subsidiaries to enter into any such transaction or series of transactions) if such transaction or series of transactions, in the

aggregate, would result in a sale, assignment, conveyance, transfer, lease or disposition to any other Person or group of Persons of all or substantially all of the properties and assets of such Parent Obligor and its Restricted Subsidiaries on a Consolidated basis, or of the Company and its Restricted Subsidiaries on a Consolidated basis, as applicable, unless at the time of the transaction and after giving effect thereto:

(a) either:

(i) such Parent Obligor or the Company, as applicable, shall be the continuing Person and, in the case of such Parent Obligor, shall be in compliance with the covenant described under "*—Limitations on Activities of Parent and Parent Intermediate Holdcos*"; or

(ii) the Person (if other than such Parent Obligor or the Company, as applicable) formed by such consolidation or amalgamation or into which such Parent Obligor or the Company, as applicable, is merged or the Person which acquires by sale, assignment, conveyance, transfer, lease or other disposition all or substantially all of the properties and assets of such Parent Obligor and its Restricted Subsidiaries on a Consolidated basis, or of the Company and its Restricted Subsidiaries on a Consolidated basis, as applicable, (the "**Parent/Company Surviving Entity**") shall be a Person duly organized or incorporated, as applicable, and validly existing under the laws of a Permitted Jurisdiction and such Person expressly assumes all the obligations of such Parent Obligor or the Company, as applicable, under the Senior Secured Notes, the Senior Secured Notes Indenture (including its Guarantee), the Intercreditor Agreement and the Security Documents to which such Parent Obligor or the Company, as applicable, is a party pursuant to agreements reasonably satisfactory to the Trustee;

(b) immediately after giving effect to such transaction on a *pro forma* basis (and treating any Indebtedness not previously an obligation of the Company or any of its Restricted Subsidiaries which becomes the obligation of the Company or any of its Restricted Subsidiaries as a result of such transaction as having been incurred at the time of such transaction), no Default or Event of Default will have occurred and be continuing;

(c) immediately after giving effect to such transaction on a *pro forma* basis (on the assumption that such transaction occurred on the first day of the most recent four-quarter period for which financial statements are available ending immediately prior to the consummation of such transaction, with the appropriate adjustments with respect to such transaction, including treating any obligation incurred by the Company or any Restricted Subsidiary in connection with or as a result of such transaction as having been incurred by the Company or such Restricted Subsidiary at the time of such transaction, being included in such *pro forma* calculation), (i) the Company (or the Surviving Entity if the Company is not the continuing obligor under the Senior Secured Notes Indenture) could incur €1.00 of additional Indebtedness under paragraph (a) of the covenant described under "*—Limitation on Indebtedness*" or (ii) the Consolidated Fixed Charge Coverage Ratio for such period would not be less than it would be for such period prior to giving *pro forma* effect to such transaction; and

(d) at the time of such transaction, such Parent Obligor, the Company or the Parent/Company Surviving Entity, as applicable, will have delivered, or caused to be delivered, to the Trustee, in form and substance reasonably satisfactory to the Trustee, an Officer's Certificate or an opinion of legal counsel, each to the effect that such transaction complies with the Senior Secured Notes Indenture and that all conditions precedent therein provided for relating to such transaction have been complied with; *provided* that in giving an opinion of counsel, counsel may rely on an Officer's Certificate of the Company or the Parent/Company Surviving Entity as to any matters of fact.

In the event of any transaction (other than a lease) described in and complying with the conditions set forth in the immediately preceding paragraph in which the applicable Parent Obligor or the Company is not the Parent/Company Surviving Entity, the Parent/Company Surviving Entity will succeed to, and be substituted for, and may exercise every right and power of, such Parent Obligor or the Company, as applicable, and such Parent Obligor or the Company, as applicable, will, subject to the second paragraph of the provisions described under "*—General*", be automatically and unconditionally released and discharged from all obligations and covenants under the Senior Secured Notes Indenture (including its Guarantee) and each of the other Senior Secured Notes Documents to which such Parent Obligor or the Company, as applicable, is a party.

Issuer

Subject to the provisions described under "—*General*" below, the Issuer will not, in a single transaction or through a series of related transactions, consolidate with, amalgamate with or merge with or into any other Person (whether or not the Issuer is the surviving Person), or sell, assign, convey, transfer, lease or otherwise dispose of its properties and assets (or permit any of its Restricted Subsidiaries to enter into any such transaction or series of transactions) if such transaction or series of transactions, in the aggregate, would result in a sale, assignment, conveyance, transfer, lease or disposition to any other Person or group of Persons of all or substantially all of the properties and assets of the Issuer and its Restricted Subsidiaries on a Consolidated basis, unless at the time of the transaction and after giving effect thereto:

(a) either:

(1) the Issuer will be the continuing Person; or

(2) the Person (if other than the Issuer) formed by such consolidation or amalgamation or into which the Issuer is merged or the Person which acquires by sale, assignment, conveyance, transfer, lease or other disposition all or substantially all of the properties and assets of the Issuer and its Restricted Subsidiaries on a Consolidated basis (the "**Issuer Surviving Entity**") shall be a Person duly organized or incorporated, as applicable, and validly existing under the laws of a Permitted Jurisdiction and such Person expressly assumes all the obligations of the Issuer under the Senior Secured Notes, the Senior Secured Notes Indenture, the Intercreditor Agreement and the Security Documents to which the Issuer is a party pursuant to agreements reasonably satisfactory to the Trustee (and the Guarantees will be confirmed as applying to such Issuer Surviving Entity's obligations);

(b) immediately after giving effect to such transaction on a *pro forma* basis (and treating any Indebtedness not previously an obligation of the Company or any of its Restricted Subsidiaries which becomes the obligation of the Company or any of its Restricted Subsidiaries as a result of such transaction as having been incurred at the time of such transaction), no Default or Event of Default will have occurred and be continuing; and

(c) at the time of such transaction, the Issuer or the Issuer Surviving Entity will have delivered, or caused to be delivered, to the Trustee, in form and substance reasonably satisfactory to the Trustee, an Officer's Certificate or an opinion of legal counsel, each to the effect that such transaction complies with the Senior Secured Notes Indenture and that all conditions precedent therein provided for relating to such transaction have been complied with; *provided* that in giving an opinion of counsel, counsel may rely on an Officer's Certificate of the Issuer or the Issuer Surviving Entity as to any matters of fact.

In the event of any transaction (other than a lease) described in and complying with the conditions set forth in the immediately preceding paragraph in which the Issuer is not the Issuer Surviving Entity, the Issuer Surviving Entity will succeed to, and be substituted for, and may exercise every right and power of, the Issuer, and the Issuer will, subject to the second paragraph of the provisions described under "—*General*", be automatically and unconditionally be released and discharged from all obligations and covenants under the Senior Secured Notes Indenture, the Senior Secured Notes and each of the other Senior Secured Notes Documents to which the Issuer is a party.

Subsidiary Guarantors

Subject to the provisions described under "—*General*" below, a Subsidiary Guarantor (other than a Subsidiary Guarantor whose Guarantee is to be released in accordance with the terms of the Senior Secured Notes Indenture) will not, in a single transaction or through a series of related transactions, consolidate with, amalgamate with or merge with or into any other Person (whether or not such Subsidiary Guarantor is the Guarantor Surviving Entity), or sell, assign, convey, transfer, lease or otherwise dispose of its properties and assets (or permit any of its Restricted Subsidiaries to enter into any such transaction or series of transactions) if such transaction or series of transactions, in the aggregate, would result in a sale, assignment, conveyance, transfer, lease or disposition to any other Person or group of Persons of all or substantially all of the properties and assets of such Subsidiary Guarantor and its Restricted Subsidiaries on a Consolidated basis, unless at the time of the transaction and after giving effect thereto:

(a) either:

(1) such Subsidiary Guarantor will be the continuing Person; or

(2) the Person (if other than such Subsidiary Guarantor) formed by such consolidation or amalgamation or into which such Subsidiary Guarantor is merged or the Person which acquires by sale, assignment, conveyance, transfer, lease or other disposition all or substantially all of the properties and assets of such Subsidiary Guarantor and its Restricted Subsidiaries on a Consolidated basis (the "**Guarantor Surviving Entity**") shall be a Person duly organized or incorporated, as applicable, and validly existing under the laws of any state that was a member of the European Union on the Issue Date, the United Kingdom, Switzerland, the United States of America, any State thereof or the District of Columbia or the laws of any other jurisdiction where one or more Subsidiary Guarantors are organized or incorporated, as applicable, and such Person expressly assumes all the obligations of such Subsidiary Guarantor under the Senior Secured Notes Indenture (including its Guarantee) and the other Senior Secured Notes Documents to which such Subsidiary Guarantor is a party pursuant to agreements reasonably satisfactory to the Trustee (it being agreed that the Guarantee of such Guarantor Surviving Entity may contain limitations set forth in or contemplated by the Senior Secured Notes Indenture or the Security Principles);

(b) immediately after giving effect to such transaction on a *pro forma* basis (and treating any Indebtedness not previously an obligation of the Company or any of its Restricted Subsidiaries which becomes the obligation of the Company or any of its Restricted Subsidiaries as a result of such transaction as having been incurred at the time of such transaction), no Default or Event of Default will have occurred and be continuing; and

(c) at the time of such transaction, such Subsidiary Guarantor, the Company or the Guarantor Surviving Entity will have delivered, or caused to be delivered, to the Trustee, in form and substance reasonably satisfactory to the Trustee, an Officer's Certificate or an opinion of legal counsel, each to the effect that such transaction complies with the Senior Secured Notes Indenture and that all conditions precedent therein provided for relating to such transaction have been complied with; *provided* that in giving an opinion of counsel, counsel may rely on an Officer's Certificate of such Subsidiary Guarantor, the Company or the Guarantor Surviving Entity as to any matters of fact.

In the event of any transaction (other than a lease) described in and complying with the conditions set forth in the immediately preceding paragraph in which the applicable Subsidiary Guarantor is not the Guarantor Surviving Entity, such Guarantor Surviving Entity shall succeed to, and be substituted for, and may exercise every right and power of, such Subsidiary Guarantor and such Subsidiary Guarantor will, subject to the second paragraph of the provisions described under "—*General*", be automatically and unconditionally released and discharged from all obligations and covenants under the Senior Secured Notes Indenture (including its Guarantee) and the other Senior Secured Notes Documents to which such Subsidiary Guarantor is a party.

General

Notwithstanding anything to the contrary in paragraphs (b) and (c) of the subsection "—*Parent Obligors and the Company*", paragraph (b) of the subsection "—*The Issuer*" and paragraph (b) of the subsection "—*Subsidiary Guarantors*" (which shall not apply to transactions referred to in this sentence), (i) any Restricted Subsidiary of the Company may consolidate or otherwise combine with, amalgamate with, merge with or into or sell, assign, convey, transfer, lease or otherwise dispose of all or any part of its properties and assets to the Company, the Issuer or any other Restricted Subsidiary and (ii) any Parent Obligor, the Company or the Issuer may consolidate or otherwise combine with, amalgamate with or merge with or into an Affiliate organized for the primary purpose of changing the legal domicile of such Parent Obligor, the Company or the Issuer in a Permitted Jurisdiction, reincorporating such Parent Obligor, the Company or the Issuer in another Permitted Jurisdiction or changing the legal form of such Parent Obligor, the Company or the Issuer; *provided* that such Parent Obligor, the Company or the Issuer, or such Affiliate, complies with clause (a) of the first paragraph under the caption "—*Parent Obligors and the Company*" or clause (a) of the first paragraph under the caption "—*The Issuer*", as applicable.

Notwithstanding anything to the contrary set forth in the last paragraph under the caption "—*Parent Obligors and the Company*", the last paragraph under the caption "—*The Issuer*" or the last paragraph under the caption "—*Subsidiary Guarantors*", upon the succession and substitution of any Guarantor by any Surviving Entity in a sale, assignment, conveyance, transfer, lease or other disposition of properties and assets subject to this covenant, upon the written request of the Company to the Trustee, such Guarantor shall not be released and discharged from its Guarantee and shall continue to be bound by its obligations and covenants under the Senior Secured Notes Indenture and the other

Senior Secured Notes Documents to which it is a party as a Guarantor; *provided* that, in the event such Guarantor is a Parent Obligor, the Company or the Issuer and to the extent provided in such request, such Guarantor shall continue to be bound by its obligations and covenants under the Senior Secured Notes Indenture and the other Senior Secured Notes Documents solely in its capacity as a Guarantor and shall not be subject to or bound by any of the obligations and covenants applicable to a Parent Obligor, the Company or the Issuer, as applicable, and only the applicable Surviving Entity shall be subject to and bound by such obligations and covenants.

Notwithstanding anything to the contrary set forth in the Senior Secured Notes Indenture or in any other Senior Secured Notes Document, the Parent and its Restricted Subsidiaries may implement a Permitted Reorganization.

Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the property or assets of a Person.

Events of Default

An Event of Default will occur under the Senior Secured Notes Indenture if:

(a) there shall be a default in the payment of any interest or Additional Amounts on any Senior Secured Note when it becomes due and payable, and such default shall continue for a period of 30 days;

(b) there shall be a default in the payment when due (at maturity, upon redemption or otherwise) of the principal of (or premium, if any, on) any Senior Secured Note;

(c) there shall be a default in the performance, or breach, of any covenant or agreement of the Issuer or any Guarantor under the Senior Secured Notes Indenture or any Guarantee (other than a default in the performance, or breach, of a covenant or agreement which is specifically dealt with in clause (a) or (b) and such default or breach shall continue for a period of 60 days after written notice has been given, by certified mail, (x) to the Issuer by the Trustee or (y) to the Issuer and the Trustee by the holders of at least 30% in aggregate principal amount of the outstanding Senior Secured Notes voting as a single class;

(d) any default in the payment of the principal or premium, if any, on any Indebtedness shall have occurred under any of the agreements, indentures or instruments under which the Issuer, any Guarantor or any Significant Restricted Subsidiary then has outstanding Indebtedness in excess of € 50.0 million when the same shall become due and payable in full and such default shall have continued after any applicable grace period and shall not have been cured or waived and, if not already matured at its final maturity in accordance with its terms, the holder of such Indebtedness shall have accelerated such Indebtedness;

(e) any Guarantee by the Parent, the Company or a Significant Restricted Subsidiary is held in any judicial proceeding to be unenforceable or invalid or ceases for any reason to be, or shall for any reason be asserted in writing by any Guarantor or the Issuer not to be, in full force and effect and enforceable in accordance with its terms, except to the extent contemplated by the Senior Secured Notes Indenture and any such Guarantee;

(f) (i) one or more of the Security Documents that, taken as a whole, create Liens on a material portion of the Collateral shall, at any time, cease to be in full force and effect, or shall be declared invalid or unenforceable by a court of competent jurisdiction, other than, in each case, pursuant to limitations on enforceability, validity or effectiveness imposed by applicable law or the terms of such Security Document or except in accordance with the terms of such Security Document, the Intercreditor Agreement or the Senior Secured Notes Indenture, including the release provisions thereof, and such failure to be in full force and effect shall have continued uncured for a period of 15 days after the Company becomes aware of such failure or (ii) repudiation or disaffirmation by the Issuer or any Guarantor of any of their respective obligations under the Security Documents that, taken as a whole, create Liens on a material portion of the Collateral;

(g) one or more final judgments, orders or decrees of any court or regulatory or administrative agency for the payment of money in excess of €50.0 million, either individually or in the aggregate (to the extent

not covered by independent third party insurance), shall be rendered against the Issuer, the Company or any Significant Restricted Subsidiary or any of their respective properties and shall not be satisfied, vacated, discharged or stayed or bonded pending appeal and there shall have been a period of 60 consecutive days during which a stay of enforcement of such judgment or order, by reason of an appeal or otherwise, shall not be in effect;

(h) [Reserved]; or

(i) certain events of bankruptcy or insolvency described in the Senior Secured Notes Indenture with respect to the Parent, the Company, Issuer or any Significant Restricted Subsidiary shall have occurred.

If an Event of Default (other than as specified in clause (i) of the prior paragraph) shall occur and be continuing with respect to the Senior Secured Notes Indenture, the Trustee or the holders of not less than 30% in aggregate principal amount of the Senior Secured Notes then outstanding may, and the Trustee, at the request of such holders, shall declare all unpaid principal of, premium, if any, any Additional Amounts and accrued interest on all Senior Secured Notes to be due and payable immediately, by a notice in writing to the Company (and to the Trustee if given by the holders of the Senior Secured Notes) and upon any such declaration, such principal, premium, if any, any Additional Amounts and interest shall become due and payable immediately. If an Event of Default specified in clause (i) of the prior paragraph occurs and is continuing, then all the Senior Secured Notes shall *ipso facto* become and be due and payable immediately in an amount equal to the principal amount of the Senior Secured Notes, together with any Additional Amounts and accrued and unpaid interest, if any, to the date the Senior Secured Notes become due and payable, without any declaration or other act on the part of the Trustee or any holder. Thereupon, the Trustee may, at its discretion, proceed to protect and enforce the rights of the holders of the Senior Secured Notes by appropriate judicial proceedings. In the event of a declaration of acceleration of the Senior Secured Notes because an Event of Default described in clause (d) of the prior paragraph has occurred and is continuing, the declaration of acceleration of the Senior Secured Notes shall be automatically annulled if the event of default or payment default triggering such Event of Default pursuant to clause (d) shall be remedied or cured, or waived by the holders of the Indebtedness that gave rise to such Event of Default, or such Indebtedness shall be discharged in full, within 30 days after the declaration of acceleration with respect thereto and if (1) the annulment of the acceleration of the Senior Secured Notes would not conflict with any judgment or decree of a court of competent jurisdiction and (2) all existing Events of Default, except non-payment of principal, premium or interest on the Senior Secured Notes that became due solely because of the acceleration of the Senior Secured Notes, have been cured or waived.

After a declaration of acceleration, but before a judgment or decree for payment of the money due has been obtained by the Trustee, the holders of a majority in aggregate principal amount of Senior Secured Notes outstanding by written notice to the Issuer and the Trustee may rescind an acceleration and annul such declaration and its consequences under the Senior Secured Notes Indenture if:

(a) the Issuer has paid or deposited with the Trustee a sum sufficient to pay:

(1) all sums paid or advanced by the Trustee under the Senior Secured Notes Indenture and the properly incurred compensation, expenses, disbursements and advances of the Trustee, its agents and counsel,

(2) all overdue interest and Additional Amounts on all Senior Secured Notes then outstanding,

(3) the principal of and premium, if any, on any Senior Secured Notes then outstanding which have become due otherwise than by such declaration of acceleration and interest thereon at the rate borne by the Senior Secured Notes, and

(4) to the extent that payment of such interest is lawful, interest upon overdue interest at the rate borne by the Senior Secured Notes;

(b) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction; and

(c) all Events of Default, other than the non-payment of principal of, premium, if any, and any Additional Amounts and interest on the Senior Secured Notes, which have become due solely by such declaration of acceleration, have been cured or waived as provided in the Senior Secured Notes Indenture. No such rescission shall affect any subsequent default or impair any right consequent thereon.

The holders of not less than a majority in aggregate principal amount of all outstanding Senior Secured Notes may, by written notice to the Trustee, on behalf of the holders of all outstanding Senior Secured Notes, waive any past default under the Senior Secured Notes Indenture and its consequences, except a default in respect of a covenant or provision hereof which under the Senior Secured Notes Indenture cannot be modified or amended without the consent of the holders of not less than 90% of the then outstanding amount of one or more series of Senior Secured Notes, in which case the consent of the holders of at least 90% of the then outstanding Senior Secured Notes or the relevant series of Senior Secured Notes shall be required.

Subject to certain limitations, holders of a majority in aggregate principal amount of the then outstanding Senior Secured Notes may direct the Trustee in its exercise of any trust of power. The Trustee may withhold from holders of the Senior Secured Notes notice of any continuing Default or Event of Default if it determines that withholding notice is in their interest, except a Default or Event of Default relating to the payment of principal, interest or Additional Amounts or premium, if any.

No holder of any of the Senior Secured Notes has any right to institute any proceedings with respect to the Senior Secured Notes Indenture or any remedy thereunder, unless the holders of at least 30% in aggregate principal amount of the outstanding Senior Secured Notes have made written request, and offered satisfactory indemnity and/or security (including by way of pre-funding), to the Trustee to institute such proceeding as the Trustee under the Senior Secured Notes and the Senior Secured Notes Indenture, the Trustee has failed to institute such proceeding within 60 days after receipt of such notice and offer of satisfactory indemnity and/or security (including by way of pre-funding) and the Trustee, during such 60-day period, has not received directions inconsistent with such written request from the holders of a majority in aggregate principal amount of the outstanding Senior Secured Notes. Such limitations do not, however, apply to a suit instituted by a holder of a Senior Secured Note for the enforcement of the payment of the principal of, premium, if any, and any Additional Amounts or interest on such Senior Secured Note on or after the respective due dates expressed in such Senior Secured Note.

The Company will promptly, and in any event, within 15 Business Days of becoming aware of such Default or Event of Default, notify the Trustee of the occurrence of any Default or Event of Default that is continuing. Except in the case of a Default or an Event of Default in payment of principal of, premium, if any, Additional Amounts or interest on any Senior Secured Notes, the Trustee may withhold the notice to the holders of such Senior Secured Notes if a committee of its trust officers in good faith determines that withholding the notice is in the interests of the holders of the Senior Secured Notes. If a Default or an Event of Default occurs and is continuing and the Trustee is informed in writing, the Trustee will distribute to each holder of the Senior Secured Notes notice of the Default or Event of Default within five Business Days after being notified of its occurrence. The Company will deliver to the Trustee, on or before a date not more than 120 days after the end of each fiscal year beginning with the fiscal year ending December 31, 2021, a written statement as to compliance with the Senior Secured Notes Indenture, including whether or not any Default has occurred. The Trustee is under no obligation to exercise any of the rights or powers vested in it by the Senior Secured Notes Indenture at the request or direction of any of the holders of the Senior Secured Notes unless such holders offer to the Trustee indemnity and/or security (including by way of pre-funding) satisfactory to the Trustee against the costs, expenses and liabilities which might be incurred thereby.

Defeasance or Covenant Defeasance of Senior Secured Notes Indenture

The Issuer may, at its option and at any time, elect to have all of its obligations terminated with respect to the outstanding Senior Secured Notes of a series and all obligations of the Guarantors discharged with respect to the Guarantees of such series of Senior Secured Notes ("**Legal Defeasance**") and cure all then existing Events of Default with respect to such series of Senior Secured Notes, except for, among other things, certain obligations, including those relating to the defeasance trust, obligations to transfer or exchange Senior Secured Notes of such series, to pay Additional Amounts with respect to such series of Senior Secured Notes, to replace mutilated, destroyed, lost or stolen Senior Secured Notes of such series and to maintain a paying agent for such series of Senior Secured Notes, and obligations with respect to the rights, powers, trusts, duties and immunities of the Trustee.

In addition, the Issuer may, at its option and at any time, elect to have its obligations and the obligations of the Guarantors released with respect to certain covenants that are described in the Senior Secured Notes Indenture and the Guarantees ("**Covenant Defeasance**") and thereafter any omission to comply with such obligations shall not constitute a Default or Event of Default with respect to the Senior Secured Notes of a series. In the event Covenant Defeasance occurs, certain events (not including non-payment, and, solely with respect to the Issuer, bankruptcy and insolvency events) described under "*—Events of Default*" will no longer constitute an Event of Default with respect to the Senior Secured Notes of such series.

In order to exercise either Legal Defeasance or Covenant Defeasance:

(a) the Issuer must irrevocably deposit in trust with the Trustee, for the benefit of the holders of the Senior Secured Notes of the applicable series, cash in dollars or U.S. Government Obligations, or a combination thereof (in the case of the Dollar Senior Secured Notes) or in euro or European Government Obligations, or a combination thereof (in the case of the Euro Senior Secured Notes), in such aggregate amounts as will be sufficient to pay the principal of, interest and premium, if any, on the Senior Secured Notes of such series to maturity;

(b) in the case of Legal Defeasance, the Issuer must deliver to the Trustee:

(1) an opinion of United States counsel reasonably acceptable to the Trustee confirming that (A) the Issuer has received from, or there has been published by, the U.S. Internal Revenue Service a ruling or (B) since the Issue Date, there has been a change in the applicable U.S. federal income tax law, in either case to the effect that, and based thereon such opinion of counsel will confirm that, the holders of the outstanding Senior Secured Notes of the applicable series will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred; and

(2) an opinion of counsel in the jurisdiction of incorporation of the Issuer and reasonably acceptable to the Trustee to the effect that the holders of the Senior Secured Notes of the applicable series will not recognize income, gain or loss for tax purposes of such jurisdiction as a result of such Legal Defeasance and will be subject to tax in such jurisdiction on the same amounts and in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred; and

(c) in the case of Covenant Defeasance, the Issuer must deliver to the Trustee:

(1) an opinion of United States counsel reasonably acceptable to the Trustee confirming that the holders of the outstanding Senior Secured Notes of the applicable series will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred; and

(2) an opinion of counsel in the jurisdiction of incorporation of the Issuer and reasonably acceptable to the Trustee to the effect that the holders of the Senior Secured Notes of the applicable series will not recognize income, gain or loss for tax purposes of such jurisdiction as a result of such Covenant Defeasance and will be subject to tax in such jurisdiction on the same amounts and in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred.

Satisfaction and Discharge

The Senior Secured Notes Indenture will be discharged and will cease to be of further effect (except as to transfer or exchange of the Senior Secured Notes as expressly provided for in the Senior Secured Notes Indenture) as to all the outstanding Senior Secured Notes of a series issued under the Senior Secured Notes Indenture when:

(a) either:

(1) all such Senior Secured Notes of the applicable series theretofore authenticated and delivered (except lost, stolen or destroyed Senior Secured Notes which have been replaced or paid or Senior Secured Notes whose payment has been deposited in trust or segregated and held in trust by the Issuer and thereafter repaid to the Issuer or discharged from such trust as provided for in the Senior Secured Notes Indenture) have been delivered to the Trustee for cancellation, or

(2) all Senior Secured Notes of the applicable series not theretofore delivered to the Trustee for cancellation (A) have become due and payable, (B) will become due and payable at their Stated Maturity within one year, or (C) are to be called for redemption within one year under

arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Issuer; and the Issuer or any Guarantor has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust an amount in dollars, U.S. Government Obligations, or a combination thereof (in the case of the Dollar Senior Secured Notes or any other U.S. dollar-denominated series) or in euro, European Government Obligations or a combination thereof (in the case of the Euro Senior Secured Notes or any other euro-denominated series) sufficient to pay and discharge the entire indebtedness on the Senior Secured Notes of the applicable series not theretofore delivered to the Trustee for cancellation, including the principal of, premium, if any, any Additional Amounts and accrued interest on, such Senior Secured Notes at such Maturity, Stated Maturity or redemption date;

(b) the Issuer or any Guarantor has paid or caused to be paid all other sums payable under the Senior Secured Notes Indenture with respect to the Senior Secured Notes of the applicable series by the Issuer and any Guarantor; and

(c) the Issuer has delivered to the Trustee an Officer's Certificate and an opinion of independent counsel, in form and substance reasonably satisfactory to the Trustee, each stating that:

(1) all conditions precedent under the Senior Secured Notes Indenture relating to the satisfaction and discharge of the Senior Secured Notes Indenture with respect to the Senior Secured Notes of the applicable series have been complied with; and

(2) such satisfaction and discharge will not result in a breach or violation of, or constitute a default under, the Senior Secured Notes Indenture or any other material agreement or instrument to which the Issuer, any Guarantor or any Subsidiary is a party or by which the Issuer, any Guarantor or any Subsidiary is bound;

provided that any such counsel may rely on any Officer's Certificate as to matters of fact (including as to compliance with this clause (c) and the foregoing clauses (a) and (b)). The Trustee will be entitled to rely conclusively on such Officer's Certificate and opinion of counsel without independent verification.

If requested by the Issuer, the Trustee may distribute any amounts deposited in trust to the holders prior to maturity or the redemption date, as the case may be. In such case, the payment to each holder will equal the amount such holder would have been entitled to receive at the stated maturity or on the relevant redemption date, as the case may be. For the avoidance of doubt, the distribution and payment to holders prior to the maturity or redemption date as set forth above will not include any negative interest, present value adjustment, break cost or any other premium on such amounts.

Modifications and Amendments

Without limiting the Issuer's and the Guarantors' ability to effect modifications or amendments that are expressly permitted under "*—Certain Covenants—Impairment of Security Interest*" or "*—Certain Covenants—Intercreditor Agreement; Additional Intercreditor Agreements*" or are otherwise permitted under this caption "*—Modifications and Amendments*," modifications and amendments of the Senior Secured Notes Indenture, the Senior Secured Notes, any Guarantee, the Intercreditor Agreement, any additional intercreditor agreement and/or the Security Documents may be made by the Issuer, the Company, the Guarantors (if applicable), the Trustee and the Security Agent (if applicable), in each case, to the extent a party thereto, with the consent of the holders of at least a majority in aggregate principal amount of the Senior Secured Notes then outstanding (unless a modification or amendment will only affect one series of the Senior Secured Notes, in which case only the consent of the holders of at least a majority in aggregate principal amount of the Senior Secured Notes then outstanding in such series shall be required); *provided*, *however*, that no such modification or amendment may, without the consent of the holders of at least 90% of the then outstanding aggregate principal amount of the Senior Secured Notes (or, if a modification or amendment will only affect one series of the Senior Secured Notes, the consent of the holders of at least 90% of the aggregate principal amount of the Senior Secured Notes then outstanding in such series):

(a) change the Stated Maturity of the principal of, or any installment of any Additional Amounts or interest on any Senior Secured Note, or change to an earlier date the time at which any Senior Secured Note may be redeemed, or waive a default in the payment of the principal of, premium, if any, any Additional Amounts or interest on, any such Senior Secured Note or reduce the principal amount thereof or the rate of interest thereon or any premium payable upon the redemption thereof, or change

the coin or currency in which the principal of any such Senior Secured Note or any premium or any Additional Amounts or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment after the Stated Maturity thereof (or, in the case of redemption, on or after the redemption date);

(b) reduce the percentage in principal amount of such outstanding Senior Secured Notes, the consent of whose holders is required for any such supplemental indenture, or the consent of whose holders is required for any amendment, waiver of or compliance with provisions of the Senior Secured Notes Indenture;

(c) modify any of the provisions relating to any supplemental indentures requiring the consent of holders or relating to the waiver of past defaults or relating to the waiver of certain covenants, except to increase the percentage of such outstanding Senior Secured Notes required for such actions or to provide that certain other provisions of the Senior Secured Notes Indenture cannot be modified or waived without the consent of the holder of each such Senior Secured Note affected thereby;

(d) except as otherwise permitted under "*—Consolidation, Merger, Sale of Assets*" or the definition of the term "Parent", "Parent Intermediate Holdco" or "Company" as part of a Permitted Reorganization, assign or transfer any of the rights and obligations under the Senior Secured Notes Indenture of the Issuer or any Guarantor;

(e) release all or substantially all of the Collateral from the Liens created in favor of the Trustee or the Security Agent pursuant to the Security Documents or all or substantially all of the Guarantors from the Guarantees created pursuant to the Senior Secured Notes Indenture or any supplemental indenture thereto except as otherwise permitted by the terms of the Senior Secured Notes Indenture, the Security Documents or the Intercreditor Agreement or any additional intercreditor agreement;

(f) except as permitted by the Senior Secured Notes Indenture or the Intercreditor Agreement (or any additional intercreditor agreement), make any change to any provision of the Senior Secured Notes Indenture or the Intercreditor Agreement affecting the ranking or priority of any Senior Secured Note or Guarantee that would adversely affect the rights of the holders of the Senior Secured Notes in any material respect;

(g) make any change in the provisions of the Senior Secured Notes Indenture described under "*—Payment of Additional Amounts*" that adversely affects the holder's or beneficial owner's entitlement to (x) any exemption, in whole or in part, from withholding Taxes or (y) Additional Amounts, in each case as described thereunder, unless the Issuer agrees to pay Additional Amounts (if any) in respect thereof; or

(h) except as permitted by the Senior Secured Notes Indenture or the Intercreditor Agreement (or any additional intercreditor agreement), release the Guarantee of the Parent or the Company.

Notwithstanding the preceding paragraph, the Senior Secured Notes Indenture will provide that certain Guarantees or Liens on the Collateral may be released in connection with sales or other dispositions of property or assets (including Capital Stock) that do not violate the requirements of the covenants described under the caption "*—Certain Covenants—Restricted Payments*" or the "*—Certain Covenants—Limitation on Sale of Assets*", as each such covenant may be amended from time to time.

For the avoidance of doubt, any modifications or amendments to the Indenture with the consent of the holders pursuant to the first paragraph under this caption "*—Modifications and Amendments*" need only be duly authorized and executed by the Issuer, the Company and the Trustee, unless such modification or amendment adversely affects the legal rights of the Security Agent (such determination to be made by the Company in good faith following consultation with the Security Agent), in which case such modification or amendment must also be duly authorized and executed by the Security Agent.

For the avoidance of doubt, it shall not be necessary for the consent of the holders of the Senior Secured Notes to approve the particular form of any proposed amendment, waiver or other modification but it shall be sufficient if such consent approves the substance thereof.

For the purposes of determining whether holders of the requisite aggregate principal amount of any series of Senior Secured Notes not denominated in euro have taken any action under the Senior Secured Notes Indenture, the

aggregate principal amount of such series of Senior Secured Notes will be deemed to be the Euro Equivalent as of the date such series of Senior Secured Notes is first issued of the outstanding aggregate principal amount of such series of Senior Secured Notes.

In addition to any modifications and amendments that are permitted under, or governed by, the covenants set forth under the captions "*—Certain Covenants—Impairment of Security Interest*", "*—Certain Covenants—Intercreditor Agreement; Additional Intercreditor Agreements*" or the other provisions of this caption "*—Modifications and Amendments*" and not in limitation thereof, without the consent of any holders of the Senior Secured Notes, the Issuer, the Trustee and the Security Agent (if applicable), in each case to the extent a party thereto (without the need for any consent of or authorization or execution by any other party to the Senior Secured Notes Indenture) may modify or amend the Senior Secured Notes Indenture, the Senior Secured Notes, any Guarantee, the Intercreditor Agreement, any additional intercreditor agreement or any Security Document:

(a) to evidence the succession of another Person to the Issuer or any Guarantor or any other obligor under the Senior Secured Notes and the assumption by any such successor of the covenants of the Issuer or such Guarantor in the Senior Secured Notes Indenture (including any supplemental indenture), the Senior Secured Notes, any Guarantee, the Intercreditor Agreement, any additional intercreditor agreement or any Security Document, as applicable, in accordance with "*—Consolidation, Merger, Sale of Assets*";

(b) to add to the covenants of the Issuer, any Guarantor or any other obligor upon the Senior Secured Notes for the benefit of the holders of the Senior Secured Notes or to surrender any right or power conferred upon the Issuer or any Guarantor or any other obligor upon the Senior Secured Notes, as applicable, in the Senior Secured Notes Indenture (including any supplemental indenture), the Senior Secured Notes, any Guarantee, the Intercreditor Agreement, any additional intercreditor agreement or any Security Document;

(c) to cure any ambiguity, or to correct or supplement any provision in the Senior Secured Notes Indenture (including any supplemental indenture), the Senior Secured Notes, any Guarantee, the Intercreditor Agreement, any additional intercreditor agreement or any Security Document which may be defective (or, for the avoidance of doubt, erroneous) or inconsistent with any other provision in the Senior Secured Notes Indenture (including any supplemental indenture), the Senior Secured Notes, any Guarantee, the Intercreditor Agreement, any additional intercreditor agreement or any Security Document or any disclosure in the Offering Memorandum or to make any other provisions with respect to matters or questions arising under the Senior Secured Notes Indenture (including any supplemental indenture), the Senior Secured Notes, any Guarantee, the Intercreditor Agreement, any additional intercreditor agreement or any Security Document that shall not adversely affect the legal rights of the holders of the Senior Secured Notes in any material respect or that shall improve or increase the rights of the holders of the Senior Secured Notes;

(d) to add a Guarantor under the Senior Secured Notes Indenture and to provide for or confirm the existence of any limitations in any Guarantee authorized under the Senior Secured Notes Indenture;

(e) to evidence and provide the acceptance of the appointment of a successor Trustee under the Senior Secured Notes Indenture;

(f) to mortgage, pledge, hypothecate or grant a security interest in favor of the Security Agent for the benefit of the holders of the Senior Secured Notes as additional security for the payment and performance of the Issuer's or any Guarantor's obligations under the Senior Secured Notes Indenture, in any property, or assets, including any of which are required to be mortgaged, pledged or hypothecated, or in which a security interest is required to be granted to the Security Agent pursuant to the Senior Secured Notes Indenture or otherwise (any such additional security shall be deemed to be Collateral for all purposes under the Senior Secured Notes Indenture);

(g) to provide for the issuance of Additional Senior Secured Notes in accordance with the Senior Secured Notes Indenture;

(h) to conform the text of the Senior Secured Notes Indenture or the Senior Secured Notes to any passage in this "*Description of the Senior Secured Notes*" to the extent that such passage was intended to be a verbatim recitation of a provision of the Senior Secured Notes Indenture or the Senior Secured Notes;

(i) to make, complete or confirm any grant of Collateral permitted or required by the Senior Secured Notes Indenture;

(j) to evidence or provide for the release of any Guarantee or any Lien on any Collateral that is otherwise permitted by the terms of the Senior Secured Notes Indenture, the Security Documents or the Intercreditor Agreement or any additional intercreditor agreement; or

(k) to provide for uncertificated Senior Secured Notes in addition to or in place of certificated Senior Secured Notes (*provided* that the uncertificated Senior Secured Notes are issued in registered form for purposes of Section 163(f) of the Code).

In connection with its execution of any amendment pursuant to the preceding paragraph, the Trustee shall be entitled to request and rely on such evidence as to whether such amendment is authorized by such paragraph as the Trustee may request, which may include an Officer's Certificate and/or an opinion of counsel.

Notwithstanding anything to the contrary in the provisions of the Senior Secured Notes Indenture described under the caption "*—Modifications and Amendments*", (i) in order to effect an amendment authorized by clause (d) in the second immediately preceding paragraph to add a Guarantor under the Senior Secured Notes Indenture, it shall only be necessary for the supplemental indenture providing for the accession of such additional Guarantor to be duly authorized and executed by (a) the Issuer, (b) such additional Guarantor and (c) the Trustee and (ii) the Security Agent shall not be required to authorize or execute any amendment to the Senior Secured Notes Indenture, the Senior Secured Notes or the Guarantees unless such modification or amendment adversely affects the legal rights of the Security Agent. Except as otherwise set forth herein, any amendments permitted by the Senior Secured Notes Indenture need only be duly authorized and executed by the Issuer and the Trustee.

The holders of a majority in aggregate principal amount of the Senior Secured Notes outstanding may waive compliance with the restrictive covenants and provisions of the Senior Secured Notes Indenture.

For the avoidance of doubt, no modification or amendment to, or deletion of, actions taken in compliance with, any of the covenants described under "*—Certain Covenants*", shall be deemed to impair or affect any rights of the holders of the Senior Secured Notes to receive payment of principal of, or premium, if any, or interest on, the Senior Secured Notes.

Listing and General Information

So long as the Senior Secured Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF market of that exchange and the rules and regulations of the Luxembourg Stock Exchange shall so require (in respect to the future financial information, currently no such disclosure is required by the Luxembourg Stock Exchange), copies, current and future, of all of the Parent's annual audited consolidated financial statements, unaudited consolidated interim semi-annual financial statements and quarterly financial information and this offering memorandum may be obtained, free of charge, during normal business hours at the registered office of the Issuer.

Anyone who receives this offering memorandum may, following the Issue Date, obtain a copy of the Senior Secured Notes Indenture, the Senior Secured Notes, the Intercreditor Agreement (including any additional intercreditor agreement) and the Security Documents without charge by writing to the Issuer at Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG.

Governing Law

The Senior Secured Notes Indenture, the Senior Secured Notes and the Guarantees will be governed by, and construed in accordance with, the laws of the State of New York. The Intercreditor Agreement is governed by, and construed in accordance with, the laws of New York. The Security Documents will be governed by applicable local law of the jurisdiction under which Security Interests are granted.

Consent to Jurisdiction and Service

The Senior Secured Notes Indenture will provide that the Issuer and each Guarantor will appoint INEOS Styrolution America LLC, with its registered office at 1209 Orange Street, Wilmington, DE 19801, United States (Attention: Senior Legal Counsel) as its agent for service of process in any suit, action or proceeding with respect to the

Senior Secured Notes Indenture, the Senior Secured Notes and the Guarantees and for actions brought in any U.S. federal or New York state court located in the Borough of Manhattan, New York and will submit to such jurisdiction.

Enforceability of Judgments

Since many of the assets of the Issuer and the Guarantors are outside the United States, any judgment obtained in the United States against the Issuer or any Guarantor, including judgments with respect to the payment of principal, premium, interest, Additional Amounts, redemption price and any purchase price with respect to the Senior Secured Notes, may not be collectable within the United States.

No Personal Liability of Directors, Officers, Employees and Shareholders

No director, officer, employee, incorporator, member or shareholder of the Issuer, any Guarantor, any of their respective parent companies or any of their respective Subsidiaries or Affiliates as such, shall have any liability for any obligations of the Issuer under the Senior Secured Notes Indenture (including the Guarantees), the Senior Secured Notes or the Security Documents or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder by accepting a Senior Secured Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Senior Secured Notes. Such waiver may not be effective to waive liabilities under the U.S. federal securities laws and it is the view of the Commission that such a waiver is against public policy.

Prescription

Claims against the Issuer or any Guarantor for the payment of principal, or premium, if any, on the Senior Secured Notes will be prescribed 10 years after the applicable due date for payment thereof. Claims against the Issuer or any Guarantor for the payment of interest on the Senior Secured Notes will be prescribed five years after the applicable due date for payment of interest.

Concerning the Trustee

The Trustee will be permitted to engage in other transactions with the Issuer and its Affiliates and Subsidiaries.

The holders of a majority in principal amount of the then outstanding Senior Secured Notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee, subject to certain exceptions. The Senior Secured Notes Indenture will provide that in case an Event of Default occurs (which has not been cured), the Trustee will be required, in the exercise of its power, to use the degree of care of a prudent man in the conduct of his own affairs. Subject to such provisions, the Trustee will be under no obligation to exercise any of its rights or powers under the Senior Secured Notes Indenture at the request of any holder of Senior Secured Notes unless such holder shall have offered to the Trustee security and indemnity satisfactory (including by way of pre-funding) to it against any loss, liability or expense.

Acknowledgment and Consent to Bail-In

Under this caption "*—Acknowledgment and Consent to Bail-In*":

"**Bail-in Legislation**" means (a) with respect to any EEA Member Country implementing Article 55 of BRRD of the European Parliament and of the Council of the European Union, the implementing law, regulation, rule or requirement for such EEA Member Country from time to time that is described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their Affiliates (other than through liquidation, administration or other insolvency proceedings).

"**BRRD**" means Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms.

"**BRRD Liability**" means a liability in respect of which the relevant write-down and conversion powers in the applicable Bail-in Legislation may be exercised.

"**BRRD Party**" means HSBC Bank PLC, as Registrar, Paying Agent and Transfer Agent with respect to the Euro Senior Secured Notes under the Senior Secured Notes Indenture.

"**Bail-in Powers**" means any write-down and conversion powers as defined in relation to the relevant Bail-in Legislation.

"**EU Bail-in Legislation Schedule**" means the document described as such and published by the Loan Market Association (or any successor person) from time to time.

"**Relevant Resolution Authority**" means the resolution authority with the ability to exercise any Bail-in Powers in relation to the relevant BRRD Party.

Notwithstanding and to the exclusion of any other term of the Senior Secured Notes Indenture or any other agreements, arrangements, or understanding between the parties, each counterparty to a BRRD Party under the Senior Secured Notes Indenture shall acknowledge and accept that a BRRD Liability arising under the Senior Secured Notes Indenture may be subject to the exercise of Bail-in Powers by the Relevant Resolution Authority, and acknowledge, accept, and agree to be bound by:

(a) the effect of the exercise of Bail-in Powers by the Relevant Resolution Authority in relation to any BRRD Liability of any BRRD Party to it under the Senior Secured Notes Indenture, that (without limitation) may include and result in any of the following, or some combination thereof:

(i) the reduction of all, or a portion, of the BRRD Liability or outstanding amounts due thereon;

(ii) the conversion of all, or a portion, of the BRRD Liability into shares, other securities or other obligations of the relevant BRRD Party or another person (and the issue to or conferral on it of such shares, securities or obligations);

(iii) the cancellation of the BRRD Liability; or

(iv) the amendment or alteration of the amounts due in relation to the BRRD Liability, including any interest, if applicable, thereon, the maturity or the dates on which any payments are due, including by suspending payment for a temporary period; and

(b) the variation of the terms of the Senior Secured Notes Indenture, as deemed necessary by the Relevant Resolution Authority, to give effect to the exercise of Bail-in Powers by the Relevant Resolution Authority.

Certain Definitions

"**Acquired Indebtedness**" means Indebtedness of any Person:

(a) existing at the time such Person becomes a Restricted Subsidiary;

(b) assumed in connection with the acquisition of assets from such Person; or

(c) existing at the time such Person merges, consolidates or amalgamates with the Company or any Restricted Subsidiary;

in each case, other than Indebtedness incurred in connection with, or in contemplation of, such Person becoming a Restricted Subsidiary or such acquisition, merger, consolidation or amalgamation, as the case may be (it being understood and agreed, for the avoidance of doubt, that, so long as the aggregate principal amount of such Indebtedness is not increased thereby, the terms of Acquired Indebtedness may be amended, restated, supplemented or otherwise modified substantially concurrently with such Person becoming a Restricted Subsidiary or such acquisition, merger, consolidation or amalgamation, as the case may be, and such amendment, restatement, supplement or other modification shall not cause such Indebtedness to cease to be Acquired Indebtedness).

Except as otherwise provided herein, Acquired Indebtedness shall be deemed to be incurred on the date such Person becomes a Restricted Subsidiary, on the date of such acquisition of assets from such Person or at the time of such merger, consolidation or amalgamation, as the case may be.

"**Acquisition**" means any acquisition (including pursuant to a merger, consolidation or amalgamation involving the Company or any Subsidiary) of Capital Stock in, or all or substantially all the assets of (or all or substantially all the assets constituting a business unit, division, product line or line of business of), any Person.

"**Acquisition Indebtedness**" means Indebtedness of a Person incurred to finance any Acquisition, including Indebtedness incurred to refinance existing Indebtedness of any Person that is the subject of such Acquisition.

"**Affiliate**" means, with respect to any specified Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person.

For the purposes of this definition, "control", when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through ownership of Voting Stock, by contract or otherwise; and the terms "controlling" and "controlled" shall have meanings correlative to the foregoing.

"**Applicable Redemption Premium**" means, with respect to any Senior Secured Note on any redemption date, the greater of (a) one percent of the principal amount of the Senior Secured Note and (b):

(i) with respect to any Dollar Senior Secured Note, the excess of:

(1) the present value at such redemption date of the redemption price of such Dollar Senior Secured Note at January 15, 2023, plus all required interest payments that would otherwise be due to be paid on such Dollar Senior Secured Note during the period between the redemption date and January 15, 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

(2) the principal amount of such Dollar Senior Secured Note; and

(ii) with respect to any Euro Senior Secured Note, the excess of:

(1) the present value at such redemption date of the redemption price of such Euro Senior Secured Note at January 15, 2023, plus all required interest payments that would otherwise be due to be paid on such Euro Senior Secured Note during the period between the redemption date and January 15, 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

(2) the principal amount of such Euro Senior Secured Note.

For the avoidance of doubt, calculation of the Applicable Redemption Premium shall not be a duty or obligation of the Trustee or any Paying Agent.

"**Aromatics and Acetyls Businesses**" means the Target Business (as defined in the BP Acquisition Agreement).

"**Asset Sale**" means any sale, issuance, conveyance, transfer, lease or other disposition (including by way of merger, consolidation, amalgamation or sale and leaseback transaction) (collectively, a "**disposition**"), directly or indirectly, in one or a series of related transactions, of:

(a) any Capital Stock of any Restricted Subsidiary (other than directors' qualifying shares and other nominal amounts of Capital Stock that are required to be held by other Persons under applicable law);

(b) all or substantially all of the properties and assets of any division or line of business of the Company and its Restricted Subsidiaries; or

(c) any other properties or assets of the Company or any of its Restricted Subsidiaries other than in the ordinary course of business.

Notwithstanding the foregoing, the term "Asset Sale" shall not include any disposition of properties and assets:

(i) that is governed by provisions described under "—*Consolidation, Merger, Sale of Assets*";

(ii) that is by the Company to any Restricted Subsidiary, or by any Restricted Subsidiary to the Company or any other Restricted Subsidiary, in accordance with the terms of the Senior Secured Notes Indenture;

(iii) that is a disposition of cash, cash equivalents or Temporary Cash Investments;

(iv) that is a disposition of inventory, trading stock or other assets (A) in the ordinary course of business or (B) pursuant to an inventory financing or similar arrangement that is permitted pursuant to paragraph (b) of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*";

(v) that is a disposition of obsolete, used, surplus or worn-out equipment or other assets or of any assets that are no longer useful or economically practicable to maintain in the conduct of the business of the Company or any Restricted Subsidiary (including allowing any registrations or any applications for registration of any Intellectual Property Rights to lapse or go abandoned);

(vi) the Fair Market Value of which, in the aggregate, does not exceed €50.0 million in any transaction or series of related transactions;

(vii) that is a Restricted Payment permitted under the covenant described in "*—Certain Covenants—Limitation on Restricted Payments*" or a Permitted Payment or a Permitted Investment or a disposition of Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary;

(viii) that is a disposition as part of any Permitted Reorganization;

(ix) that is a disposition of receivables (and/or related assets, including any credit support or payment instruments relating to receivables) in connection with the compromise, settlement or collection thereof or in the ordinary course of business (including, in each case, pursuant to any "factoring" or similar arrangement) or in insolvency, bankruptcy or similar proceedings;

(x) that is a foreclosure, condemnation or any similar action with respect to any property or assets or a surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind, including the unwinding of Hedging Agreements in accordance with the terms thereof;

(xi) that is a disposition of Receivables Assets in connection with any Permitted Receivables Financing or the conversion or exchange of accounts receivable for notes receivable;

(xii) that is by the Company or a Restricted Subsidiary by way of lease or license in respect of land to a trading counterparty to which the Company or such Restricted Subsidiary, as applicable, provides services on that land in the ordinary course of its trading;

(xiii) that is a disposition of assets to a joint venture of the Company or any of its Restricted Subsidiaries; *provided* that (A) no other party to such joint venture is an Affiliate of the Company, (B) such disposition must be for fair consideration as determined in good faith by the Board of Directors or senior management of the Company and (C) the aggregate amount of the dispositions made to joint ventures pursuant to this clause (xiii) since the Issue Date, less the aggregate amount of cash, cash equivalents and Temporary Cash Investments received by the Company and its Restricted Subsidiaries in exchange for such dispositions, does not exceed the greater of (x) €475.0 million and (y) 5.00% of Total Assets at the time of (but prior to giving effect to) such disposition;

(xiv) that is a disposition of an Investment in any joint venture to the extent required by, or made pursuant to, contractual buy/sell or similar arrangements between the joint venture parties set forth in the agreements relating to such joint venture; *provided* that the relevant agreement resulted from *bona fide* arm's length negotiation at the time it was entered into;

(xv) that is a disposition of Capital Stock of a Restricted Subsidiary pursuant to an agreement or other obligation with or to a Person (other than the Company or any of its Restricted Subsidiaries) from which such Restricted Subsidiary was acquired, or from which such Restricted Subsidiary acquired its business and assets (having been newly formed in connection with such acquisition), made as part of such acquisition and, in each case, comprising all or part of the consideration in respect of such acquisition;

(xvi) that is a grant of a Lien that is not prohibited by the covenant described in "*—Certain Covenants—Limitation on Liens*" or a disposition in connection with such Lien;

(xvii) that is a grant of licenses to Intellectual Property Rights to third parties on an arm's length basis in the ordinary course of business; or

(xviii) that is a lease, sublease, license, sublicense or other grant of rights to use or exploit, occupancy agreements in respect of or other assignments of, any property, including Intellectual Property Rights, in each case that does not, individually or in the aggregate, materially interfere with the business of the Company and its Restricted Subsidiaries, taken as a whole, as determined in good faith by the Board of Directors or senior management of the Company.

In the event that a transaction (or a portion thereof) meets the definition of an Asset Sale or an exclusion from the definition of Asset Sale and would also be a Restricted Payment, Permitted Payment or Permitted Investment permitted under the Senior Secured Notes Indenture, the Company, in its sole discretion, will be entitled to divide and classify such transaction (or such portion thereof) as an Asset Sale or an exclusion from an Asset Sale and/or one or more of the types of Restricted Payments, Permitted Payments or Permitted Investments, as the case may be, permitted under the Senior Secured Notes Indenture.

"**Asset Sale Offer**" has the meaning provided in clause (c)(1) of the "*—Limitation on Sale of Assets*" covenant.

"**Attributable Debt**" means, with respect to any sale and leaseback transaction at the time of determination, the present value (discounted at the interest rate implicit in the lease determined in accordance with IFRS or, if not known, at the Company's incremental borrowing rate) of the total obligations of the lessee of the property subject to such lease for rental payments during the remaining term of the lease included in such sale and leaseback transaction, including any period for which such lease has been extended or may, at the option of the lessor, be extended, or until the earliest date on which the lessee may terminate such lease without penalty or upon payment of penalty (in which case the rental payments shall include such penalty), after excluding from such rental payments all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges.

"**Average Life**" means, as of the date of determination with respect to any Indebtedness, the quotient obtained by dividing:

(a) the sum of the products of:

(x) the number of years from the date of determination to the date or dates of each successive scheduled principal payment of such Indebtedness, multiplied by

(y) the amount of each such principal payment, by

(b) the sum of all such principal payments.

"**Belgian Guarantor**" means any Guarantor organized under the laws of Belgium.

"**Board of Directors**" means:

(a) with respect to a corporation, the board of directors (or analogous governing body) of such corporation or any committee thereof duly authorized to act on behalf of such board;

(b) with respect to a partnership, the board of directors (or analogous governing body) of such partnership or of the general partner of such partnership or, in each case, any committee thereof duly authorized to act on behalf of such board;

(c) with respect to a limited liability company (including a public limited company and a private limited company incorporated under the laws of England and Wales), the board of directors (or analogous governing body) of such company or of the managing member or members thereof, or any committee thereof duly authorized to act on behalf of such board, or the managing member or members thereof, or any controlling committee of managing members thereof; and

(d) with respect to any Person, the board or committee of such Person serving a similar function.

"**BP Acquisition**" means the direct or indirect acquisition by the Company and/or any of its Restricted Subsidiaries of the Aromatics and Acetyls Businesses pursuant to the BP Acquisition Agreement.

"**BP Acquisition Agreement**" means the Sale and Purchase Agreement dated June 29, 2020, as amended by the Amendment and Restatement Agreement dated July 3, 2020, as further amended by the Amendment Agreement dated October 12, 2020 and the Further Amendment and Adherence Agreement dated December 29, 2020, between, among others, BP P.L.C., a company incorporated under the laws of England and Wales, INEOS Holdings AG, a company incorporated in Switzerland, and the Company, together with all schedules, annexes and disclosure letters thereto and the other "Transaction Documents" referred to therein.

"**Bund Rate**" means, as of any redemption date, the greater of (i) 0% and (ii) the rate per annum equal to the equivalent yield to maturity as of such redemption date of the Comparable German Bund Issue, assuming a price for the Comparable German Bund Issue (expressed as a percentage of its principal amount) equal to the Comparable German Bund Price for such relevant date, where:

(a) "**Comparable German Bund Issue**" means the German Bundesanleihe security selected by any Reference German Bund Dealer as having a fixed maturity most nearly equal to the period from such redemption date to January 15, 2023, and that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of Euro-denominated corporate debt securities in a principal amount approximately equal to the then outstanding principal amount of the Senior Secured Notes and of a maturity most nearly equal to January 15, 2023, *provided*, *however*, that, if the period from such redemption date to January 15, 2023, is less than one year, a fixed maturity of one year shall be used;

(b) "**Comparable German Bund Price**" means, with respect to any relevant date, the average of all Reference German Bund Dealer Quotations for such date (which, in any event, must include at least two such quotations), after excluding the highest and lowest such Reference German Bund Dealer Quotations, or if the Issuer obtains fewer than four such Reference German Bund Dealer Quotations, the average of all such quotations;

(c) "**Reference German Bund Dealer**" means any dealer of German Bundesanleihe securities appointed by the Issuer in good faith; and

(d) "**Reference German Bund Dealer Quotations**" means, with respect to each Reference German Bund Dealer and any relevant date, the average as determined by the Issuer of the bid and offered prices for the Comparable German Bund Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Issuer by such Reference German Bund Dealer at 3:30 p.m. Frankfurt am Main, Germany time on the third business day in Germany preceding the relevant date.

"**Business Day**" means any day excluding Saturday, Sunday and any other day on which banking institutions in Frankfurt, London or New York City are authorized by law or other governmental actions to remain closed; *provided, however,* that for any payments to be made in Euro under the Senior Secured Notes Indenture, such day shall also be a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer ("TARGET") payment system is open for the settlement of payments.

"**Capital Expenditure**" means any expenditure or obligations of the Group in respect of expenditure (including any obligation in respect of the capital element of any finance lease) for the acquisition of equipment, fixed assets, real property, intangible assets and other assets of a capital nature, or for the replacements or substitutions therefor or additions or improvements thereto, that in any such case have a useful life of more than one year, together, in any case, with costs incurred in connection therewith all as accounted for as capital expenditure, excluding any Capital Expenditures that are financed with the proceeds of any Asset Sale applied in accordance with clause (1) of paragraph (b) of the covenant described under "*—Certain Covenants—Limitation on Sale of Assets*".

"**Capital Stock**" of any Person means any and all shares, interests, limited liability company interests, participations, rights in or other equivalents (however designated) of such Person's capital stock, partnership interests (whether general or limited), other equity interests and any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, such Person and any rights (other than debt securities or other Indebtedness exchangeable or convertible into Capital Stock prior to the exchange or conversion thereof), warrants or options exchangeable for or convertible into such Capital Stock.

"**Cash Management Arrangements**" means (a) any cash management, cash pooling or netting or setting off arrangements, any arrangement for the honoring of checks, drafts or similar instruments and any other treasury, depositary or similar services, including services with respect to commercial credit cards, stored value cards, purchasing cards, treasury management, check drawing and automated payment services (including depositary, overdraft, controlled disbursement, ACH transactions, return items, interstate depositary network services, Society for Worldwide Interbank Financial Telecommunication transfers, cash pooling and operational foreign exchange management), dealer incentive, supplier finance or similar programs, current account facilities and arrangements or services similar to any of the foregoing and (b) any Metals Arrangement that, in accordance with the definition of such term, the Company elected to constitute a Cash Management Arrangement.

"**Cash Management Provider**" shall have the meaning provided in the Intercreditor Agreement.

"**Change of Control**" means the occurrence of any of the following events:

(a) prior to the consummation of an initial Public Equity Offering, the Permitted Holders cease to be the "beneficial owners" (as defined in Rules 13d-3 and 13d-5 under the U.S. Exchange Act), directly or indirectly, of at least 50% of the total voting power represented by the outstanding Voting Stock of the Company;

(b) on and after the consummation of an initial Public Equity Offering, any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the U.S. Exchange Act), other than the Permitted Holders, is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the U.S. Exchange Act), directly or indirectly, of more than 50% of the total voting power represented by the outstanding Voting Stock of the Company; *provided* that any Voting Stock of which any Permitted Holder is the "beneficial owner" (other than deemed beneficial ownership derived from membership in a "group") shall not be included in any Voting Stock of which any other "person" or "group" is the "beneficial owner", unless such "person" or "group" is not an Affiliate of a Permitted Holder and has the sole voting power with respect to such Voting Stock; or

(c) the Company consolidates with or merges with or into any Person or sells, assigns, conveys, transfers, leases or otherwise disposes of all or substantially all of its Consolidated assets to any Person (other than any Restricted Subsidiary), or any Person consolidates with or merges into or with the Company, in any such event pursuant to a transaction in which the outstanding Voting Stock of the Company is converted into or exchanged for cash, securities or other property, other than any such transaction where (i) the outstanding Voting Stock of the Company is converted into or exchanged for Voting Stock of the surviving Person and (ii) immediately after such transaction, no "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the U.S. Exchange Act), other than the Permitted Holders, is the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the U.S. Exchange Act), directly or indirectly, of more than 50% of the total voting power represented by the outstanding Voting Stock of the surviving Person; *provided* that any Voting Stock of which any Permitted Holder is the "beneficial owner" (other than deemed beneficial ownership derived from membership in a "group") shall not be included in any Voting Stock of which any other "person" or "group" is the "beneficial owner", unless such "person" or "group" is not an Affiliate of a Permitted Holder and has the sole voting power with respect to such Voting Stock.

For purposes of this definition, any transfer of Capital Stock of an entity that was formed for the purpose of acquiring Voting Stock of the Company will be deemed to be a transfer of such portion of such Voting Stock as corresponds to the portion of the Capital Stock of such entity that has been so transferred.

"**Clearstream**" means Clearstream Banking, *société anonyme*.

"**Code**" means the Internal Revenue Code of 1986, as amended from time to time.

"**Collateral**" means the Initial Collateral, the Subsequent Collateral and all other rights, property and assets in which a security interest is granted or purported to be granted pursuant to any Security Document to secure the Senior Secured Notes or any Guarantee.

"**Commission**" means the U.S. Securities and Exchange Commission, as from time to time constituted, created under the Exchange Act, or if at any time after the execution of the Senior Secured Notes Indenture, the U.S. Securities

and Exchange Commission is not existing and performing the duties now assigned to it under the Securities Act and the Exchange Act, then the body performing such duties at such time.

"**Commodity Hedging Agreement**" means (a) any forward contract, commodity swap, commodity option or other similar financial agreement or arrangement relating to, or the value of which is dependent upon, fluctuations in commodity prices and (b) any Metals Arrangement that, in accordance with the definition of such term, the Company elected to constitute a Commodity Hedging Agreement.

"**Company**" means:

(a) INEOS Quattro Financing Limited, until any designation is made in accordance with clause (b) below; or

(b) any other Subsidiary of the Parent (1) that guarantees (or, substantially concurrently with such designation, will guarantee, including as a result of the assumption of obligations referred to in clause (iii) below) the Senior Secured Notes and (2) is designated, as part of any Permitted Reorganization, by the then current Company to be the "Company" by written notice to the Trustee, *provided* that (i) such other Subsidiary is wholly owned by the Parent, (ii) the Issuer is a wholly owned direct or indirect Subsidiary of such other Subsidiary and (iii) such other Subsidiary expressly assumes the obligations of the Company under each of the Senior Secured Notes Documents to which the Company is a party pursuant to agreements reasonably satisfactory to the Trustee;

in each case, until a successor replaces such Person pursuant to the covenant described under the caption "— *Consolidation, Merger, Sale of Assets*", and thereafter (unless another Subsidiary of the Parent is designated in accordance with clause (b) of this definition), shall mean such successor. It is understood and agreed that any designation under clause (b) of this definition may be made concurrently with any designation under clause (b) of the definition of Parent, in which case the satisfaction of the requirements set forth in clause (b) of this definition shall be determined on a *pro forma* basis immediately after giving effect to each such designation.

In the event any other Subsidiary of the Parent is designated as the "Company" pursuant to and in accordance with the provisions of clause (b) above, upon the effectiveness of such designation the Subsidiary that was the Company immediately prior thereto shall cease to be the "Company" for all purposes of the Senior Secured Notes and the other Senior Secured Notes Documents.

"**Consolidated Adjusted EBITDA**" of any Person means, for any period, (a) Consolidated Net Income (Loss) for such period of such Person and its Restricted Subsidiaries, *plus* (b) the sum of, in each case to the extent deducted in computing Consolidated Net Income (Loss) for such period, Consolidated Interest Expense, Consolidated Income Tax Expense and Consolidated Non-Cash Charges for such period of such Person and its Restricted Subsidiaries, all determined in accordance with IFRS, *plus* (c) a *pro forma* adjustment for the amount of any "run rate" cost savings, operating expense reductions, synergies and operating improvements (including "run rate" operating improvements arising from any acquisition, construction, development or improvement of any plant, facility or other assets used or to be used in the business of the Company and its Restricted Subsidiaries) (collectively, "**Run Rate Adjustment**") (such adjustment to be calculated on a pro forma basis as though such cost savings, operating expense reductions, synergies and operating improvements had been realized on the first day of such period, but net of the actual amounts realized) relating to Asset Sales, Acquisitions, Investments, dispositions, Capital Expenditures, restructurings, cost saving initiatives, business optimization initiatives and similar initiatives that are projected by the Parent in good faith to be realized by the Group within 18 months after the consummation, adoption or implementation of the applicable transaction, events or initiatives.

"**Consolidated First Lien Net Leverage Ratio**" means, as at any date of determination, the ratio of (a) the Consolidated Senior Secured Net Debt of the Group as of such date to (b) Consolidated Adjusted EBITDA of the Group for the most recent period of four full fiscal quarters ending immediately prior to such date for which financial statements are available, in each case after giving *pro forma* effect to:

(a) the incurrence of the Indebtedness giving rise to the need to make such calculation and (if applicable) the application of the net proceeds therefrom, including to refinance other Indebtedness, as if such Indebtedness was incurred, and the application of such proceeds occurred, on the first day of such period;

(b) the incurrence, repayment or retirement of any other Indebtedness by the Group Companies since the first day of such period as if such Indebtedness was incurred, repaid or retired at the beginning of such period; *provided*, *however*, that the *pro forma* calculation of Consolidated First Lien Net Leverage Ratio shall not give effect to (A) any Indebtedness incurred on the date of determination pursuant to paragraph (b) of "*—Certain Covenants—Limitation on Indebtedness*" (other than clause (1)(D) of such paragraph or, to the extent such Indebtedness is Senior Secured Indebtedness and is incurred in reliance on clause (i) of the definition of Permitted Collateral Liens, clause (14) of such paragraph (b)) and (B) any repayment or retirement of any Indebtedness on the date of determination to the extent such repayment or retirement results from the proceeds of Indebtedness incurred pursuant to paragraph (b) of "*—Certain Covenants—Limitation on Indebtedness*" (other than clause (1)(D) or clause (14) of such paragraph (b)); and

(c) any acquisition or disposition by the Group Companies of any Person or any business or any assets out of the ordinary course of business, whether by merger, consolidation, amalgamation, stock purchase or sale or asset purchase or sale, and any related incurrence or repayment or retirement of Indebtedness, in each case since the first day of such period, assuming such acquisition or disposition had been consummated on the first day of such period.

For purposes of this definition, whenever *pro forma* effect is to be given to any transaction or calculation, the *pro forma* calculations (including in respect of the Run Rate Adjustment) will be as determined in good faith by a responsible financial or accounting officer of the Parent.

"**Consolidated Fixed Charge Coverage Ratio**" of any Person means, for any period, the ratio of (i) the Consolidated Adjusted EBITDA of the Group for such period to (ii) the sum of Consolidated Interest Expense of the Group for such period, plus cash and noncash dividends due (whether or not declared) on any Preferred Stock of any Group Company paid or payable during such period to any Person (other than to a Group Company or to a joint venture partner in such Group Company), in each case after *giving pro forma* effect to:

(a) the incurrence of the Indebtedness giving rise to the need to make such calculation and (if applicable) the application of the net proceeds therefrom, including to refinance other Indebtedness, as if such Indebtedness was incurred, and the application of such proceeds occurred, on the first day of such period;

(b) the incurrence, repayment or retirement of any other Indebtedness by the Group Companies since the first day of such period as if such Indebtedness was incurred, repaid or retired at the beginning of such period; *provided*, *however*, that the *pro forma* calculation of Consolidated Interest Expense shall not give effect to (A) any Indebtedness incurred on the date of determination pursuant to paragraph (b) of "*—Certain Covenants—Limitation on Indebtedness*" (other than clause (14) of such paragraph (b)) and (B) any repayment or retirement of any Indebtedness on the date of determination to the extent such repayment or retirement results from the proceeds of Indebtedness incurred pursuant to paragraph (b) of "*—Certain Covenants—Limitation on Indebtedness*" (other than clause (14) of such paragraph (b)); and

(c) any acquisition or disposition by the Group Companies of any Person or any business or any assets out of the ordinary course of business, whether by merger, consolidation, amalgamation, stock purchase or sale or asset purchase or sale, and any related incurrence or repayment or retirement of Indebtedness, in each case since the first day of such period, assuming such acquisition or disposition had been consummated on the first day of such period;

provided that, in making any computation under clauses (a), (b) and (c) above, (A) the Consolidated Interest Expense attributable to interest on any Indebtedness computed on a *pro forma* basis and (x) bearing a floating interest rate shall be computed as if the rate in effect on the date of computation had been the applicable rate for the entire period and (y) which was not outstanding during the period for which the computation is being made but which bears, at the option of such Person, a fixed or floating rate of interest, shall be computed by applying at the option of such Person either the fixed or floating rate (in the case of clauses (x) and (y), taking into account any Interest Rate Agreement applicable to such Indebtedness for a period equal to the remaining term of such Interest Rate Agreement) and (B) the Consolidated Interest Expense attributable to interest on any Indebtedness under a revolving credit facility computed on a *pro forma* basis shall be computed based upon the average daily balance of such Indebtedness during the applicable period.

For purposes of this definition, whenever *pro forma* effect is to be given to any transaction or calculation, the *pro forma* calculations (including in respect of the Run Rate Adjustment) will be as determined in good faith by a responsible financial or accounting officer of the Parent.

"**Consolidated Income Tax Expense**" of any Person means, for any period, the provision for federal, national, state and local income taxes of the United States, United Kingdom, Germany or any other jurisdiction of such Person and its Restricted Subsidiaries for such period, on a Consolidated basis determined in accordance with IFRS.

"**Consolidated Interest Expense**" of any Person means, without duplication, for any period, the sum of:

(a) the interest expense (net of interest income) of such Person and its Restricted Subsidiaries for such period, determined on a Consolidated basis in accordance with IFRS, excluding any debt issuance costs and currency translation differences, and in each case any amortization thereof, and any interest expense on employee benefit liabilities, but including (to the extent included in such interest expense):

(1) amortization of debt discount;

(2) the net costs associated with Interest Rate Agreements and, to the extent relating to Indebtedness, Currency Hedging Agreements (but excluding, for the avoidance of doubt, net costs associated with any other Hedging Agreements);

(3) the interest portion of any deferred payment obligation;

(4) all commissions, discounts and other fees and charges owed with respect to letters of credit and bankers acceptance financing; and

(5) accrued interest; *plus*

(b) the interest component of the Finance Lease Obligations accrued by such Person and its Restricted Subsidiaries during such period, determined on a Consolidated basis in accordance with IFRS; *plus*

(c) the interest expense under any Guaranteed Debt of such Person or any of its Restricted Subsidiaries (other than in respect of any Indebtedness of such Person or any of its Restricted Subsidiaries) to the extent not included under clause (a) above (and excluding any debt issuance costs and currency translation differences, and in each case any amortization thereof, and any interest expense on employee benefit liabilities), to the extent paid by such Person or its Restricted Subsidiaries during such period.

"**Consolidated Net Income (Loss)**" of any Person means, for any period, the net income (or loss) of such Person and its Restricted Subsidiaries for such period, determined on a Consolidated basis in accordance with IFRS, adjusted, to the extent included (or, in the case of lost profits referred to in clause (q) below, not included) in calculating such net income (or loss), to exclude (or, in the case of lost profits referred to in clause (q) below, to include), without duplication:

(a) all extraordinary or exceptional gains or charges, losses or expenses, net of taxes;

(b) the portion of net income (or loss) of such Person and its Restricted Subsidiaries on a Consolidated basis attributable to interests in unconsolidated Persons or Unrestricted Subsidiaries, except to the extent that cash dividends or distributions have actually been received by such Person or any of its Restricted Subsidiaries (or, in the case of net loss of any such unconsolidated Person or Unrestricted Subsidiary, to the extent such Person or any of its Restricted Subsidiaries has made during such period a cash investment in such Person or Unrestricted Subsidiary); *provided* that, in the case of any increase in net income (or any decrease in net loss) of such Person and its Restricted Subsidiaries on a Consolidated basis attributable to interests in any unconsolidated Person, this clause (b) shall not apply to the extent the aggregate amount of such increase (or such decrease) attributable to interests in all unconsolidated Persons does not exceed for such period €10,000,000;

(c) net income (or loss) of any Person combined with such Person or any of its Restricted Subsidiaries on a "pooling of interests" basis attributable to any period prior to the date of combination;

(d) (i) any gain or charge, loss or expense, net of taxes, realized upon the termination or modification of any employee benefit plan or (ii) any non-cash interest expense on employee benefit liabilities, net of any non-cash interest income on defined benefit pension plan assets;

(e) (i) any charge, loss or expense attributable to any disposed, divested and/or discontinued operations or (ii) any gain or charge, loss or expense, net of taxes, in respect of dispositions, divestitures or discontinuation of assets or operations other than in the ordinary course of business;

(f) the net income of any Restricted Subsidiary to the extent that the declaration of dividends or similar distributions by such Restricted Subsidiary of that income is not at the time permitted, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to such Restricted Subsidiary or its shareholders, in each case, other than by encumbrances and restrictions which are not prohibited by the covenant described under "*—Certain Covenants—Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries*";

(g) the amount of any deduction attributable to non-controlling interests in any non-wholly owned Restricted Subsidiary of such Person;

(h) any net gain or charge, loss or expense arising from the acquisition of any securities or from early extinguishment of any Indebtedness or early termination of any Hedging Agreement, including any charge, loss or expense with respect to any write-off or amortization of any deferred financing costs and/or premiums paid;

(i) any non-cash compensation charge arising from any grant of stock, stock options or other equity based awards;

(j) any charges, losses or expenses attributable to the undertaking and/or implementation of restructurings, cost savings initiatives, operating improvements, business optimization initiatives and similar initiatives, including (i) charges, losses and expenses in connection with any integration, any reconfiguration of fixed assets for alternative uses, any construction, development or improvement of any assets, any opening, closure or consolidation of any operations, any project startup or any other strategic initiative, (ii) systems implementation costs and (iii) any severance costs and any retention or completion bonuses;

(k) (i) any unrealized foreign currency translation or transaction gains or losses in respect of Indebtedness or other obligations of such Person or any of its Restricted Subsidiaries, (ii) any unrealized foreign currency gains or losses relating to translation of assets and liabilities denominated in foreign currencies and (iii) any unrealized gains or losses arising from changes in the fair value of Hedging Obligations;

(l) the impact of capitalized or accreting or pay-in-kind interest or principal on Subordinated Shareholder Funding;

(m) (i) any non-cash charges, losses or expenses arising from any write-off and/or write-down of assets, including any impairment charge, or any amortization of goodwill or other intangible assets (but not depreciation of fixed assets), or (ii) any non-cash gain on revaluation of assets;

(n) the cumulative effect of a change in accounting principles;

(o) any charge, loss or expense (including non-cash charges) relating to the Transactions;

(p) any charge, loss or expense (including non-cash charges) relating to any Permitted Reorganization, including the amount of incremental amortization or depreciation arising as a result of any adjustments to inventory, equipment and other assets arising as a result of the consummation of, and any other charge, loss or expense arising from other accounting effects of the consummation of, such Permitted Reorganization;

(q) charges, losses, expenses and lost profits (as determined in good faith by the responsible financial or accounting officer of the Parent) to the extent covered by insurance or third party indemnity or similar

arrangements, including any indemnification provisions in connection with any Acquisition or any disposition of assets and, in the case of lost profits, any business interruption insurance, in each case, to extent that (i) such amounts are actually reimbursed or (ii) coverage has not been denied in writing by the applicable insurer or indemnitor and the Parent has made a determination that there exists reasonable evidence that such amounts will in fact be reimbursed by the applicable insurer or indemnitor within 365 days of such determination (with a deduction for any amount so added back to the extent not so reimbursed within 365 days); and

(r) (i) any gains or charges, losses or expenses relating to contingent or deferred consideration payable by such Person or its Restricted Subsidiaries in connection with any Acquisition for such period, including any gains or charges, losses or expenses arising from changes in the fair value of such contingent or deferred consideration, (ii) the amount of incremental amortization or depreciation arising as a result of any adjustments to inventory, equipment and other assets arising as a result of the consummation of, and any other expense, loss or other charge arising from other accounting effects of the consummation of, any Acquisition and (iii) any charge, loss or expense that is established, adjusted and/or incurred, as applicable, (A) within 12 months after December 31, 2020 that is required to be established, adjusted or incurred, as applicable, as a result of the Transactions in accordance with IFRS or (B) within 12 months after the closing of any Acquisition that is required to be established, adjusted or incurred, as applicable, as a result of such Acquisition in accordance with IFRS.

"**Consolidated Non-Cash Charges**" of any Person means, for any period, the aggregate depreciation, amortization and other non-cash charges, losses or expenses of such Person and its Restricted Subsidiaries for such period on a Consolidated basis determined in accordance with IFRS (excluding any non-cash charge, loss or expense that represents an accrual or reserve for cash payments in any future period).

"**Consolidated Senior Secured Net Debt**" means, at any time:

(a) the outstanding principal amount of Funded Indebtedness that is Senior Secured Indebtedness of the Group, determined on a Consolidated basis in accordance with IFRS, at such time; *minus*

(b) the aggregate amount of cash, cash equivalents and Temporary Cash Investments (which, in each case, for purposes of this definition shall only include amounts restricted in favor of any such Indebtedness or amounts which are unrestricted, but shall not include proceeds of any incurrence of Indebtedness with respect to which the calculation is then being made) held by the Group at such time.

"**Consolidated Total Net Debt**" means, at any time:

(a) the outstanding principal amount of Funded Indebtedness of the Group, determined on a Consolidated basis in accordance with IFRS, at such time; *minus*

(b) the aggregate amount of cash, cash equivalents and Temporary Cash Investments (which, in each case, for purposes of this definition shall only include amounts restricted in favor of any such Indebtedness or amounts which are unrestricted, but shall not include proceeds of any incurrence of Indebtedness with respect to which the calculation is then being made) held by the Group at such time.

"**Consolidated Total Net Leverage Ratio**" shall mean, as at any date of determination, the ratio of (a) the Consolidated Total Net Debt of the Group as of such date to (b) Consolidated Adjusted EBITDA of the Group for the most recent period of four full fiscal quarters ending immediately prior to such date for which financial statements are available, in each case after giving *pro forma* effect to:

(a) the incurrence of any Indebtedness incurred in connection with a transaction giving rise to the need to make such calculation and (if applicable) the application of the net proceeds therefrom, including to refinance other Indebtedness, as if such Indebtedness was incurred, and the application of such proceeds occurred, on the first day of such period;

(b) the incurrence, repayment or retirement of any other Indebtedness by the Group Companies since the first day of such period as if such Indebtedness was incurred, repaid or retired at the beginning of such period; and

(c) any acquisition or disposition by the Group Companies of any Person or any business or any assets out of the ordinary course of business, whether by merger, consolidation, amalgamation, stock purchase or sale or asset purchase or sale and any related incurrence or repayment or retirement of Indebtedness, in each case since the first day of such period, assuming such acquisition or disposition had been consummated on the first day of such period.

For purposes of this definition, whenever *pro forma* effect is to be given to any transaction or calculation, the *pro forma* calculations (including with respect to the Run Rate Adjustment) will be as determined in good faith by a responsible financial or accounting officer of the Parent.

"**Consolidation**" shall mean, with respect to any Person, the consolidation of the accounts of such Person and each of its Subsidiaries (or, to the extent specified herein, its Restricted Subsidiaries) if and to the extent the accounts of such Subsidiary would be required to be consolidated with those of such Person in accordance with IFRS. The term "**Consolidated**" shall have a similar meaning.

"**Credit Facilities**" means one or more debt facilities (including debt facilities made available under, or in accordance with, the Existing Term Loan B Facilities Agreement and the Term Loan and Revolving Credit Facility Agreement) or commercial paper facilities, credit facility agreements, notes, bonds, debentures, indentures, trust deeds, fiscal agency agreements, note purchase agreements, debt instruments or arrangements with banks, insurance companies or other institutional lenders or investors providing for revolving credit loans, term loans, receivables financing (including through the sale or factoring of receivables to such lenders or investors or to special purpose entities formed to borrow from or issue securities to such lenders against such receivables), letters of credit or other forms of guarantees and assurances, notes, bonds, debentures, indentures, trust deeds, fiscal agency agreements, note purchase agreements, debt instruments or other indebtedness, including overdrafts, in each case, as amended, restated, modified, renewed, refunded, replaced, refinanced, increased or extended in whole or in part from time to time, and whether or not with the original administrative agent and lenders or another administrative agent or agents or trustee or trustees or fiscal agents or agents or other banks or other institutional lenders or investors and whether provided under the Existing Term Loan B Facilities Agreement, the Term Loan and Revolving Credit Facility Agreement, the Existing Indenture or one or more other credit agreements or financing agreements or indentures or trust deeds or fiscal agency agreements or note purchase agreements or other debt instruments and in each case including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including any notes, bonds, debentures and letters of credit issued pursuant thereto and any guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term "**Credit Facility**" shall include any agreement or instrument (a) changing the maturity of any Indebtedness incurred thereunder or contemplated thereby, (b) adding Subsidiaries of the Company as additional borrowers or guarantors thereunder, (c) increasing the amount of Indebtedness incurred thereunder or available to be borrowed thereunder or (d) otherwise altering the terms and conditions thereof.

"**Currency Hedging Agreements**" means any foreign exchange contracts, currency swap agreements or other similar agreements or arrangements designed to protect against fluctuations in currency values.

"**Declined Proceeds**" means the share of any mandatory prepayment required to be made under the Existing Term Loan B Facilities Agreement or the Term Loan and Revolving Credit Facility Agreement rejected by any lenders thereunder pursuant to the terms thereof.

"**Default**" means any event, act or condition that with notice or lapse of time, or both, would constitute an Event of Default.

"**Designated Non-Cash Consideration**" means the Fair Market Value of non-cash consideration received by the Company or any of its Restricted Subsidiaries in connection with an Asset Sale that is designated as "Designated Non-Cash Consideration" pursuant to an Officer's Certificate of the Company delivered to the Trustee, which certificate shall set forth the basis of such valuation, less the amount of cash, cash equivalents or Temporary Cash Investments received in connection with a subsequent payment, redemption, retirement, sale or other disposition of such Designated Non-Cash Consideration. A particular item of Designated Non-Cash Consideration will no longer be considered to be outstanding when and to the extent it has been paid, redeemed, retired, sold or otherwise disposed of in compliance with the covenant described under "*—Limitation on Sale of Assets*".

"**Designation**" has the meaning provided under the "*—Limitation on Unrestricted Subsidiaries*" covenant.

"**Designation Amount**" has the meaning provided under the "*—Limitation on Unrestricted Subsidiaries*" covenant.

"**Disinterested Director**" means, with respect to any transaction or series of related transactions, a member of the Board of Directors of the Company who does not have any material direct or indirect financial interest in or with respect to such transaction or series of related transactions. A member of the Board of Directors of the Company shall not be deemed to have such a financial interest by reason of such member's holding Capital Stock of the Company or any Parent Holdco or Financing Subsidiary or any options, warrants or other rights in respect of such Capital Stock.

"**Dollar Senior Secured Notes Proceeds Loan Note**" means the loan note in the amount of the gross proceeds of the Dollar Senior Secured Notes issued on the Issue Date by and among INEOS 226, as borrower and INEOS Quattro Finance 2 Plc, as lender, and all loans directly or indirectly replacing or refinancing such loan or any portion thereof.

"**Dollars**" and "**US$**" mean dollars in lawful currency of the United States of America.

"**DTC**" means The Depository Trust Company.

"**Enterprise Business**" means INOVYN Limited's legacy salt, sulphur chemicals, biofuels and esters businesses, but excluding its brine and water business, which was divested as part of the creation of the INOVYN joint venture between an Affiliate of INEOS and an Affiliate of Solvay SA, a *société anonyme* organized under the laws of Belgium, and any successor thereto.

"**Escrow Indebtedness**" means Indebtedness that is initially incurred by a Person that is not the Company or a Restricted Subsidiary of the Company and the proceeds of which are initially funded and held in escrow pending such Person becoming a Restricted Subsidiary of the Company or transferring its assets to, or merging, consolidating or amalgamating with, the Company or a Restricted Subsidiary of the Company.

"**Escrowed Proceeds**" means the proceeds from the issuance of any debt securities or incurrence of any other Indebtedness paid into any escrow account on the date of the applicable issuance or incurrence pursuant to escrow arrangements that permit the release of amounts on deposit in such escrow account upon satisfaction of certain conditions or the occurrence of certain events, together with any cash, cash equivalents or Temporary Cash Investments paid into such escrow account to prefund the payment of interest, premiums, make-whole amounts, fees, costs or other expenses on such debt securities or such other Indebtedness. The term "**Escrowed Proceeds**" shall include any such escrow account and all funds, securities, interest, dividends, distributions and other property and payments deposited into or credited to such escrow account.

"**Euro**" or "**€**" shall mean the single currency of Participating Member States of the European Union.

"**Euro Equivalent**" means, (a) with respect to any amount in Euro, such amount and (b) with respect to any amount in a currency other than Euro, as of any date, the equivalent of such amount in Euro to be determined at the rate of exchange quoted by the Reuters World Currency Page for such currency other than Euro (or by reference to such other publicly available service for displaying exchange rates as may be selected by the Company) on or about the date of determination of such Euro Equivalent.

"**Euro Senior Secured Notes Proceeds Loan Note**" means the loan note in the amount of the gross proceeds of the Euro Senior Secured Notes issued on the Issue Date by and among INEOS 226, as borrower and INEOS Quattro Finance 2 Plc, as lender, and all loans directly or indirectly replacing or refinancing such loan or any portion thereof.

"**Euroclear**" means Euroclear Bank SA/NV.

"**European Government Obligations**" means direct obligations (or certificates representing an ownership interest in such obligations) of a member state of the European Union (including any agent or instrumentality thereof) for the payment of which the full faith and credit of such government is given.

"**Event of Default**" has the meaning provided under the caption "*—Events of Default*."

"**Exchange Act**" means the U.S. Securities Exchange Act of 1934, as amended, or any successor statute, and the rules and regulations promulgated by the Commission thereunder.

"**Excluded Jurisdiction**" means China (excluding Hong Kong), India, Indonesia, Jordan, Malaysia, Taiwan, Trinidad and Tobago and Turkey.

"**Excess Proceeds**" has the meaning provided under the "*—Limitation on Sale of Assets*" covenant.

"**Excluded Property**" has the meaning provided under clause (a)(e) of "*—Brief Description of the Senior Secured Notes, the Guarantees and the Security—Security—The Security Principles*".

"**Existing Credit Facilities**" means the Term Loan A Facilities, the Revolving Credit Facility and the Existing Term Loan B Facility.

"**Existing Indenture**" means the indenture dated as of January 31, 2020, among INEOS Styrolution Group GmbH, as the issuer, the guarantors named therein, The Bank of New York Mellon, London Branch, as trustee and principal paying agent, The Bank of New York Mellon SA/NV, Luxembourg Branch, as registrar, Luxembourg transfer agent and paying agent and Barclays Bank PLC, as security agent, as it may from time to time be supplemented or amended by one or more indentures supplemental thereto entered into pursuant to the applicable provisions thereof.

"**Existing Notes**" means the €600,000,000 aggregate principal amount of $2^{1}/_{4}$% Senior Secured Notes due January 16, 2027, issued by INEOS Styrolution Group GmbH on January 31, 2020.

"**Existing Term Loan B Facilities**" means the term loan facilities made available to INEOS Styrolution US Holding LLC and INEOS Styrolution Group GmbH pursuant to the Existing Term Loan B Facilities Agreement.

"**Existing Term Loan B Facilities Agreement**" means the credit agreement dated as of November 7, 2014 between, among others, INEOS Styrolution Group GmbH and INEOS Styrolution US Holding LLC as borrowers and guarantors, the other guarantors from time to time party thereto and Barclays Bank PLC as Administrative Agent and Security Agent, as amended and restated as of March 30, 2017 and as further amended and restated as of November 22, 2017, as further amended and restated as of January 31, 2020, as further amended on or prior to the Issue Date.

"**Fair Market Value**" as used in the Senior Secured Notes Indenture (except in relation to an enforcement action or distressed disposal pursuant to the Intercreditor Agreement and except as otherwise specifically provided in the Senior Secured Notes Indenture) shall be determined by the Board of Directors of the Company in good faith, and may be conclusively established by means of an Officer's Certificate or a resolution of the Board of Directors of the Company delivered to the Trustee, in each case, setting forth such fair market value as so determined.

"**Finance Lease Obligation**" of any Person shall mean any obligation of such Person under any lease of (or other agreement conveying the right to use) real or personal property which, in accordance with IFRS, is required to be accounted for as a finance lease. The amount of such obligation shall be the capitalized amount thereof determined in accordance with IFRS.

"**Financing Subsidiary**" means a financing Subsidiary of any Parent Holdco that is not a Parent Intermediate Holdco, the Company or a Restricted Subsidiary of the Company.

"**Fitch**" means Fitch Ratings, and any successor to its rating agency business.

"**French Guarantor**" means any Guarantor organized under the laws of France.

"**Fund**" means any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or investing in commercial loans and similar extensions of credit in the ordinary course.

"**Funded Indebtedness**" means Indebtedness of the type referred to in clauses (a), (b), (c) (solely with respect to Indebtedness in respect of drawings under letters of credit that have not been reimbursed), (d), (e), (g) and (j) of the definition of such term; *provided* that, to the extent otherwise included therein, Funded Indebtedness shall not include any Indebtedness in respect of any Cash Management Arrangements or any Hedging Agreements; *provided further* that Indebtedness of the type referred to in clauses (d) and (e) of the definition of such term shall constitute Funded Indebtedness only if such Indebtedness would be reflected as financial indebtedness (or a similar line item) on the Parent's Consolidated balance sheet prepared in accordance with IFRS.

"**German Guarantor**" means any Guarantor organized under the laws of Germany.

"**Governmental Authority**" means any nation, sovereign or government, any state, province, territory or other political subdivision thereof, and any entity or authority exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including a central bank or stock exchange.

"**Guarantee**" means the guarantee by any Guarantor of the Senior Secured Notes.

"**Guaranteed Debt**" of any Person means, without duplication, all Indebtedness of any other Person (the "**debtor**") guaranteed directly or indirectly in any manner by such Person, or in effect guaranteed directly or indirectly by such Person through an agreement:

(a) to pay or purchase such Indebtedness or to advance or supply funds for the payment or purchase of such Indebtedness;

(b) to purchase property or services primarily for the purpose of enabling the debtor to make payment of such Indebtedness or to assure the holder of such Indebtedness against loss;

(c) to supply funds to, or in any other manner invest in, the debtor (including any agreement to pay for property or services without requiring that such property be received or such services be rendered);

(d) to maintain working capital or equity capital of the debtor, or otherwise to maintain the net worth, solvency or other financial condition of the debtor or to cause such debtor to achieve certain levels of financial performance; or

(e) otherwise to assure the holder of such Indebtedness against loss;

provided that the term "**Guaranteed Debt**" shall not include (i) endorsements for collection or deposit, in either case in the ordinary course of business, or (ii) any liability owing to customers or suppliers in respect of volume offtake, transportation or capacity reservation arrangements (including pursuant to take-or-pay arrangements) or forward purchase arrangements.

"**Guaranteed Hedging and Cash Management Obligations**" means all obligations, of whatever nature and whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired, of any Restricted Group Company arising in respect of

(a) any Hedging Agreement that, in each case, is permitted under the Senior Secured Notes Indenture and the obligations under which are designated as "Guaranteed Hedging and Cash Management Obligations" by written notice from the Company to the Trustee; and

(b) any Cash Management Arrangements where such Cash Management Arrangements are provided pursuant to an agreement or agreements the obligations under which are designated as "Guaranteed Hedging and Cash Management Obligations" by written notice from the Company to the Trustee;

provided that the Company may terminate any such designation with respect to any such obligations under any Hedging Agreement or any such other agreement, in each case, by providing a written notice thereof from the Company to the Trustee and an Officer's Certificate to the effect that at the time of such termination no obligations of any Restricted Group Company are outstanding thereunder.

"**Guarantors**" means (i) the Initial Guarantors, (ii) the Subsequent Guarantors and (iii) any other Person that is required after the Issue Date to provide a Guarantee of the Senior Secured Notes pursuant to "*—Certain Covenants—Limitation on Issuance of Guarantees of Indebtedness by Restricted Subsidiaries*" or that otherwise provides a Guarantee of the Senior Secured Notes after the Issue Date, in each case until (x) the Guarantee of such Person has been released in accordance with the provisions of the Senior Secured Notes Indenture or (y) a successor replaces such Person pursuant to the applicable provisions of the Senior Secured Notes Indenture and, thereafter (until the Guarantee of such successor has been so released), shall mean such successor.

"**Guarantor Surviving Entity**" has the meaning provided in clause (a)(2) of "*—Consolidation, Merger, Sale of Assets—Subsidiary Guarantors*".

"**Group**" means the Parent, the Company and its Restricted Subsidiaries from time to time.

"**Group Company**" means a member of the Group.

"**Hedge Counterparty**" has the meaning set forth in the Intercreditor Agreement.

"**Hedging Agreements**" means any Interest Rate Agreements, Currency Hedging Agreements or Commodity Hedging Agreements.

"**Hedging Obligations**" means, with respect to any Person, the obligations of such Person under any Hedging Agreement.

"**IFRS**" means the accounting standards issued by the International Accounting Standards Board and its predecessors, as adopted by the European Union or the United Kingdom, as in effect from time to time; *provided* that if the Company, by written notice to the Trustee, shall request an amendment to any provision of the Senior Secured Notes Indenture to eliminate the effect of any change occurring after July 31, 2020 in IFRS or in the application thereof on the operation of such provision, regardless of whether any such notice is given before or after such change in IFRS or in the application thereof, then such provision shall be interpreted on the basis of IFRS as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance with the Senior Secured Notes Indenture and therewith. At any time, the Parent may elect to apply generally accepted accounting principles in the United States ("**U.S. GAAP**") in lieu of IFRS and, upon any such election, references herein to IFRS shall thereafter be construed to mean U.S. GAAP as in effect from time to time; *provided* that any such election, once made, shall be irrevocable and that upon first reporting its fiscal year results under U.S. GAAP, the Parent shall restate its financial statements on the basis of U.S. GAAP for the fiscal year ending immediately prior to the first fiscal year for which financial statements have been prepared on the basis of U.S. GAAP. The Parent shall give notice of any such election to the Trustee.

"**Immaterial Subsidiary**" means a Subsidiary which has not traded or has ceased trading and which does not own assets or have liabilities, in either case, with an aggregate value greater than € 200,000 (or its equivalent); *provided* that any asset or liability which consists solely of a claim by a Subsidiary upon another Subsidiary where but for that asset or liability, both Subsidiaries would be Immaterial Subsidiaries under this definition shall be disregarded.

"**incur**" has the meaning provided in paragraph (a) of "*—Certain Covenants—Limitation on Indebtedness*".

"**Indebtedness**" means, with respect to any Person, without duplication:

(a) the principal amount of all indebtedness of such Person for borrowed money;

(b) the principal amount of all obligations of such Person evidenced by bonds, notes, debentures or other similar instruments;

(c) all obligations, contingent or otherwise, of such Person in respect of any letters of credit issued under letter of credit facilities, acceptance facilities or other similar facilities (including reimbursement obligations with respect thereto, except to the extent such reimbursement obligations relate to a trade payable and such obligation is satisfied within 30 days of incurrence);

(d) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business (it being agreed that the amount of Indebtedness under this clause (d) will be the lesser of (i) the Fair Market Value of such property at the date of determination and (ii) the amount of such indebtedness);

(e) the principal component of all obligations of such Person to pay the deferred purchase price of property or services, excluding (x) any obligations owing to customers or suppliers in respect of volume offtake, transportation or capacity reservation arrangements (including pursuant to take-or-pay arrangements) or forward purchase arrangements and any trade payables or other accrued current liabilities arising in the ordinary course of business and (y) any guarantees of any obligations referred to in clause (i);

(f) all obligations under Hedging Agreements of such Person (excluding any Metals Arrangement to the extent constituting a Hedging Agreement solely as a result of clause (b) of the definition of "Commodity Hedging Agreement") (the amount of any such obligations to be equal at any time to the

termination value of the applicable Hedging Agreement giving rise to such obligation that would be payable by such Person at such time, giving effect to any netting arrangements);

(g) all Finance Lease Obligations of such Person;

(h) all obligations referred to in clauses (a) through (g) above of other Persons (but only to the extent such obligations constitute Indebtedness) the payment of which is secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on any property (including accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Indebtedness (it being agreed that the amount of Indebtedness under this clause (h) will be the lesser of (i) the Fair Market Value of such property at the date of determination and (ii) the amount of such Indebtedness of such other Person);

(i) all Guaranteed Debt of such Person; and

(j) all Attributable Debt of such Person.

Notwithstanding the foregoing and, when applicable, for the avoidance of doubt, the term "**Indebtedness**" shall not include:

(i) Subordinated Shareholder Funding;

(ii) [Reserved];

(iii) contingent obligations incurred in the ordinary course of business;

(iv) in connection with any Acquisition by the Parent or any of its Restricted Subsidiaries, any earnout, indemnity or other contingent obligation or any purchase price adjustment, in each case, until such obligation (A) becomes fixed and determined and (B) has not been paid within 30 days after becoming due and payable;

(v) deferred compensation payable to directors, officers, employees or consultants and any obligations in respect of workers' compensation claims, early retirement obligations, pension fund obligations or contributions or social security or wage Taxes;

(vi) any obligations under any Profit Pooling Agreement;

(vii) deferred or prepaid revenues;

(viii) prepayments or deposits received from clients or customers in the ordinary course of business;

(ix) obligations under any license, permit or other approval (or guarantees given in respect of such obligations) incurred in the ordinary course of business;

(x) accrued expenses and trade payables (including non-interest bearing installment obligations and accrued liabilities (or forward purchase agreements) incurred in the ordinary course of business that are not more than 120 days past due);

(xi) obligations in respect of performance, completion, surety, Tax, appeal, judgment, advance payment, customs or VAT bonds, guarantees or similar instruments provided by the Parent or any of its Restricted Subsidiaries in the ordinary course of business;

(xii) obligations in respect of letters of credit and bank guarantees provided by the Parent or any of its Restricted Subsidiaries in the ordinary course of business, to the extent such letters of credit or bank guarantees are not drawn upon or, if and to the extent drawn upon, are reimbursed no later than the fifth Business Day following receipt by such Person of a demand for reimbursement following such drawing; or

(xiii) indebtedness incurred by the Parent or any of its Restricted Subsidiaries in connection with a transaction where (A) such indebtedness is borrowed from a bank or trust company, having a combined

capital and surplus and undivided profits of not less than €250.0 million and whose debt has a rating immediately prior to the time such transaction is entered into of at least BBB− or the equivalent thereof by S&P and Baa3 or the equivalent thereof by Moody's and (B) a substantially concurrent Investment is made by the Parent or any of its Restricted Subsidiaries in the form of cash deposited with the lender of such indebtedness, or a Subsidiary or Affiliate thereof, in an amount equal to such indebtedness.

"**INEOS**" means INEOS AG, a company registered in Switzerland, and any successor thereto.

"**INEOS 226**" means INEOS 226 Limited, a limited liability company incorporated under the laws of England and Wales with registered number 12698648 and having its registered office at Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG.

"**INEOS Capital**" means the Permitted Holders and any Person controlled by any of them that controls the Parent.

"**INEOS Quattro Financing Limited**" means INEOS Quattro Financing Limited (formerly, INEOS Styrolution Financing Limited), a limited liability company incorporated under the laws of England and Wales with registered number 09922303 and having its registered office at Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG.

"**INEOS Quattro Holdings Limited**" means INEOS Quattro Holdings Limited (formerly, INEOS Styrolution Holding Limited), a limited liability company incorporated under the laws of England and Wales with registered number 09922632 and having its registered office at Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG.

"**INEOS Styrolution Group GmbH**" means INEOS Styrolution Group GmbH (formerly known as Styrolution Group GmbH), a limited liability company (*Gesellschaft mit beschränkter Haftung*) incorporated under the laws of Germany.

"**Initial Collateral**" means the collateral described under the caption "*—Brief Description of the Senior Secured Notes, the Guarantees and the Security—Security—General—The Initial Collateral*".

"**Initial Guarantors**" means INEOS 226 Limited; INEOS Acetyls UK Limited; INEOS Styrolution America LLC; INEOS Styrolution Europe GmbH; INEOS Styrolution Group GmbH; INEOS Styrolution Holding GmbH; INEOS Styrolution Investment GmbH; INEOS Styrolution Köln GmbH; INEOS Styrolution Ludwigshafen GmbH; INEOS Styrolution US Holding LLC; INEOS US Petrochem LLC; the Senior Notes Issuer; the Company; and the Parent.

"**Initial Purchasers**" means Barclays Bank PLC; Barclays Capital, Inc.; BNP Paribas; Citigroup Global Markets Inc.; Citigroup Global Markets Limited; Goldman Sachs Bank Europe SE; HSBC Bank PLC; J.P. Morgan Securities PLC; ABN AMRO Bank N.V.; Banco Santander, S.A.; BofA Securities, Inc.; Commerzbank Aktiengesellschaft; Commerz Markets LLC; Crédit Agricole Corporate and Investment Bank; Credit Suisse Securities (Europe) Limited; Deutsche Bank AG, London Branch; Fifth Third Securities, Inc.; ICBC Standard Bank Plc; ING Bank N.V., London Branch; Intesa Sanpaolo S.p.A.; KBC Bank NV; Lloyds Bank Corporate Markets plc; Merrill Lynch International; Mizuho International plc; Mizuho Securities USA LLC; Morgan Stanley & Co. International plc; MUFG Securities EMEA plc; MUFG Securities Americas Inc.; NatWest Markets Plc; and NatWest Markets Securities Inc.

"**INOVYN Contribution**" means (a) the transfer of 94.9% of the issued and outstanding Capital Stock in INOVYN Limited to the Parent in consideration of an issuance by the Parent of Qualified Capital Stock in the Parent and (b) the transfer of 94.9% of the issued and outstanding Capital Stock in INOVYN Limited by the Parent to the Company in consideration of an issuance by the Company of Qualified Capital Stock in the Company to the Parent, with INOVYN Limited and its Subsidiaries becoming Subsidiaries of the Company as a result of such transfers.

"**INOVYN Credit Agreement**" means the Credit Agreement dated as of May 13, 2016, as amended and restated as of March 9, 2020, among INOVYN Finance plc, INOVYN Limited, the other guarantors from time to time party thereto, the lenders from time to time party thereto, J.P. Morgan Europe Limited, as administrative agent, and The Bank of New York Mellon, London Branch, as security agent.

"**INOVYN Credit Agreement Loans**" means any loans made under the INOVYN Credit Agreement.

"**INOVYN Entity**" means INOVYN Limited or any Subsidiary thereof.

"**INOVYN Finance plc**" shall mean INOVYN Finance plc, a public limited company incorporated under the laws of England and Wales with registered number 07027513.

"**INOVYN Limited**" shall mean INOVYN Limited, a company incorporated under the laws of England and Wales with registered number 08696245.

"**INOVYN Securitization Program**" shall mean the trade receivables securitization, entered into on November 28, 2008, by INOVYN Group Treasury Limited (formerly INEOS Norway SPV Limited) and certain other Subsidiaries of INOVYN Finance plc as receivables sellers, as amended, supplemented, varied, novated, extended or replaced from time to time.

"**Intellectual Property**" means the Intellectual Property Rights owned or used by any Restricted Group Company throughout the world or the interests of any Restricted Group Company in any such Intellectual Property Rights, together with the benefit of all agreements entered into or the benefit of which is enjoyed by any Restricted Group Company relating to the use or exploitation of any such Intellectual Property Rights.

"**Intellectual Property Rights**" means all patents and patent applications, trade and service marks and trade and service mark applications (and all goodwill associated with any such registrations and applications), all brand and trade names, all copyrights and rights in the nature of copyright, all design rights, all registered designs and applications for registered designs, all inventions, all trade secrets, all know-how and all other intellectual property rights throughout the world.

"**Intercreditor Agreement**" means the Intercreditor Agreement dated November 7, 2014, as amended and restated as of January 31, 2020, among, *inter alios*, the Company, the Parent, Barclays Bank PLC, as administrative agent under the Existing Term Loan B Facilities Agreement and the Security Agent, and, to the extent applicable, any other intercreditor agreement entered into that is permitted under "*—Certain Covenants—Intercreditor Agreement; Additional Intercreditor Agreement*" and to which the Trustee will accede on the Issue Date.

"**Interest Rate Agreements**" means any interest rate protection agreements (including interest rate swaps, caps, floors, collars and similar agreements) and any interest rate hedging agreements of any other type.

"**Investment**" means, with respect to any Person, directly or indirectly, any advance, loan or other extension of credit (including guarantees) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or any purchase or acquisition by such Person of any Capital Stock, bonds, notes, debentures or other securities issued by any other Person; *provided* that:

(a) Hedging Obligations entered into for bona fide business purposes (including any commodity trading or commodity risk management business) and not for speculative purposes, as determined in good faith by the Board of Directors or senior management of the Company;

(b) endorsements of negotiable instruments and documents in the ordinary course of business;

(c) any advances, loans or other extensions of credit to customers or suppliers in the ordinary course of business; and

(d) any liability owing to customers or suppliers in respect of volume offtake, transportation or capacity reservation arrangements (including pursuant to take-or-pay arrangements) or forward purchase arrangements;

shall in each case be deemed not to be an Investment.

For purposes of "*—Certain Covenants—Limitation on Restricted Payments*":

(a) Investment will include the Designation Amount as and to the extent set forth in the third paragraph of the covenant under the caption "*—Certain Covenants—Limitation on Unrestricted Subsidiaries*"; *provided*, *however*, that upon a Redesignation of any Unrestricted Subsidiary as a Restricted Subsidiary of the Company, the Company will be deemed to continue to have a permanent "Investment" in such Unrestricted Subsidiary in an amount (if positive) equal to (i) the Company's "Investment" in such Subsidiary at the time of such Redesignation less (ii) the portion (proportionate to the Company's equity interest in such Subsidiary) of the Fair Market Value of the net assets of such Unrestricted

Subsidiary at the time that such Unrestricted Subsidiary is so Redesignated as a Restricted Subsidiary of the Company; and

(b) any property transferred to or from an Unrestricted Subsidiary will be valued at its Fair Market Value at the time of such transfer.

The amount of any Investment outstanding at any time shall be the original cost of such Investment plus the cost of all additional Investments therein by the Company or any of its Restricted Subsidiaries, without any adjustments for increases or decreases in value, or write-ups, write-downs or write-offs with respect to such Investment, reduced (at the Company's option) by any dividend, distribution, interest payment, return of capital, repayment or other amount or value received in respect of such Investment.

"**Investment Grade Rating**" shall mean, with respect to any Rating Agency:

(a) in the case of S&P, a rating of "BBB−" or higher;

(b) in the case of Moody's, a rating of "Baa3" or higher;

(c) in the case of Fitch, a rating of "BBB−" or higher; or

(d) in the case of any other Rating Agency, the equivalent of any such rating by such Rating Agency.

"**Investment Grade Status**" shall occur if the Senior Secured Notes shall have an Investment Grade Rating from at least two Ratings Agencies.

"**Italian Guarantor**" means any Guarantor organized under the laws of Italy.

"**Italian Security Document**" means any Security Document that is governed by the laws of Italy

"**Item**" has the meaning provided in paragraph (c) of "*Certain Calculations*".

"**Issue Date**" means the original issue date of the Senior Secured Notes under the Senior Secured Notes Indenture.

"**Issuer Surviving Entity**" has the meaning provided in clause (a)(2) of "*—Certain Covenants—Consolidation, Merger, Sale of Assets—Issuer*".

"**LC Account Party**" means any Restricted Subsidiary of the Company that is an account party, borrower or guarantor in respect of any LC Facility; *provided* that immediately prior to becoming an account party, borrower or guarantor in respect of any LC Facility, such Restricted Subsidiary would constitute an Immaterial Subsidiary and thereafter does not carry on any business other than being an account party, borrower or guarantor in respect of (a) such LC Facility or any other LC Facility, (b) any letters of credit issued in the ordinary course of business with respect to trade payables, (c) any other letters of credit, bank guarantees, surety, performance, completion, Tax, appeal, judgment, advance payment, customs or VAT bonds, guarantees or similar instruments, in each case issued in the ordinary course of business and not in connection with the borrowing of money, including letters of credit, bank guarantees or similar instruments in respect of self-insurance and workers compensation obligations, or (d) any Cash Management Arrangements.

"**LC Facility**" means (a) for so long as INOVYN Limited is a Restricted Subsidiary of the Company, (i) the on-demand letter of credit facility entered into on October 12, 2015, as amended on October 30, 2015, between INOVYN Group Treasury Limited as the borrower and Barclays Bank PLC as the issuing bank, or (ii) the on-demand letter of credit facility entered into on October 30, 2015, as amended on March 22, 2017 and May 24, 2018, between INOVYN Group Treasury Limited as the borrower and ING Bank N.V. as the issuing bank or (b) any other letter of credit, bank guarantee, performance bonds or similar working capital facility; *provided* that the aggregate outstanding principal amount of Indebtedness under all LC Facilities shall not exceed €300.0 million (or its equivalent) at any time.

"**Lien**" means any mortgage or deed of trust, charge, pledge, lien (statutory or otherwise), privilege (including "*voorrecht/privilège*"), security interest, assignment or transfer for security purposes, easement, hypothecation, claim, preference, priority, mandate ("*mandaat/mandat*") to create a mortgage or pledge over business assets or other encumbrance upon or with respect to any property of any kind (including any conditional sale or other title retention

agreement or any Finance Lease Obligation), real or personal, movable or immovable, now owned or hereafter acquired. A Person will be deemed to own subject to a Lien any property which it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement or other title retention agreement or any Finance Lease Obligation.

"**Limited Condition Transaction**" means any Acquisition, Investment, disposition, Restricted Payment or Permitted Payment.

"**Long-Term Indebtedness**" shall mean any Indebtedness that, in accordance with IFRS, constitutes (or, when incurred, constituted) a long-term liability.

"**Management Advances**" means loans or advances made to, or guarantees with respect to loans or advances made to, directors, officers, employees or consultants of any Parent Holdco, the Company or any Restricted Subsidiary:

(a) in respect of travel, entertainment or moving related expenses incurred in the ordinary course of business;

(b) in respect of moving related expenses incurred in connection with any closing or consolidation of any facility or office; or

(c) in the ordinary course of business and (in the case of this clause (c)) not exceeding €20.0 million in the aggregate outstanding at any time.

"**Material Real Property**" means (a) any real property owned by the Issuer or any Guarantor in fee that constitutes Collateral as of the Issue Date and (b) any other real property owned by the Issuer or any Guarantor in fee and that, as of the Issue Date or as of the time of the acquisition thereof by the Issuer or such Guarantor, has a Fair Market Value in excess of €20.0 million.

"**Maturity**" means, when used with respect to the Senior Secured Notes, the date on which the principal of the Senior Secured Notes becomes due and payable as therein provided or as provided in the Senior Secured Notes Indenture, whether at Stated Maturity, the Offer Date or the redemption date and whether by declaration of acceleration, offer in respect of Excess Proceeds, Change of Control Offer in respect of a Change of Control, call for redemption or otherwise.

"**Metals Arrangements**" means any lease or sublease (for a term not to exceed one year, subject to renewals), consignment or other arrangement with respect to precious, semi-precious or other metals entered into by the Company or any Restricted Subsidiary in the ordinary course of business. Any Metals Arrangement may constitute a Cash Management Arrangement or a Commodity Hedging Agreement, as elected by the Company in its sole discretion.

"**Mexican Subsidiary**" means INEOS Styrolution Mexicana, S.A. de C.V.

"**Moody's**" means Moody's Investors Service, Inc. or any successor to its rating business.

"**Net Cash Proceeds**" means:

(a) with respect to any Asset Sale by any Person, the proceeds thereof (without duplication in respect of all Asset Sales) in the form of cash, cash equivalents or Temporary Cash Investments, including payments in respect of deferred payment obligations or purchase price adjustments when received in the form of, or stock or other assets or any Designated Non-Cash Consideration when disposed of for, cash, cash equivalents or Temporary Cash Investments, but only as and when received and excluding any other consideration received in the form of assumption by the acquiring Person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Sale (in each case, except to the extent that the proceeds of such Asset Sale are financed by, or the properties or assets that are the subject of such Asset Sale are disposed with recourse to, the Company or any Restricted Subsidiary), net of:

(1) brokerage commissions and other reasonable fees and expenses (including fees and expenses of counsel and investment bankers) related to such Asset Sale;

(2) provisions for all Taxes payable as a result of such Asset Sale;

(3) provisions for payments made in respect of earn-out obligations and purchase price adjustments, including in respect of working capital items;

(4) payments made to retire Indebtedness where such Indebtedness is secured by the assets or properties the subject of such Asset Sale (but excluding assets or properties that are subject to Liens created by the Security Documents);

(5) amounts required to be paid to any Person (other than the Company or any Restricted Subsidiary) owning a beneficial interest in the assets subject to such Asset Sale; and

(6) appropriate amounts to be provided by the Company or any Restricted Subsidiary, as the case may be, as a reserve, in accordance with IFRS, against any liabilities associated with such Asset Sale and retained by the Company or any Restricted Subsidiary, as the case may be, after such Asset Sale, including pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, all as reflected in an Officer's Certificate delivered to the Trustee; and

(b) with respect to any capital contributions, issuance or sale or exercise (as applicable) of Capital Stock or options, warrants or rights to purchase Capital Stock, or debt securities or Capital Stock that have been converted into or exchanged for Capital Stock as referred to under "*—Certain Covenants—Limitation on Restricted Payments*", the proceeds thereof in the form of cash, cash equivalents or Temporary Cash Investments, including payments in respect of deferred payment obligations when received in the form of, or stock or other assets when disposed of for, cash, cash equivalents or Temporary Cash Investments (in each case, except to the extent that the proceeds of such contribution, issuance, sale or exercise are financed by the Company or any Restricted Subsidiary), net of attorney's fees, accountant's fees and brokerage, consultation, underwriting and other fees (including placement agents' fees, listing fees, or other discounts and commissions) and expenses actually incurred in connection therewith and net of Taxes paid or payable as a result thereof.

"**New Term Loan B Facilities**" means (i) the $2,000.0 million term loan facility to be made available to INEOS US Petrochem LLC on or about the Issue Date pursuant to the Term Loan and Revolving Credit Facility Agreement and (ii) the €1,500.0 million term loan facility to be made available to INEOS 226 Limited on or about the Issue Date pursuant to the Term Loan and Revolving Credit Facility Agreement, collectively.

"**Offer Date**" has the meaning provided in clause (c)(3) of the "*—Limitation on Sale of Assets*" covenant.

"**Offered Price**" has the meaning provided in clause (c)(3) of the "*—Limitation on Sale of Assets*" covenant".

"**Officer's Certificate**" means a certificate signed (without personal liability) by an officer of the Parent, the Company, the Issuer, or any other Guarantor or a Surviving Entity, as the case may be, and delivered to the Trustee.

"**Parent**" means

(a) INEOS Quattro Holdings Limited, until any designation is made in accordance with clause (b) below; or

(b) any other Person that guarantees (or, substantially concurrently with such designation, will guarantee, including as a result of the assumption of obligations referred to in clause (ii) below) the Senior Secured Notes and is designated, as part of any Permitted Reorganization, by the then current Parent to be the "Parent" by written notice to the Trustee, *provided* that (i) the Company is a wholly owned direct or indirect Subsidiary of such other Person and (ii) such other Person expressly assumes the obligations of the Parent under the Senior Secured Notes Indenture, the Intercreditor Agreement and the other Senior Secured Notes Documents to which the Parent is a party pursuant to agreements reasonably satisfactory to the Trustee;

in each case, until a successor replaces such Person pursuant to "*—Certain Covenants—Consolidation, Merger, Sale of Assets—Parent Obligors and the Company*", and thereafter (unless another Person is designated in accordance with clause (b) of this definition), shall mean such successor. It is understood and agreed that any designation under clause (b) of this definition may be made concurrently with any designation under clause (b) of the definition of the Company, in

which case the satisfaction of the requirements set forth in clause (b) of this definition shall be determined on a *pro forma* basis immediately after giving effect to each such designation.

In the event any other Person is designated as the "Parent" pursuant to and in accordance with the provisions of clause (b) above, upon the effectiveness of such designation the Person that was the Parent immediately prior thereto shall cease to be the "Parent" for all purposes of the Senior Secured Notes Indenture and the other Senior Secured Notes Documents.

"**Parent/Company Surviving Entity**" has the meaning provided in clause (a)(ii) of "*—Certain Covenants—Consolidation, Merger, Sale of Assets—Parent Obligors and the Company*".

"**Parent Holdco**" means any Person (other than a natural person) of which the Company is or becomes a direct or indirect Subsidiary; *provided* that the primary purpose of such Person is to serve as a direct or indirect holding company of the Company. Unless the context expressly otherwise requires, the term "Parent Holdco" shall include each Parent Obligor.

"**Parent Intermediate Holdco**" shall mean any Parent Holdco that is a direct or indirect Subsidiary of the Parent.

"**Parent Obligors**" shall mean the Parent and each Parent Intermediate Holdco.

"***Pari Passu* Debt Amount**" has the meaning provided in clause (c)(2) of the "*—Limitation on Sale of Assets*" covenant.

"***Pari Passu* Indebtedness**" means (a) any Indebtedness of the Issuer that is *pari passu* in right of payment to the Senior Secured Notes and (b) any Indebtedness (including any Guarantee) of the Company or any Subsidiary Guarantor that is *pari passu* in right of payment to the Guarantee of the Company or such Subsidiary Guarantor.

"***Pari Passu* Offer**" has the meaning provided in clause (c)(2) of the "*—Limitation on Sale of Assets*" covenant.

"**Participating Member State**" means any member state of the European Union that has the Euro as its lawful currency in accordance with legislation of the European Union relating to Economic and Monetary Union.

"**Paying Agent**" means any Person authorized by the Company or the Issuer to pay the principal of (and premium, if any), or interest on any Senior Secured Note on behalf of the Issuer.

"**Permitted Asset Swap**" means the concurrent purchase and sale or exchange of assets used or useful in a business, service or activity relating to the business of the Company and its Restricted Subsidiaries or a combination of such assets and cash, cash equivalents or Temporary Cash Investments between the Company or any of its Restricted Subsidiaries and another Person; *provided* that any cash, cash equivalents and Temporary Cash Investments received in excess of the value of any cash, cash equivalents and Temporary Cash Investments sold or exchanged shall, to the extent constituting Net Cash Proceeds, be applied in accordance with the provisions of the covenant described under "*—Certain Covenants—Limitation on Sale of Assets*".

"**Permitted Collateral Liens**" means

(a) Liens to secure any Indebtedness of the Company or any Restricted Subsidiary that is permitted to be incurred under clause (b)(1) or (b)(2)(B) of "*—Certain Covenants—Limitation on Indebtedness*" (or, in the case of Liens on any property or assets of the Parent or any Parent Intermediate Holdco, any guarantee of any such Indebtedness); *provided* that, subject to the Security Principles, all property and assets (including the Collateral, but excluding any Escrowed Proceeds with respect to such Indebtedness) of the Issuer or any Guarantor securing such Indebtedness also secure the Senior Secured Notes or Guarantees on a senior or *pari passu* basis and each holder of any such Indebtedness (or a representative acting on its behalf) shall have entered into the Intercreditor Agreement in the applicable capacity;

(b) Liens to secure the Senior Secured Notes issued on the Issue Date and any related Guarantees (whether provided on or after the Issue Date);

(c) Liens to secure any Indebtedness of the Company or any Restricted Subsidiary that is permitted to be incurred under clause (b)(19) of "*—Certain Covenants—Limitation on Indebtedness*" (or, in the case of Liens on any property or assets of the Parent or any Parent Intermediate Holdco, any guarantee of any such Indebtedness); *provided* that, subject to the Security Principles, all property and assets (including the Collateral, but excluding any Escrowed Proceeds with respect to such Indebtedness) of the Issuer or any Guarantor securing such Indebtedness also secure the Senior Secured Notes or Guarantees on a senior or *pari passu* basis and each holder of any such Indebtedness (or a representative acting on its behalf) shall have entered into the Intercreditor Agreement in the applicable capacity;

(d) Liens to secure any Indebtedness of the Company or any Restricted Subsidiary that is permitted to be incurred under paragraph (a) of "*—Certain Covenants—Limitation on Indebtedness*" (or, in the case of Liens on any property or assets of the Parent or any Parent Intermediate Holdco, any guarantee of any such Indebtedness); *provided* that on the date of the incurrence of such Indebtedness and after giving *pro forma* effect thereto (including after giving *pro forma* effect to the use of the proceeds thereof, including, in the case of any Escrow Indebtedness, upon the release of such Indebtedness from escrow), the Consolidated First Lien Net Leverage Ratio as of the last day of the most recent period of four full fiscal quarters for which financial statements are available immediately preceding the incurrence of such Indebtedness is not greater than 3.00 to 1.00; *provided further* that, subject to the Security Principles, all property and assets (including the Collateral, but excluding any Escrowed Proceeds with respect to such Indebtedness) of the Issuer or any Guarantor securing such Indebtedness also secure the Senior Secured Notes or Guarantees on a senior or *pari passu* basis and each holder of any such Indebtedness (or a representative acting on its behalf) shall have entered into the Intercreditor Agreement in the applicable capacity;

(e) Liens to secure Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to refinance, any Indebtedness which is secured by a Lien pursuant to clause (a) (in the case of Indebtedness incurred in reliance on sub-clause (D) of clause (b)(1) of "*—Certain Covenants—Limitation on Indebtedness*" or in reliance on sub-clause (B) of clause (b)(2) of "*—Certain Covenants—Limitation on Indebtedness*"), clause (b) and (d) above, clause (g) (in the case of Indebtedness incurred in reliance on clause (b)(14) of "*—Certain Covenants—Limitation on Indebtedness*"), clause (i) below or this clause (e) (or, in the case of Liens on any property or assets of the Parent or any Parent Intermediate Holdco, any guarantee of any such Permitted Refinancing Indebtedness); *provided* that, subject to the Security Principles, all property and assets (including the Collateral, but excluding any Escrowed Proceeds with respect to such Indebtedness) of the Issuer or any Guarantor securing such Indebtedness also secure the Senior Secured Notes or Guarantees with Lien priority with respect to the Permitted Refinancing Indebtedness substantially similar to, or higher than, that of the Indebtedness which is being refinanced; *provided further* that each holder of any such Indebtedness (or a representative acting on its behalf) shall have entered into the Intercreditor Agreement in the applicable capacity;

(f) Liens securing obligations of the Company or any Restricted Subsidiary in respect of Hedging Agreements entered into in accordance with clause (b)(7) of "*—Certain Covenants—Limitation on Indebtedness*" or obligations in respect of Cash Management Arrangements entered into in the ordinary course of business (or, in the case of Liens on any property or assets of the Parent or any Parent Intermediate Holdco, any guarantee of any such obligations); *provided* that, subject to the Security Principles, all property and assets (including the Collateral, but excluding any Escrowed Proceeds with respect to such Indebtedness) of the Issuer or any Guarantor securing such obligations also secure the Senior Secured Notes or Guarantees on a senior or *pari passu* basis; *provided further* that each holder of such obligations (or a representative acting on its behalf) shall have entered into the Intercreditor Agreement in the applicable capacity;

(g) Liens that are described in one or more of clauses (b), (d), (e), (f), (i), (j), (k), (l), (n), (o), (p), (q), (r), (s), (u), (v), (y), (dd), (ee) and (ff) (or in clause (gg) to the extent relating to any of the foregoing clauses) of the definition of Permitted Liens, it being understood that, except to the extent doing so would not be consistent with the applicable clause, any holder of such Lien (or a representative acting on its behalf) may, but shall not be required, to enter into the Intercreditor Agreement (or any additional intercreditor agreement) in the applicable capacity (determined based on whether the obligations secured by such Lien constitute *Pari Passu* Indebtedness or Subordinated Indebtedness);

(h) Liens securing obligations of the Company or any Restricted Subsidiary, as a primary obligor or as a guarantor, in respect of Proceeds Loans between the Company or any Restricted Subsidiary, as

borrower, and the Company or any other Restricted Subsidiary, as lender, of the proceeds received from the issuance, incurrence or offering of any Indebtedness under any Credit Facilities and other Indebtedness permitted by "*—Certain Covenants—Limitation on Indebtedness*" to the extent such Proceeds Loans constitute Collateral; *provided* that such Indebtedness is or could be, at the time of creation of such Liens, secured by Permitted Collateral Liens under any of clauses (a) through (g) above or clause (i) below;

(i) Liens to secure any Indebtedness that is permitted to be incurred under clause (b)(14) of "*—Certain Covenants—Limitation on Indebtedness*" (or, in the case of Liens on any property or assets of the Parent or any Parent Intermediate Holdco, any guarantee of any such Indebtedness); *provided* that on the date of the incurrence of such Indebtedness and after giving *pro forma* effect thereto (including after giving *pro forma* effect to the use of the proceeds thereof, including, in the case of any Escrow Indebtedness, upon the release of such Indebtedness from escrow), the Consolidated First Lien Net Leverage Ratio as of the last day of the most recent period of four full fiscal quarters for which financial statements are available immediately preceding the incurrence of such Indebtedness is either (i) not greater than 3.00 to 1.00 or (ii) not greater than it was immediately prior to giving *pro forma* effect to the relevant transaction and incurrence of such Indebtedness; *provided further* that, subject to the Security Principles, all property and assets (including the Collateral, but excluding any Escrowed Proceeds with respect to such Indebtedness) of the Issuer or any Guarantor securing such Indebtedness also secure the Senior Secured Notes or Guarantees on a senior or *pari passu* basis and each holder of any such Indebtedness (or a representative acting on its behalf) shall have entered into the Intercreditor Agreement in the applicable capacity;

(j) Liens to secure any Indebtedness of any Parent Holdco or Financing Subsidiary or any Indebtedness of the Issuer or any Guarantor (including the Senior Notes issued on the Issue Date and any guarantees of such Senior Notes, whether granted on the Issue Date or thereafter, and guarantees of any Indebtedness of any Parent Holdco or Financing Subsidiary); *provided* that, subject to the Security Principles, all property and assets (including, without limitation, the Collateral, but excluding any Escrowed Proceeds with respect to such Indebtedness) of the Issuer or any Guarantor securing such Indebtedness also secure the Senior Secured Notes or Guarantees on a senior basis and each holder of any such Indebtedness (or a representative acting on its behalf) shall have entered into the Intercreditor Agreement in the applicable capacity; and

(k) Liens securing the obligations owed to agents and other representatives of creditors, in their capacity as such, under Indebtedness referred to under any of clauses (a) through (j) above.

"**Permitted Holders**" means each and any of:

(a) James A. Ratcliffe, John Reece and Andrew Currie and any Affiliate of any of the foregoing;

(b) any person having a relationship with James A. Ratcliffe, John Reece or Andrew Currie by blood, marriage or adoption not more remote than first cousin;

(c) any heir of James A. Ratcliffe, John Reece or Andrew Currie and any beneficiary of their respective estates;

(d) any trust or similar arrangement established solely for the benefit of James A. Ratcliffe, John Reece or Andrew Currie or any Person mentioned in clause (b) or (c) above; provided that James A. Ratcliffe, John Reece or Andrew Currie or any such Person retains sole control over the voting rights of the Capital Stock held by such trust or arrangement;

(e) any Person that is directly or indirectly owned solely by one or more Permitted Holders described under clause (a), (b), (c) or (d) of this definition; and

(f) any Person or group, together with its Affiliates, whose acquisition of beneficial ownership of the Voting Stock of the Company constitutes a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of the Senior Secured Notes Indenture.

"**Permitted Indebtedness**" has the meaning provided in paragraph (b) of "*—Certain Covenants—Limitation on Indebtedness*".

"**Permitted Investment**" means:

(a) Investments in (i) the Company, (ii) any Restricted Subsidiary of the Company (including the purchase of Capital Stock of any Restricted Subsidiary) or (iii) any Person which, as a result of such Investment, (A) becomes a Restricted Subsidiary of the Company or (B) is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Company or any Restricted Subsidiary of the Company;

(b) Indebtedness of the Company or a Restricted Subsidiary described under clauses (b)(3), (b)(4) and (b)(6) of "*—Certain Covenants—Limitation on Indebtedness*";

(c) Investments in (i) any of the term loans outstanding under the Existing Credit Facilities or the New Term Loan B Facilities; *provided* that such term loans are cancelled upon the making of such Investment, (ii) any Senior Secured Notes, Senior Notes or Existing Notes, (iii) any Proceeds Loans or (iv) any other Senior Secured Indebtedness (including, in each case, any guarantees in respect thereof);

(d) Investments in cash, cash equivalents and Temporary Cash Investments;

(e) Investments acquired by the Company or any Restricted Subsidiary in connection with an Asset Sale permitted under "*—Certain Covenants—Limitation on Sale of Assets*" to the extent such Investments are non-cash proceeds or deemed cash proceeds as permitted under such covenant, and Investments acquired by the Company or any Restricted Subsidiary in connection with a sale or other disposition that is specifically excluded from the definition of "Asset Sale" pursuant to clause (13) of such definition;

(f) (i) Investments in existence (or made pursuant to, and as required under, legally binding agreements that exist) on the Issue Date and (ii) Investments consisting of any modification, replacement, renewal, reinvestment or extension of any of the foregoing (including, for the avoidance of doubt, modifications in the form of interposing one or more Restricted Subsidiaries to directly or indirectly hold such Investments or any other internal reorganization); *provided* that the amount of any Investment permitted pursuant to this clause (ii) is not increased from the amount of such Investment in existence on (or the amount thereof required under legally binding agreements that exist on) the Issue Date except pursuant to the terms of such Investment as of the Issue Date or as otherwise permitted under "*—Certain Covenants—Limitation on Restricted Payments*" ;

(g) receivables owing to the Company or any Restricted Subsidiary created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms; *provided*, *however*, that such trade terms may include such concessionary trade terms as the Company or any such Restricted Subsidiary deems reasonable under the circumstances;

(h) payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;

(i) loans or advances to directors, officers, employees and consultants of any Parent Holdco, the Company or any of its Restricted Subsidiaries made in the ordinary course of business not to exceed € 20.0 million in the aggregate at any one time outstanding;

(j) Investments received in satisfaction of judgments or pursuant to any plan of reorganization, compromise or similar arrangement upon the bankruptcy or insolvency of a debtor, or in settlement of delinquent obligations of, or other disputes with, customers and suppliers or upon the foreclosure with respect to any secured Investment or other transfer of title with respect to any secured Investment;

(k) Hedging Obligations incurred in compliance with "*—Certain Covenants—Limitation on Indebtedness*";

(l) any Investment required by any agreement in respect of any Permitted Joint Venture or any other joint venture of the Company or any Restricted Subsidiary so long as the aggregate outstanding amount of such Investments, together with the aggregate outstanding principal amount of any Indebtedness incurred under clause (b)(17) of "*—Certain Covenants—Limitation on Indebtedness*" (without

duplication to the extent proceeds of any such Indebtedness are used to make any such Investment), does not exceed (after giving *pro forma* effect thereto and the use of proceeds thereof) at the time of such Investment the sum of (i) the greater of (x) €500.0 million and (y) 4.50% of Total Assets *plus* (ii) the aggregate amount of fees (including original issue discount), underwriting discounts, premiums and other costs and expenses incurred in connection with any refinancing of any Indebtedness permitted under clause (b)(17) of "*—Certain Covenants—Limitation on Indebtedness*";

(m) (i) Investments of any Person referred to in clause (a)(iii) of this definition of "Permitted Investment" that exist (or are made pursuant to, and as required under, legally binding agreements that exist) on the date such Person becomes a Restricted Subsidiary or is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Company or any Restricted Subsidiary (for the avoidance of doubt, in any case including (A) any Investments in the joint ventures of the Aromatics and Acetyls Businesses that exist (or are made pursuant to, and as required under, legally binding agreements that exist) on December 31, 2020 and (B) any such Investments even if they are acquired or made by the Company or any Restricted Subsidiary after (but only if such Investments are acquired or made pursuant to legally binding agreements that exist at the time of) such Person becoming a Restricted Subsidiary or the consummation of the applicable merger, consolidation, amalgamation, transfer, conveyance or liquidation); *provided* that such Investment was not acquired or made (for the avoidance of doubt, other than as part of an internal reorganization) in contemplation of such Person becoming a Restricted Subsidiary or such merger, consolidation, amalgamation, transfer, conveyance or liquidation; and (ii) Investments consisting of any modification, replacement, renewal, reinvestment or extension of any of the foregoing (including, for the avoidance of doubt, modifications in the form of interposing one or more Restricted Subsidiaries to directly or indirectly hold such Investments or any other internal reorganization); *provided* that the amount of any Investment permitted pursuant to this clause (ii) is not increased from the amount of such Investment in existence on (or the amount thereof required under legally binding agreements that exist on) the date referred to in clause (i) above except pursuant to the terms of such Investment as of such date or as otherwise permitted under "*—Certain Covenants—Limitation on Restricted Payments*";

(n) (i) loans or other Investments required to be entered into in connection with a Permitted Receivables Financing and (ii) Investments that may be deemed to exist as a result of the terms of any inventory financing or similar arrangement to the extent permitted under the terms of the Senior Secured Notes Indenture;

(o) guarantees not prohibited by "*—Certain Covenants—Limitation on Indebtedness*";

(p) any Investment by the Company or any Restricted Subsidiary that, together with the aggregate outstanding amount of all other Investments under this clause (p), does not exceed (after giving *pro forma* effect thereto and the use of proceeds thereof) at the time of such Investment the greater of (i) €500.0 million and (ii) 4.50% of Total Assets;

(q) loans or advances to directors, officers, employees or consultants of the Parent or any of its Restricted Subsidiaries to fund the purchase of Capital Stock of any Parent Holdco not to exceed €10.0 million in any calendar year (with unused amounts in any calendar year (less any amount carried forward to such calendar year) being carried forward to either of the immediately subsequent two calendar years);

(r) Investments (or increases in Investments) that result solely from the receipt by the Company or any of its Restricted Subsidiaries of a dividend, distribution or other payment in respect of Investments held by the Company or any of its Restricted Subsidiaries of the type that would constitute a Restricted Payment or a Permitted Payment if undertaken by the Company or a Restricted Subsidiary in the form of Capital Stock, evidences of Indebtedness or other securities (but not any additions thereto made after the date of the receipt thereof unless such additions involve no additional cost or liability to the Company or any Restricted Subsidiary);

(s) deposits and progress or similar payments made in the ordinary course of business with respect to capital equipment and construction projects;

(t) the BP Acquisition and INOVYN Contribution, including (i) any Investments acquired in connection therewith or as a result thereof (including Investments in any of China American Petrochemical Company Ltd., INEOS Runcorn (TPS) Holdings Limited and INEOS Runcorn (TPS) Limited) and

(ii) any Investment with the proceeds of any indemnity, reimbursement or similar payments received by the Company or any Restricted Subsidiary pursuant to the BP Acquisition Agreement to the extent such Investment is made in connection to the matter to which such indemnity, reimbursement or similar payment relates; and

(u) any Investment resulting from the designation as an Unrestricted Subsidiary of any of the following joint ventures acquired in connection with the BP Acquisition: Akra Polyester, S.A. de C.V.; Atlas Methanol Company Unlimited; BP Petronas Acetyls Sdn. Bhd. (Malaysia); BP YPC Acetyls Company (Nanjing) Limited (南京扬子石化碧辟乙酰有限责任公司); China American Petrochemical Company Ltd.; Formosa BP Chemicals Corporation; Lotte BP Chemical Co., Ltd.; Tereftalatos Mexicanos, S.A. de C.V.; Tricoya Technologies Limited; Tricoya Ventures UK Limited; and Yangtze River Acetyls Co. Ltd. (扬子江乙酰化工有限公司).

In connection with any assets or property contributed or transferred to any Person as an Investment, such property and assets shall be equal to the Fair Market Value at the time of Investment. For the avoidance of doubt, if an Investment is made pursuant to any clause of this definition in a Person that is not a Restricted Subsidiary at the date of the making of such Investment and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to "*—Certain Covenants—Limitation on Unrestricted Subsidiaries*", such Investment may thereafter be deemed to have been made under clauses (a)(ii) or (a)(iii) above and not such other clause of this definition.

"**Permitted Joint Venture**" means:

(a) (i) each of the joint ventures of the Company and any of its Restricted Subsidiaries existing on the Issue Date, (ii) each of the joint ventures of IndustriEl AS, INEOS Runcorn (TPS) Limited, INOVYN Olefines France SAS, Runcorn MCP Limited and TTE Training Limited and (iii) each of the joint ventures acquired in connection with the BP Acquisition), or any successor entity to any of the foregoing joint ventures;

(b) any Person in which the Company or any of its Restricted Subsidiaries owns, directly or indirectly, not more than 50.0% of the total voting power represented by the outstanding Voting Stock of such Person and which is in a business relating, incidental or complementary to the business of the Company and its Restricted Subsidiaries; and

(c) any Unrestricted Subsidiary.

"**Permitted Jurisdiction**" means (a) any state of the United States (or the District of Columbia), Luxembourg, Canada, the Netherlands, Germany or England and Wales, or (b) any other jurisdiction if the organization of the relevant Person in such other jurisdiction is not, in the good faith determination of the Company, materially adverse to the interests of the holders of the Senior Secured Notes with respect to the Guarantees or the Collateral as compared to a jurisdiction referred to in clause (a) (it being agreed, without limiting the generality of the foregoing, that the organization of the relevant Person in any jurisdiction the laws of which provide for a moratorium, an automatic stay or similar restrictions on the enforcement of the Liens on any Collateral in the form of Capital Stock in the Company shall be deemed to be materially adverse to such interests of the holders of the Senior Secured Notes).

"**Permitted Lien**" means:

(a) any Lien existing on the Issue Date;

(b) any Lien arising by reason of:

(1) any judgment, decree or order of any court and any Liens that are required to protect or enforce any rights in any administrative, arbitration or other court proceedings in the ordinary course of business;

(2) Taxes, assessments or other governmental charges not yet delinquent or which are being contested in good faith by appropriate proceedings and, to the extent required by IFRS, for which reserves have been established in accordance with IFRS;

(3) security for payment of workers' compensation or other insurance (including general liability exposure of the Parent, any Parent Intermediate Holdco, the Company and its Restricted Subsidiaries);

(4) security for tenders, bids, leases and contracts (other than contracts for the payment of money);

(5) zoning restrictions, building codes, land use laws, easements, licenses, reservations, limitations, appropriations, title defects, statutory exceptions to title, conditions revealed by an accurate survey or a physical inspection of real property, rights of others for rights of way, utilities, sewers, electric lines, telephone or telegraph lines, and other similar purposes, provisions, covenants, conditions, waivers, restrictions on the use of real property or minor irregularities of title (and with respect to leasehold interests, mortgages, obligations, liens, easements and other encumbrances incurred, created, assumed or permitted to exist and arising by, through or under a landlord or owner of the leased property, with or without consent of the lessee), none of which materially impairs the use of any parcel of real property material to the operation of the business of the Company or any Restricted Subsidiary or the value of such property for the purpose of such business;

(6) security for public or statutory obligations, or in lieu of surety or appeal bonds;

(7) operation of law or any inchoate Lien, including any Lien imposed pursuant to applicable Canadian federal or provincial pension benefits standards legislation for amounts required to be remitted but not yet due, or in favor of mechanics, carriers, warehousemen, landlords, materialmen, laborers, contractors, subcontractors, employees, suppliers or similar Persons, incurred in the ordinary course of business for sums which are not yet overdue for a period of more than 60 days or are being contested in good faith by negotiations or by appropriate proceedings which suspend the collection thereof;

(8) compliance with the requirements of section 8a of the German Act on Partial Retirement (*Altersteilzeitgesetz*) or similar arrangements under applicable law or sections 7b and 7e of the German Social Security Code IV (*Sozialgesetzbuch IV*);

(9) operation of law (sections 22, 204 of the German Transformation Act (*Umwandlungsgesetz*)) in favor of creditors as a consequence of a merger or conversion permitted under the Senior Secured Notes Indenture; or

(10) operation of law in favor of social security bodies or administrators;

(c) any Lien securing Hedging Obligations (other than Hedging Obligations that are secured by Permitted Collateral Liens on the Collateral);

(d) any Lien securing Acquired Indebtedness created prior to (and not created in connection with, or in contemplation of) the incurrence of such Indebtedness by the Company or any Restricted Subsidiary; *provided* that such Lien does not extend to any property or assets of the Company or any Restricted Subsidiary other than the assets acquired in connection with the incurrence of such Acquired Indebtedness by the Company or any Restricted Subsidiary (or, pursuant to the terms of such Acquired Indebtedness as then in effect, required to be subject thereto) and additions and accessions thereto and proceeds therefrom;

(e) any Lien to secure the performance of bids, trade contracts, leases (including statutory and common law landlord's liens), statutory obligations, performance, completion surety, Tax, appeal, judgment, customs or VAT bonds, guarantees or similar instruments, letters of credit (including obligations under any LC Facility) and other obligations of a like nature incurred in the ordinary course of business of the Parent, any Parent Intermediate Holdco, the Company or any Restricted Subsidiary;

(f) any Lien securing Finance Lease Obligations, Purchase Money Obligations or other Indebtedness that is incurred in connection with the financing of all or any part of the purchase price, lease expense or cost of development, construction or improvement of real or personal, moveable or immovable property (including Capital Stock) used or to be used in the business of the Company, any of its

Restricted Subsidiaries or a Permitted Joint Venture, or any Indebtedness refinancing any such Indebtedness; *provided* that such Lien shall only extend to such acquired, leased, developed, constructed or improved property (and any rights relating thereto) and additions and accessions thereto and proceeds therefrom, such Lien shall secure Indebtedness in an amount not in excess of the original purchase price or the original cost (or if greater, the Fair Market Value) of any such property or any such development, construction or improvement (or such Indebtedness shall be with recourse solely to such property (including such related rights), additions and accessions thereto and any proceeds therefrom) and the incurrence of such Indebtedness is permitted by "*—Certain Covenants—Limitation on Indebtedness*";

(g) Liens on Capital Stock in or assets of a Restricted Subsidiary of the Company that is not a Guarantor securing Indebtedness of any Restricted Subsidiary of the Company that is not a Guarantor;

(h) Liens in favor of the Company or any of its Restricted Subsidiaries;

(i) banker's liens, rights of set-off or similar rights and remedies as to deposit accounts, securities accounts or other funds maintained with a depositary institution or securities intermediary or Liens arising under the general terms and conditions of banks or savings and loans or other financial institutions (*Allgemeine Geschäftsbedingungen der Banken oder Sparkassen*); *provided* that such deposit account or securities account is not intended by the Parent, any Parent Intermediate Holdco, the Company or any Restricted Subsidiary to provide collateral to the depositary institution or securities intermediary;

(j) "precautionary" or purported Liens regarding operating leases or any sale, transfer or other disposition of any receivables (and/or any related assets, including any credit support or payment instruments relating to receivables), including filings of Uniform Commercial Code financing statements (or the equivalent in any other jurisdiction) and any other "precautionary" Liens;

(k) (i) mortgages, liens, security interests, restrictions, easements, encumbrances or any other matters that have been placed by any developer, landlord or other third party on property over which the Company or any Restricted Subsidiary has easement rights or on any real property leased by the Company or any Restricted Subsidiary and subordination or similar agreements relating thereto, (ii) easements, restrictions, rights of way, operating agreements and other similar matters with or for the benefit of any public utility provider or with or for the benefit of any developer or other third party purchaser on any real property conveyed by the Company or any Restricted Subsidiary to such developer or third party purchaser in accordance with "*—Certain Covenants—Limitation on Sale of Assets*" or otherwise permitted under the Senior Secured Notes Indenture, and (iii) any condemnation or eminent domain proceedings or compulsory purchase order affecting real property;

(l) any provision for the retention of title to any asset by the vendor or transferor of such asset which asset is acquired by the Company or any Restricted Subsidiary in a transaction entered into in the ordinary course of business of the Company or such Restricted Subsidiary and for which kind of transaction it is normal market practice for such retention of title provision to be included;

(m) other Liens; *provided* that, immediately after giving effect to the creation, incurrence or assumption of any such Lien, the aggregate outstanding principal amount of all Indebtedness secured pursuant to this clause (m) (after giving *pro forma* effect to the incurrence of such Indebtedness and the use of proceeds thereof, including, in the case of any Escrow Indebtedness, upon the release of such Indebtedness from escrow) does not exceed, at the time such Lien is created, incurred or assumed, the greater of (x) €550.0 million and (y) 7.50% of Total Assets;

(n) leases (including operating leases), licenses, subleases and sublicenses of assets (including real property and Intellectual Property Rights), in each case entered into in the ordinary course of business, including, for the avoidance of doubt, (i) ground leases entered into by any Restricted Group Company in connection with any development, construction, operation or improvement of assets on any real property owned by any Restricted Group Company (and any Liens created by the lessee (in the case of any lessee that is a Restricted Group Company, only if such Liens are otherwise permitted under the Senior Secured Notes Indenture) in connection with any such ground lease, including easements and rights of way, or on any of its assets located on the real property subject to such ground lease), and (ii) leases, licenses, subleases and sublicenses in respect of real property to any trading counterparty to

which any Restricted Group Company provides services on such real property in the ordinary course of its trading;

(o) Liens on property or assets under construction (and related rights) in favor of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets;

(p) Liens on Receivables Assets created or incurred in connection with any Permitted Receivables Financing;

(q) Liens on Capital Stock in or assets of a Receivables Subsidiary to secure Indebtedness or other obligations incurred in connection with any Permitted Receivables Financing;

(r) Liens securing or arising by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities;

(s) Liens on Capital Stock in or other securities of any Unrestricted Subsidiary that secure Indebtedness of any Unrestricted Subsidiary;

(t) any limited recourse Lien to secure Indebtedness incurred in connection with any project financing; *provided* that the assets or revenues which are subject to that Lien are:

(i) assets which are the subject of the applicable project; or

(ii) claims, revenues or proceeds which arise from the use or operation, failure to meet specifications, failure to complete, expropriation, sale, or loss of or damage to those assets;

(u) pledges of goods, the related documents of title and/or other related documents arising or created in the ordinary course of the Company's or any Restricted Subsidiary's business or operations as Liens only for Indebtedness to a bank or financial institution directly relating to the goods or documents on or over which that pledge exists;

(v) Liens created on any asset acquired by the Company or a Restricted Subsidiary or developed by the Company or a Restricted Subsidiary after the Issue Date for the sole purpose of financing or refinancing such acquisition or development and securing not more than 100% of the cost of acquisition or development; *provided* that (i) such Lien is released within 6 months of such acquisition or completion of such development or (ii) such Lien shall only extend to such acquired or developed asset (and any rights relating thereto, including Capital Stock) and additions and accessions thereto and any proceeds therefrom;

(w) Liens (other than floating charges) constituting finance leases over the assets leased pursuant to such permitted finance leases;

(x) Liens on any escrow account, and all funds, securities, interest, dividends, distributions and other property and payments deposited into or credited to such escrow account, pursuant to any purchase price retention arrangement as part of any permitted disposition by the Company or a Restricted Subsidiary; *provided* that the cash paid into such escrow account in relation to a disposition does not represent more than 15% of the net proceeds of such disposition;

(y) Liens on the Capital Stock in or assets of joint ventures securing obligations of joint ventures; provided that the incurrence of the liability secured by such Lien is not prohibited by "—*Certain Covenants—Limitation on Indebtedness*";

(z) Permitted Collateral Liens (for the avoidance of doubt, whether such Liens are on Collateral or other assets);

(aa) Liens on any Proceeds Loans made by the Company or any Restricted Subsidiary in connection with any incurrence of Indebtedness (other than any Indebtedness of the type referred to in the proviso to clause (h) of the definition of Permitted Collateral Liens secured by Permitted Collateral Liens) permitted under the Senior Secured Notes Indenture and securing that Indebtedness (without any requirement to secure the Senior Secured Notes or Guarantees with a Lien on such Proceeds Loans);

(bb) Liens incurred to secure Cash Management Arrangements or to implement cash pooling arrangements or to cash collateralize letters of credit, bank guarantees or similar instruments in the ordinary course of business, and Liens incurred by any LC Account Party to secure obligations under any LC Facility;

(cc) Liens on cash, cash equivalents and Temporary Cash Investments made to defease or satisfy and discharge any Indebtedness;

(dd) Liens on Escrowed Proceeds for the benefit of the related holders of debt securities or other Indebtedness (or the underwriters or arrangers thereof);

(ee) Liens arising in connection with Indebtedness incurred pursuant to clause (b)(5) of "*—Certain Covenants—Limitation on Indebtedness*";

(ff) Liens on any property or assets acquired in connection with the BP Acquisition to the extent such Liens are permitted to remain outstanding following the BP Acquisition pursuant to the BP Acquisition Agreement (and remain outstanding on December 31, 2020); *provided* that such Liens shall only extend to such property or assets (*plus* improvements or accessions thereto or proceeds therefrom); and

(gg) any extension, renewal, refinancing or replacement, in whole or in part, of any Lien described in the foregoing clauses (a) through (ff); *provided* that any such Lien is limited to all or part of the same property or assets (plus improvements or accessions thereto or proceeds therefrom) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Indebtedness being refinanced or is in respect of property that is the security for a Permitted Lien under the Senior Secured Notes Indenture.

"**Permitted Payment**" has the meaning provided in clause (c) of the "*—Limitation on Restricted Payments*" covenant.

"**Permitted Receivables Financing**" means (a) the Styrolution Securitization Programs, (b) for so long as INOVYN Limited is a Restricted Subsidiary of the Company, the INOVYN Securitization Program and (c) any other financing pursuant to which the Company or any of its Restricted Subsidiaries may sell, convey or otherwise transfer to any other Person, and grant a security interest in, any receivables (and related assets, including any credit support relating to such receivables) of the Company or any of its Restricted Subsidiaries; *provided* that, in each case, (i) the covenants, events of default and other provisions applicable to such financing shall be customary for such transactions and shall be on market terms (as determined in good faith by the Board of Directors or senior management of the Company) at the time such financing is entered into and (ii) such financing shall be non-recourse to the Company or any of its Restricted Subsidiaries (other than a Receivables Subsidiary) except to a limited extent customary for such transactions. The amount of any Permitted Receivables Financing shall be deemed for the purposes hereof, at any time, to be the amount that would be required to repay, discharge or satisfy all obligations owing to lenders or other third party investors that have made loans or extended credit in respect of such Permitted Receivables Financing, if such Permitted Receivables Financing were to be terminated at such time. For the avoidance of doubt, a "factoring" or similar arrangement shall not constitute a Permitted Receivables Financing.

"**Permitted Refinancing Indebtedness**" means any Indebtedness that refinances any Indebtedness, including any successive refinancings, so long as:

(a) such Indebtedness is in an aggregate principal or commitment amount (or if incurred with original issue discount, an aggregate issue price) not in excess of the sum of (i) the aggregate principal or commitment amount then outstanding or in effect, respectively, of the Indebtedness being refinanced and (ii) an amount necessary to pay any fees and expenses, including premiums and defeasance costs, related to such refinancing; and

(b) (i) the Average Life of such Indebtedness is equal to or greater than the Average Life of the Indebtedness being refinanced, (ii) the final Stated Maturity of such Indebtedness is no earlier than the final Stated Maturity of the Indebtedness being refinanced, (iii) in the case of a refinancing of Subordinated Indebtedness, such Indebtedness is subordinated to the Senior Secured Notes and the Guarantees on substantially the same terms (or on terms (taken as a whole) that are not materially less favorable to the holders of the Senior Secured Notes) as provided in any applicable Intercreditor Agreement, as determined by the Company in good faith, and (iv) in the case of a refinancing of Subordinated Lien Indebtedness, the Liens securing such Indebtedness are subordinated to the Liens

securing the Senior Secured Notes and the Guarantees on substantially the same terms (or on terms (taken as a whole) that are not materially less favorable to the holders of the Senior Secured Notes) as set forth in the Intercreditor Agreement as applicable to the "Second Lien Debt" under and as defined in the Intercreditor Agreement, as determined by the Company in good faith; *provided* that the requirements of clauses (i) and (ii) above shall not apply to any refinancings of Indebtedness under, or with Indebtedness under, any revolving credit, working capital, commercial paper or letter of credit facilities or any receivables financing;

provided that Permitted Refinancing Indebtedness shall not include (i) Indebtedness of the Company or a Restricted Subsidiary that refinances Indebtedness of an Unrestricted Subsidiary or (ii) Indebtedness of a Person other than the Issuer or a Guarantor that refinances Indebtedness of the Issuer or a Guarantor.

"**Permitted Reorganization**" means any reorganization or corporate restructuring, on a solvent basis, involving one or more of the then current Parent, any Parent Intermediate Holdco, the then current Company or any of its Restricted Subsidiaries (any such reorganization or corporate restructuring, a "**Reorganization**"), whether or not such Reorganization also involves any other Person, including any merger, demerger, consolidation or amalgamation, any sale or other disposition of any assets or properties and any voluntary liquidation or winding up on a solvent basis, in each case, that is consummated as part of such Reorganization; *provided* that, in the case of any Reorganization and after giving effect to any related designations of a new Parent or a new Company as contemplated by the definition of such terms, (a) all the business and assets of the then current Company and its Restricted Subsidiaries (as in effect prior to such Reorganization) shall remain within the Company and its Restricted Subsidiaries (other than for such period, not in excess of 10 Business Days, as may be reasonably required, in the good faith determination of the Company, to effect such Reorganization or for such longer period as may be reasonably acceptable to the Trustee), (b) the Parent, each Parent Intermediate Holdco and the Company shall be organized or incorporated, as applicable, under the laws of a Permitted Jurisdiction, (c) any Capital Stock or other assets that constitute Collateral and that are subject to any sale or other disposition as part of such Reorganization shall remain (other than for such period, not in excess of 10 Business Days, as may be reasonably required, in the good faith determination of the Company, to effect such Reorganization or for such longer period as may be reasonably acceptable to the Trustee) Collateral (including as a result of Liens thereon granted by the new owner thereof), subject to Liens thereon securing the Senior Secured Notes and the Guarantees that are valid and enforceable substantially to the same extent as the Liens thereon were prior to such sale or other disposition, in each case, as determined by the Company in good faith, it being understood and agreed that, in connection with any Reorganization, Liens on any Collateral may be released and re-taken in a manner consistent with releases and re-takings permitted by clause (vi) of the second paragraph of "*—Certain Covenants—Impairment of Security Interest*", and (d) in the event of a sale, assignment, conveyance, transfer, lease or other disposition of all or substantially all of the assets of, or a consolidation, amalgamation or merger with or into, the then current Parent, the then current Company, the Issuer or any Subsidiary Guarantor, the Surviving Entity thereof (if not the Parent, the Company, the Issuer or a Subsidiary Guarantor) shall assume the obligations of the Parent, the Company, the Issuer or such Subsidiary Guarantor, as applicable, in a manner consistent with "*—Consolidation, Merger, Sale of Assets*", as applicable. Nothing in this definition shall be deemed to restrict any merger, demerger, consolidation, amalgamation, sale or other disposition, voluntary liquidation, winding up or other transaction, or any release of any Collateral or any Guarantee, in each case, that is permitted pursuant to the provisions of the Senior Secured Notes Indenture other than those provisions expressly relating to a Permitted Reorganization.

"**Person**" means any individual, corporation, limited liability company (including, a public limited company and a private limited company incorporated under the laws of England and Wales), partnership, joint venture, association, joint stock company, trust, unincorporated organization or Governmental Authority.

"**Preferred Stock**" means, with respect to any Person, any Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends or distributions, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over the Capital Stock of any other class in such Person.

"**Proceeds Loans**" means any proceeds loan or other Indebtedness, in each case, arising from the lending of proceeds of any Indebtedness of any Parent Holdco, any Financing Subsidiary, the Issuer or any other Restricted Group Company to any Restricted Group Company.

"**Proceeds Loans Agreements**" means each loan agreement or any other agreement (a) by and among members of the Restricted Group or (b) by and among members of the Restricted Group, on the one hand, and any Parent Holdco or any Financing Subsidiary, on the other, evidencing or governing any Proceeds Loan, in each case, as amended, supplemented, restated or substituted from time to time.

"**Proceeds Loans Documents**" means the Proceeds Loans Agreements and any documents that provide a guarantee by any Guarantor of, or create a Lien over any Collateral or other assets of any Guarantor as security for, any Proceeds Loan, in each case, as amended, supplemented, restated or substituted from time to time.

"**Profit Pooling Agreement**" means any profit and loss transfer agreement (*Gewinnabführungsvertrag*) between any two Restricted Subsidiaries of the Company, as the same may be amended, supplemented, waived or otherwise modified from time to time in accordance with the terms thereof, and any arrangements or transactions made between the parties to such Profit Pooling Agreement to satisfy the obligations arising under any such Profit Pooling Agreement (including, for the avoidance of doubt, distributions for purposes of compensating accounting losses in relation to a profit and loss pooling agreement and/or upstream loans to any Parent Holdco to enable any Parent Holdco to compensate the Company or such Subsidiary for losses incurred which may need to be compensated by a Parent Holdco under any Profit Pooling Agreement).

"**Project Finance Subsidiary**" means

(a) any Restricted Subsidiary formed by the Company for the purpose of acquiring (or constructing or developing) and operating any plant, facility or other fixed assets or any business and incurring Indebtedness in connection therewith, *provided* that such Restricted Subsidiary does not own any material assets other than

(i) the plant, facility, other fixed assets or businesses so acquired, constructed or developed, any additions and accessions thereto and proceeds therefrom (and any rights relating thereto),

(ii) assets relating to any of the foregoing (including contractual rights) or its activities in respect thereof (including to the operation thereof) or to its existence, and

(iii) cash, cash equivalents and Temporary Cash Investments and items of Indebtedness, and

(b) any Restricted Subsidiary that does not own any material assets other than the Capital Stock of a Restricted Subsidiary described in clause (a) above and assets relating thereto (including contractual rights) or to its existence, including cash, cash equivalents and Temporary Cash Investments and items of Indebtedness.

"**Public Debt**" means any Indebtedness consisting of bonds, debentures, notes or other similar debt securities issued in (a) a public offering registered under the Securities Act or (b) a private placement to institutional investors whether or not it is underwritten for resale in accordance with Rule 144A or Regulation S, and whether or not it includes registration rights entitling the holders of such debt securities to registration thereof with the SEC.

"**Public Equity Offering**" means an underwritten public offering of ordinary shares (other than Redeemable Capital Stock) of the Company or a Parent Holdco (which shall include an offering pursuant to Rule 144A and/or Regulation S under the Securities Act to professional market investors or similar Persons) and, with respect to an offering by a Parent Holdco, the Net Cash Proceeds of which are contributed to the Company in the form of a subscription for, or a capital contribution in respect of, Qualified Capital Stock or as Subordinated Shareholder Funding.

"**Purchase Money Obligation**" means any Indebtedness secured by a Lien on assets related to the business of the Company and its Restricted Subsidiaries (and any additions and accessions thereto and proceeds therefrom) which are purchased, acquired, constructed, developed or improved by the Company or any Restricted Subsidiary at any time after the Issue Date; *provided* that:

(a) the security agreement or conditional sales or other title retention contract pursuant to which the Lien on such assets is created (collectively, a "**Purchase Money Security Agreement**") shall be entered into within 270 days after the purchase or acquisition or substantial completion of the construction, development or improvement of such assets and shall at all times be confined solely to such assets (and any rights relating thereto), any additions and accessions thereto and any proceeds therefrom; and

(b) either (i) the aggregate outstanding principal amount of Indebtedness secured thereby shall not at the time such Purchase Money Security Agreement is entered into exceed 100% of the purchase or acquisition price, or the cost of such construction, development or improvement, to the Company or any Restricted Subsidiary of the assets subject thereto or (ii) the Indebtedness secured thereby shall be

with recourse solely to such assets (including such related rights), any additions and accessions thereto and any proceeds therefrom.

"**Qualified Capital Stock**" of any Person means any and all Capital Stock of such Person other than Redeemable Capital Stock.

"**Rating Agency**" means any of S&P, Moody's, Fitch or any other "nationally recognized statistical ratings organization" (within the meaning of Rule 436 under the Securities Act).

"**Receivables Asset**s" means any assets that are or will be the subject of a Permitted Receivables Financing.

"**Receivables Fees**" means distributions or payments made directly or by means of discounts with respect to any participation interest issued or sold in connection with, and other fees paid to a Person that is not the Company or a Restricted Subsidiary in connection with, any Permitted Receivables Financing.

"**Receivables Repurchase Obligation**" means any obligation of a seller of Receivables Assets in a Permitted Receivables Financing to repurchase any Receivables Assets arising as a result of a breach of a representation, warranty or covenant or otherwise, including as a result of any receivable or portion thereof becoming subject to any asserted defense, dispute, off-set or counterclaim of any kind as a result of any action taken by, any failure to take action by or any other event relating to the seller.

"**Receivables Subsidiary**" means any Subsidiary of the Company that engages in no activities other than in connection with a Permitted Receivables Financing; *provided* that:

(a) no portion of the Indebtedness or any other obligations (contingent or otherwise) of such Subsidiary:

(1) is guaranteed by the Company or any Restricted Subsidiary (excluding guarantees of obligations (other than the principal of, and interest on, Indebtedness) pursuant to representations, warranties, covenants, and indemnities entered into in the ordinary course of business in connection with a Permitted Receivables Financing);

(2) is recourse to or obligates the Company or any Restricted Subsidiary in any way other than pursuant to representations, warranties, covenants and indemnities entered into in the ordinary course of business in connection with a Permitted Receivables Financing; or

(3) subjects any property or asset of the Company or any Restricted Subsidiary (other than receivables and related assets as provided in the definition of Permitted Receivables Financing and the Capital Stock of such Subsidiary), directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to representations, warranties, covenants and indemnities entered into in the ordinary course of business in connection with a Permitted Receivables Financing;

(b) neither the Company nor any Restricted Subsidiary has any material contract, agreement, arrangement or understanding with such Subsidiary other than on terms no less favorable to the Company or such Restricted Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of the Company, other than fees payable in the ordinary course of business in connection with servicing accounts receivable; and

(c) neither the Company nor any Restricted Subsidiary has any obligation to maintain or preserve such Subsidiary's financial condition or cause such Subsidiary to achieve a certain level of operating results.

"**Redeemable Capital Stock**" means any Capital Stock that, either by its terms or by the terms of any security into which it is convertible or exchangeable or otherwise, is or upon the happening of an event or passage of time would be, required to be redeemed prior to the final Stated Maturity as of the time of the issuance thereof or is redeemable at the option of the holder thereof at any time prior to such final Stated Maturity (other than upon a change of control or an asset sale (howsoever defined) in circumstances where the holders of the Senior Secured Notes would have similar rights), or is convertible into or exchangeable for debt securities at any time prior to such final Stated Maturity at the option of the holder thereof; *provided* that (a) only the portion of Capital Stock which so matures or is mandatorily redeemable, is so convertible or exchangeable or is so redeemable at the option of the holder thereof prior to such date will be deemed to be Redeemable Capital Stock and (b) any Capital Stock that would constitute Redeemable Capital

Stock solely because the holders thereof have the right to require the Company to repurchase such Capital Stock upon the occurrence of a change of control or an asset sale (howsoever defined or referred to) shall not constitute Redeemable Capital Stock if any such redemption or repurchase obligation is subject to compliance by the relevant Person with "*—Certain Covenants—Limitation on Restricted Payments*".

"**Redesignation**" has the meaning provided in the "*—Limitation on Unrestricted Subsidiaries*" covenant.

"**refinances**" shall mean renews, extends, repays, substitutes, refinances or replaces; "**refinanced**" and "**refinancing**" shall have correlative meanings.

"**Regulation S-X**" means Regulation S-X under the Exchange Act as from time to time in effect.

"**Remedy Entity**" means Runcorn MCP Limited, its successors and each of their respective Subsidiaries.

"**Rental Payments**" means rental payments made by the Company and its Restricted Subsidiaries under leases and sub-leases on reasonable commercial terms (as determined in good faith by the Company) in respect of the headquarters or other offices or facilities used by the Company and/or its Restricted Subsidiaries.

"**Restricted Group**" shall mean the Company and its Restricted Subsidiaries from time to time.

"**Restricted Group Company**" shall mean a member of the Restricted Group.

"**Restricted Payment**" has the meaning provided in clause (a) of the "*—Limitation on Restricted Payments*" covenant.

"**Restricted Subsidiary**" means in the case of any reference to (a) the Company and its Restricted Subsidiaries, any Subsidiary of the Company other than an Unrestricted Subsidiary, or (b) the Parent and its Restricted Subsidiaries, any Parent Intermediate Holdco, any Financing Subsidiary, the Company and any Subsidiary of the Company other than an Unrestricted Subsidiary.

"**Revolving Credit Facility**" means the $300 million revolving credit facility made available under the Term Loan and Revolving Credit Facility Agreement.

"**RPI**" means the index entitled "General Index of Retail Prices" prepared by the Office for National Statistics from time to time (or, if that index ceases to be so prepared, such other comparable index as is generally accepted).

"**Run Rate Adjustment**" has the meaning provided in the definition of Consolidated Adjusted EBITDA.

"**S&P**" means S&P Global Ratings, a division of S&P Global Inc., or any successor to its rating business.

"**Securities Act**" means the U.S. Securities Act of 1933, as amended, or any successor statute, and the rules and regulations promulgated by the Commission thereunder.

"**Security Agent**" means Barclays Bank PLC, in its capacity as security agent under the Security Documents, or any successor security agent pursuant to the Intercreditor Agreement.

"**Security Documents**" means each document that provides for a Lien in favor of the Security Agent, for the benefit of the Trustee and the holders of the Senior Secured Notes, over any Collateral, in each case, as amended, supplemented, restated and/or substituted from time to time.

"**Security Interests**" means the security interests that secure the obligations under the Senior Secured Notes and the Guarantees created by the Security Documents.

"**Security Principles**" means the Security Principles set forth in the Senior Secured Notes Indenture (or a schedule thereto), as applied reasonably and in good faith by the Company. For the avoidance of doubt, any requirement set forth in the Senior Secured Notes Indenture with respect to the granting of a Lien or Guarantee under the Senior Secured Notes Indenture shall be subject to the Security Principles.

"**Senior Indebtedness**" means any Indebtedness of the Company or any of its Restricted Subsidiaries that is not Subordinated Indebtedness.

"**Senior Notes**" means the €500.0 million aggregate principal amount $3^{3}/_{4}$% Senior Notes due 2026 issued on the Issue Date by INEOS Quattro Finance 1 Plc.

"**Senior Notes Indenture**" means the indenture dated as of the Issue Date, among the Parent, INEOS Quattro Finance 1 Plc, the guarantors named therein, HSBC Corporate Trustee Company (UK) Limited, as trustee, HSBC Bank PLC, as registrar, paying agent and transfer agent and Barclays Bank PLC, as security agent, as it may from time to time be supplemented or amended by one or more indentures supplemental thereto entered into pursuant to the applicable provisions thereof.

"**Senior Notes Proceeds Loan Note**" means the loan note in the amount of the gross proceeds of the Senior Notes issued on the Issue Date by and among the Company, as borrower and INEOS Quattro Finance 1 Plc, as lender, and all loans directly or indirectly replacing or refinancing such loan or any portion thereof.

"**Senior Notes Shared Collateral**" means (a) the Senior Notes Proceeds Loan Note and (b) the Capital Stock of the Company.

"**Senior Secured Indebtedness**" shall mean (a) the Senior Secured Notes and any other Senior Indebtedness that is secured by Liens on the Collateral ranking *pari passu* with the Liens on the Collateral securing the Senior Secured Notes as permitted by the Senior Secured Notes Indenture and (b) the Indebtedness under the Styrolution Securitization Programs and any other Permitted Receivables Financing.

"**Senior Secured Notes**" means the $500.0 million aggregate principal amount $3^{3}/_{8}$% Senior Secured Notes due 2026 and the €800.0 million aggregate principal amount $2^{1}/_{2}$% Senior Secured Notes due 2026 issued on the Issue Date by INEOS Quattro Finance 2 Plc.

"Senior Secured Notes Documents" means the Senior Secured Notes (including Additional Senior Secured Notes), the Senior Secured Notes Indenture, the Security Documents and the Intercreditor Agreement.

"**Senior Secured Notes Indenture**" means the indenture dated as of the Issue Date, among the Parent, INEOS Quattro Finance 2 Plc, the guarantors named therein, HSBC Corporate Trustee Company (UK) Limited, as trustee, HSBC Bank PLC, as registrar, paying agent and transfer agent for the Euro Senior Secured Notes, HSBC Bank USA, National Association, as registrar, paying agent and transfer agent for the Dollar Senior Secured Notes and Barclays Bank PLC, as security agent, as it may from time to time be supplemented or amended by one or more indentures supplemental thereto entered into pursuant to the applicable provisions thereof.

"**Senior Secured Notes Proceeds Loan Notes**" means, collectively, the Dollar Senior Secured Notes Proceeds Loan Note and the Euro Senior Secured Notes Proceeds Loan Note and any proceeds loan from the Issuer to the Company or a Restricted Subsidiary of the Company of the gross proceeds from the issuance of Additional Senior Secured Notes permitted by the Senior Secured Notes Indenture and, in each case, all loans directly or indirectly replacing or refinancing such loan or portion thereof.

"**Significant Restricted Subsidiary**" means, at the date of determination, any Restricted Subsidiary of the Company that, on a Consolidated basis with its Restricted Subsidiaries, (a) for the most recent fiscal year for which audited consolidated financial statements of the Parent shall have been delivered pursuant to paragraph (1) under "*—Certain Covenants—Provision of Financial Statements*", accounted for more than 10% of the Consolidated revenues of the Parent or (b) as of the end of the most recent fiscal quarter for which consolidated financial statements of the Parent shall have been delivered pursuant to paragraph (1) or (2) under "*—Certain Covenants—Provision of Financial Statements*", was the owner of more than 10% of the Consolidated assets of the Parent.

"**Specified Affiliate Payments**" means:

(a) the purchase of (and any dividend, distribution, loan or other payment to any Parent Holdco, Affiliate or employee trust or similar entity to effect the purchase of) (i) any Capital Stock of the Company, any Restricted Subsidiary or any Parent Holdco or (ii) any employee loan stock of the Company, any Restricted Subsidiary or any Parent Holdco, in each case held by any future, present or former employee, director, officer or consultant of any Parent Holdco, the Company or any of its Restricted Subsidiaries (or their estates or beneficiaries under their estates) pursuant to any management equity subscription agreement, stock option agreement, put agreement, consulting agreement, stockholder agreement or similar agreement or employee loan stock scheme that may be in effect from time to time; *provided* that the aggregate price paid for all such purchased Capital Stock and employee loan stock

shall not exceed €10.0 million in any calendar year (with unused amounts in any calendar year (beginning with 2020) being carried over to succeeding calendar years subject to a maximum amount of purchases pursuant to this clause (a) of €20.0 million in any calendar year);

(b) transactions with customers, clients, suppliers and distributors, and other purchases or sales of goods or services, in each case in the ordinary course of business and otherwise in compliance with the terms of the Senior Secured Notes Indenture, which when taken together are fair to the Company and its Restricted Subsidiaries, as determined in good faith by the Board of Directors or senior management of the Company, or are on terms not less favorable than might have been obtained in a comparable transaction at such time on an arm's length basis from a Person that is not an Affiliate, as determined in good faith by the Board of Directors or senior management of the Company;

(c) dividends, distributions, loans or other amounts paid to or on behalf of any Parent Holdco in amounts equal to amounts required for such Person to pay (i) audit fees and expenses, (ii) directors' fees, remuneration and expenses (including customary indemnification obligations and director and officer insurance premia), (iii) corporate overhead and salary or other compensation to existing and future employees allocable to the Company and its Restricted Subsidiaries, (iv) other ordinary course expenses required to maintain its corporate existence, (v) amounts required in relation to public reporting and registration and on-going administration of any securities or other Indebtedness and the Intercreditor Agreement and (vi) payments of fees under management agreements to INEOS Capital pursuant to agreements in effect on the Issue Date and any amendment or modifications thereof; *provided* that any amendments or modifications to the terms thereof are not more disadvantageous to the holders of the Senior Secured Notes in any material respect than such agreements as in effect on the Issue Date;

(d) dividends, distributions, loans or other amounts paid to or on behalf of any Parent Holdco in amounts equal to amounts required by any Parent Holdco to pay income or corporation taxes or VAT, but only to the extent such income or corporation taxes or VAT are attributable to the business of the Parent Holdcos, the Company or its Restricted Subsidiaries;

(e) the payment of any other amounts; *provided* that the total aggregate amount of Specified Affiliate Payments made under this clause (e) does not exceed in any fiscal year the greater of (x) € 125.0 million and (y) 1.12% of Total Assets at the time such payment is made;

(f) the payment of an annual management fee (in whatever form) to any Parent Holdco, any Permitted Holder or any of their respective Affiliates; *provided* that the total amount of Specified Affiliate Payments made under this clause (f) does not exceed in any fiscal year the greater of (x) €75.0 million (adjusted, since November 7, 2014, in accordance with the RPI) and (y) 0.67% of Total Assets at the time such payment is made; and

(g) Rental Payments.

"**Sponsor Purchasers**" means any of the Permitted Holders and any of their Affiliates (other than the Company and its Subsidiaries).

"**Stated Maturity**" means, when used with respect to any Indebtedness or any installment of interest thereon, the dates specified in such Indebtedness as the fixed date on which the principal of such Indebtedness or such installment of interest, as the case may be, is due and payable. For the avoidance of doubt, references to the "final Stated Maturity" of any Indebtedness shall mean the final scheduled repayment in respect of such Indebtedness, and in determining such final scheduled repayment date for any Indebtedness incurred in the form of a bridge or other interim credit facility intended to be extended, renewed or refinanced with Long-Term Indebtedness, the initial maturity date or rollover date (however denominated) thereof shall be disregarded so long as such credit facility includes customary "rollover" provisions that are subject to no conditions precedent other than (a) the occurrence of the date specified for the "rollover" and (b) that no payment, bankruptcy or insolvency event of default shall have occurred and be continuing.

"**Styrolution Securitization Programs**" means (a) the trade receivables securitization program established on May 6, 2011, by INEOS Styrolution Receivables Finance DAC (Designated Activity Company) (formerly known as Styrolution Receivables Finance Limited) (as purchaser and borrower) and INEOS Styrolution Group GmbH (as master servicer, seller agent and subordinated lender) with, among others, HSBC Bank PLC (as facility agent and conduit support lender) and The Law Debenture Trust Corporation PLC (as security trustee) and (b) the trade receivables

program which was established under a Mexican Trust Agreement number F/1787 among INEOS Styrolution Mexicana S.A. de C.V., as Initial Trustor; Deutsche Bank Mexico S.A., Institución de Banca Múltiple, División Fiduciaria (currently CI Banco, S.A. Institución de Banca Múltiple, as successor), as the Trustee; and INEOS Styrolution Receivables Finance DAC (Designated Activity Company), as the First Beneficiary; and under a Mexican Factoring Agreement among INEOS Styrolution Mexicana S.A. de C.V., as the Mexican Seller; Deutsche Bank México, S.A., Institución de Banca Múltiple, División Fiduciaria (currently CI Banco, S.A. Institución de Banca Múltiple, as successor), as the Mexican Trustee; INEOS Styrolution Receivables Finance DAC (Designated Activity Company), as the Trust Beneficiary; INEOS Styrolution Group GmbH, as the Master Servicer; HSBC Bank PLC as Facility Agent; and The Law Debenture Trust Corporation PLC, as the Security Trustee (as such programs may be amended, supplemented, varied, novated, extended or replaced from time to time and including without limitation any further receivables purchase agreements and other documents evidencing the accession of further receivables sellers to such programs and any additional security from time to time created by or in connection with any additional sellers).

"**Subordinated Indebtedness**" means Indebtedness of the Issuer or any Guarantor that is subordinated in right of payment to the Senior Secured Notes or a Guarantee of such Guarantor, as applicable; *provided* that, for the avoidance of doubt, no Senior Indebtedness held by any Sponsor Purchaser shall constitute Subordinated Indebtedness.

"**Subordinated Lien Indebtedness**" means Indebtedness of the Issuer or any Guarantor secured by a Lien on the Collateral that is contractually junior to the Liens on the Collateral securing the Senior Secured Notes or a Guarantee of such Guarantor, as applicable, pursuant to the Intercreditor Agreement, other than any such Indebtedness owing to the Company or any Restricted Subsidiary.

"**Subordinated Shareholder Funding**" means Subordinated Indebtedness of the Company issued to any Permitted Holder, any Parent Holdco or any Affiliate thereof (other than any Restricted Subsidiary of the Company):

(a) which, by its terms or pursuant to the terms of any subordination agreement to which it is subject:

(i) does not (including upon the happening of any event) mature (other than upon acceleration of its maturity permitted by clause (a)(iii) below) or require any amortization and is not (including upon the happening of any event) mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder, in whole or in part, and does not include any provision requiring repurchase by the Company or any Restricted Subsidiary (including upon the happening of any event), in each case, prior to the first anniversary of the final Stated Maturity of the Senior Secured Notes as of the date of the incurrence thereof;

(ii) does not (including upon the happening of any event) require the payment of interest (in cash or otherwise, except any interest in the form of the issuance of additional Subordinated Shareholder Funding), cash withholding amounts or other cash gross ups or any other cash amounts prior to its final Stated Maturity (*provided* that interest may accrete while such Subordinated Indebtedness is outstanding and accreted interest may become due upon acceleration of maturity as permitted by clause (a)(iii) below);

(iii) contains no change of control or similar provisions, has no right to declare a default or event of default, does not provide (including upon the happening of any event) for the acceleration of its maturity (other than any default, event of default or acceleration of its maturity upon the happening of any events described in clause (b)(ii) below, so long as the subordination requirements of such clause are satisfied), the ability to take any enforcement action or the exercise of remedies, in each case, prior to the date on which the Senior Secured Notes mature and are repaid;

(iv) is not required to be, and is not, secured by, a Lien on any assets of the Company or any Restricted Subsidiary and is not guaranteed by any Restricted Subsidiary of the Company;

(v) does not (including upon the happening of any event) restrict the payment of amounts due in respect of the Senior Secured Notes or compliance by the Issuer with its obligations under the Senior Secured Notes Documents; and

(vi) is not (including upon the happening of any event) mandatorily convertible or exchangeable, or convertible or exchangeable at the option of the holder, in whole or in part, prior to the final

Stated Maturity of the Senior Secured Notes as of the date of the incurrence thereof other than into or for Capital Stock (other than Redeemable Capital Stock) of the Company; and

(b) which is contractually subordinated and junior (by its terms in favor of, or pursuant to an agreement with, the Trustee) in right of payment to the prior payment in full in cash of all obligations (including principal, interest, premium (if any) and Additional Amounts (if any)) of the Company under the relevant Guarantee of the Senior Secured Notes and the Senior Secured Notes Indenture (other than contingent indemnity, expense reimbursement, tax gross-up or other yield protection obligations, in each case, for which a claim has not been made) such that:

(i) the Company shall not make any payment in respect of such Subordinated Indebtedness (whether in cash, securities or otherwise, except as permitted by clause (a)(ii) or (a)(iii) above) and may not acquire such Subordinated Indebtedness, in each case, except as permitted by the Senior Secured Notes Indenture until the prior payment in full in cash of all obligations under the relevant Guarantee of the Senior Secured Notes and the Senior Secured Notes Indenture (other than contingent indemnity, expense reimbursement, tax gross-up or other yield protection obligations for which a claim has not been made);

(ii) upon any total or partial liquidation, dissolution or winding up of the Company or in a bankruptcy, reorganization, insolvency, receivership or similar proceeding relating to the Company or its property, the holders of the Senior Secured Notes will be entitled to receive payment in full in cash of all obligations under the relevant Guarantee of the Senior Secured Notes and the Senior Secured Notes Indenture (other than contingent indemnity, expense reimbursement, tax gross-up or other yield protection obligations for which a claim has not been made) before the holders of such Subordinated Indebtedness will be entitled to receive any payment in respect of such Subordinated Indebtedness;

(iii) such Subordinated Indebtedness may not be amended such that it would cease to qualify as Subordinated Shareholder Funding until a date that is after the prior payment in full in cash of all obligations under the relevant Guarantee of the Senior Secured Notes and the Senior Secured Notes Indenture (other than contingent indemnity, expense reimbursement, tax gross-up or other yield protection obligations for which a claim has not been made);

(iv) the holders of such Subordinated Indebtedness shall assign any rights to vote, including by way of proxy, in a bankruptcy, insolvency or similar proceeding to the Trustee to the extent necessary to give effect to the priority and subordination provisions described in this definition; and

(v) the holders of such Subordinated Indebtedness shall agree that, in the event any payment on such Subordinated Indebtedness is received by such holder in contravention of the terms of the Senior Secured Notes Indenture and any applicable subordination agreement, then such payment shall be held in trust for the benefit of, and shall be paid over or delivered to, the Trustee, on behalf of the holders of the Senior Secured Notes;

provided that any event or circumstance that results in such Subordinated Indebtedness ceasing to qualify as Subordinated Shareholder Funding shall (A) constitute an incurrence of such Indebtedness by the Company and (B) reduce the amount described in clause (3)(B) of paragraph (b) under "*—Certain Covenants—Limitation on Restricted Payments*" by an amount equal to the amount by which the amount in such clause (3)(B) had been previously increased on account of such Subordinated Shareholder Funding, and any and all Restricted Payments made since the date of the original issuance of such Subordinated Shareholder Funding shall constitute new Restricted Payments that must satisfy "*—Certain Covenants—Limitation on Restricted Payments*" at a time on or after the date of the original issuance of such Subordinated Shareholder Funding after giving effect to the reduction referred to above in clause (B) above. It is understood and agreed that the requirements of clause (b) above shall be deemed to be satisfied by the terms and conditions of the Intercreditor Agreement applicable to "Subordinated Creditors" or "Subordinated Obligations" (each such term as defined therein). Notwithstanding clause (i) of the second sentence of the definition of Indebtedness, "Subordinated Indebtedness", as used in this definition, shall not exclude Subordinated Shareholder Funding.

"**Subsequent Collateral**" means the Collateral described under the caption "*—Brief Description of the Senior Secured Notes, the Guarantees and the Security—Security—General—The Subsequent Collateral*".

"**Subsequent Guarantor**" or "**Subsequent Guarantors**" means (i) BP America Chembel Holding LLC; BP Amoco Chemical Company; INEOS Aromatics Holding Company; BP Amoco Chemical Indonesia Limited; BP Asia Limited; INEOS Aromatics Holdings Limited; BP Chembel NV; INEOS Acetyls Investments Limited; INEOS Acetyls (Korea) Limited (formerly, BP Chemicals (Korea) Limited); INEOS Aromatics Limited (formerly, BP Aromatics Limited); INEOS World-Wide Technical Services Limited (formerly, BP World-Wide Technical Services Limited); INEOS Acetyls Americas Limited (formerly, Exploration Service Company Limited); INEOS Styrolution APAC Pte. Ltd.; INEOS Styrolution Belgium NV; INEOS Styrolution Canada Ltd.; INEOS Styrolution Mexicana, S.A. de C.V.; INEOS Styrolution Switzerland SA; INEOS Acetyls International Limited, INOVYN Belgium SA; INOVYN ChlorVinyls Holdings Limited; INOVYN ChlorVinyls Limited; INOVYN Deutschland GmbH; INOVYN Enterprises Limited; INOVYN Europe Limited; INOVYN Finance PLC; INOVYN France SAS; INOVYN Group Treasury Limited; INOVYN Limited; INOVYN Manufacturing Belgium SA; INOVYN Newco 2 Limited; INOVYN Norge AS; INOVYN Olefines France SAS; INOVYN Sverige AB; INOVYN Trade Services SA; Kerling Newco 1 Limited; and Kerling Newco 2 Limited and (ii) the Korean Subsidiary, which will guarantee the obligations of the Issuer under the Senior Secured Notes only if the Bank of Korea accepts the report to be filed with it by the Korean Subsidiary.

"**Subsidiary**" of any Person means (a) any corporation more than 50% of the total voting power of the outstanding Voting Stock of which is owned or controlled, directly or indirectly, by such Person or by one or more other Subsidiaries of such Person, or by such Person and one or more other Subsidiaries thereof, (b) any limited partnership of which such Person or any Subsidiary of such Person is a general partner, (c) any other Person in which such Person, or one or more other Subsidiaries of such Person, or such Person and one or more other Subsidiaries, directly or indirectly, owns more than 50% of the outstanding equity value or partnership or similar interests or has the power, by contract or otherwise, to direct or cause the direction of the policies, management and affairs thereof and (d) any Subsidiary within the meaning of Section 17 of the German Stock Corporation Act (*Aktiengesetz*). Unless otherwise expressly provided, all references herein to a "Subsidiary" shall mean a Subsidiary of the Parent.

"**Subsidiary Guarantor**" means each Restricted Subsidiary of the Company that is a Guarantor of the Senior Secured Notes.

"**Surviving Entity**" means a Parent/Company Surviving Entity, an Issuer Surviving Entity or a Guarantor Surviving Entity, as the context requires.

"**Swedish Security Document**" means any Security Document that is governed by the laws of Sweden.

"**Tax Sharing Agreement**" means any tax sharing or tax payment agreement with customary terms and any arrangement in respect of the surrender of group relief or the allocation of disallowances of deductions for financing purposes, in each case, entered into with any Parent Holdco, as the same may be amended, supplemented, waived or otherwise modified from time to time in accordance with the terms thereof and of the Senior Secured Notes Indenture.

"**Taxes**" means all present and future taxes, levies, assessments, imposts, deductions, charges, duties, withholdings (including backup withholding), or fees imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

"**Temporary Cash Investments**" means

(a) any evidence of Indebtedness, maturing not more than one year after the date of acquisition, issued by the United States of America, Canada, Norway, Switzerland, the United Kingdom or any state that was a member state of the European Union on December 31, 2003 (or any state, territory, political subdivision or taxing authority of any of the foregoing) or an instrumentality or agency thereof, and guaranteed fully as to principal, premium, if any, and interest by any of the foregoing;

(b) any certificate of deposit, maturing not more than one year after the date of acquisition, issued by, or time deposit of, a commercial banking institution that is a member of the U.S. Federal Reserve System or a bank or trust company organized in the United States of America, Canada, Norway, Switzerland, the United Kingdom or any state that was a member state of the European Union on December 31, 2003 (or any state, territory, political subdivision or taxing authority of any of the foregoing) and that has combined capital and surplus and undivided profits of not less than US$500.0 million and whose debt has a rating, at the time as of which any investment therein is made, of "P-2" (or higher) according to Moody's or any successor rating agency or "A-2" (or higher) according to S&P or any successor rating agency;

(c) commercial paper, maturing not more than one year after the date of acquisition, issued by a corporation (other than an Affiliate or Subsidiary of the Company) organized and existing under the laws of the United States of America, Canada, Norway, Switzerland, the United Kingdom or any state that was a member state of the European Union on December 31, 2003 (or any state, territory, political subdivision or taxing authority of any of the foregoing) with a rating, at the time as of which any investment therein is made, of "P-2" (or higher) according to Moody's or any successor rating agency or "A-2" (or higher) according to S&P or any successor rating agency;

(d) any money market deposit accounts issued or offered by a commercial bank organized in the United States of America, Canada, Norway, Switzerland, the United Kingdom or any state that was a member state of the European Union on December 31, 2003 (or any state, territory, political subdivision or taxing authority of any of the foregoing) having capital and surplus in excess of US$500.0 million; *provided* that the short term debt of such commercial bank has a rating, at the time as of which any investment therein is made, of "P-2" (or higher) according to Moody's or any successor rating agency or "A-2" (or higher) according to S&P or any successor rating agency;

(e) repurchase obligations with a term of not more than 30 days for underlying obligations of the types described in clauses (a) and (b) above entered into with any bank meeting the qualifications specified in clause (b) above;

(f) interests in any investment company or money market fund which invests 95% or more of its assets in instruments of the type specified in clauses (a) through (e) above; and

(g) other short-term investments utilized by Restricted Subsidiaries of the Parent in accordance with normal investment practices for cash management (as determined by the Company in good faith) in the jurisdiction of organization or operation of such Restricted Subsidiary.

"**Term Loan A Facilities**" refers collectively to (i) $350 million term loan facilities made available to INEOS 226 Limited pursuant to the Term Loan and Revolving Credit Facility Agreement and (i) the €300 million term loan facility made available to INEOS Quattro Financing Limited pursuant to the Term Loan and Revolving Credit Facility Agreement, €180 million outstanding amount of which will be repaid in connection with the Transactions.

"**Term Loan and Revolving Credit Facility Agreement**" refers to the credit agreement dated as of July 31, 2020, among, inter alios, INEOS 226 Limited and INEOS Quattro Financing Limited (formerly INEOS Styrolution Financing Limited), as borrowers, and Barclays Bank plc, Citigroup Global Markets Limited and J.P. Morgan Securities plc, as joint global coordinators, joint lead arrangers and joint bookrunners, as amended by an incremental facility agreement dated on or about the Issue Date, and as the same may be further amended from time to time.

"**Treasury Rate**" means the greater of (a) the yield to maturity at the time of computation of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) which has become publicly available at least two Business Days (but not more than five Business Days) prior to the redemption date (or, if such statistical release is not so published or available, any publicly available source of similar market date selected by the Issuer in good faith)) most nearly equal to the period from the redemption date to January 15, 2023; *provided*, *however*, that if the period from the redemption date to January 15, 2023 is not equal to the constant maturity of a United States Treasury security for which a weekly average yield is given, the Treasury Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of United States Treasury securities for which such yields are given, except that if the period from the redemption date to January 15, 2023 is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year shall be used and (b) 0%.

"**Total Assets**" means the Consolidated total assets of the Parent and its Restricted Subsidiaries, as shown on the most recent balance sheet of the Parent, but subject to the final proviso set forth in paragraph (b) under "*—Certain Covenants—Limitations on Activities of Parent and Parent Intermediate Holdcos*".

"**Transactions**" means, collectively, (a) the incurrence of indebtedness under, and the other transactions contemplated by, the Term Loan and Revolving Credit Facility Agreement, (b) the transactions contemplated by the other Senior Secured Notes Documents, (c) the incurrence of the loans under the Bridge Facility (as defined in the Term Loan and Revolving Credit Facility Agreement as in effect immediately prior to the Issue Date) and the use of the proceeds thereof, (d) the Deposit Facility Refinancing (as defined in the Term Loan and Revolving Credit Facility Agreement as in effect immediately prior to the Issue Date), (e) the BP Acquisition and the related transactions, (f) the

INOVYN Contribution, (g) the issuance and sale of the Senior Secured Notes and the Senior Notes and (h) the payment of fees and expenses in connection with any of the foregoing.

"**Trust Indenture Act**" means the U.S. Trust Indenture Act of 1939, as amended, or any successor statute.

"**United States**" or "**U.S.**" means the United States of America.

"**Unrestricted Subsidiary**" means (a) each of China American Petrochemical Company Ltd., INEOS Runcorn (TPS) Holdings Limited and INEOS Runcorn (TPS) Limited and (b) any Subsidiary of the Company (other than the Issuer) that is designated as such pursuant to and in compliance with "*—Limitation on Unrestricted Subsidiaries*", in each case unless and until such Subsidiary is redesignated as a Restricted Subsidiary pursuant to a Redesignation as provided in paragraph (d) of such covenant.

"**U.S. Government Obligations**" means direct obligations (or certificates representing an ownership interest in such obligations) of the United States of America (including any agent or instrumentality thereof) for the payment of which its full faith and credit is given.

"**VAT**" means (a) any value added tax imposed by the United Kingdom Value Added Tax Act 1994, (b) any Tax imposed in compliance with the Council Directive of 28 November 2006 on the common system of value added tax (EC Directive 2006/112), and (c) any other Tax of a similar nature, whether imposed in the United Kingdom or in a member state of the European Union in substitution for, or levied in addition to, such Tax referred to in clause (a) or (b), or imposed elsewhere.

"**Voting Stock**" of a Person means Capital Stock of such Person of the class or classes pursuant to which the holders thereof have the general voting power under ordinary circumstances to elect at least a majority of the Board of Directors of such Person, managers or trustees of such Person (irrespective of whether or not at the time Capital Stock of any other class or classes shall have or might have voting power by reason of the happening of any contingency).

"**wholly owned**", when used in reference to a Subsidiary of any Person, means that all the Capital Stock of such Subsidiary (other than directors' qualifying shares and other nominal amounts of Capital Stock that are required to be held by other Persons under applicable law) are owned by such Person, another wholly owned Subsidiary of such Person or any combination thereof.

"**Wholly Owned Restricted Subsidiary**" means a Restricted Subsidiary all the Capital Stock of which (other than directors' qualifying shares and other nominal amounts of Capital Stock that are required to be held by other Persons under applicable law) is owned by the Company, another Wholly Owned Restricted Subsidiary or any combination thereof.

DESCRIPTION OF THE SENIOR NOTES

The €500.0 million aggregate principal amount of $3^{3}/_{4}$% Senior Notes due 2026 (the "**Senior Notes**" or the "**Euro Senior Notes**") were issued under an indenture (the "**Senior Notes Indenture**") dated as of January 29, 2021 (the "**Issue Date**"), among, *inter alios*, INEOS Quattro Finance 1 Plc, as issuer (the "**Issuer**"), INEOS Quattro Holdings Limited (the "**Parent**"), INEOS Quattro Financing Limited (the "**Company**"), the other guarantors party thereto (together with the Company, the "**Initial Guarantors**"), HSBC Corporate Trustee Company (UK) Limited, as trustee (in such capacity, the "**Trustee**") and Barclays Bank PLC, as security agent (the "**Security Agent**"). Unless the context otherwise requires, in this "Description of the Senior Notes," references to the "**Senior Notes**" include the Euro Senior Notes issued on the Issue Date and any Additional Senior Notes that are issued under the Senior Notes Indenture.

The following is a summary of material provisions of the Senior Notes Indenture, the Senior Notes and the Guarantees and refers to the Security Documents and the Intercreditor Agreement. It does not restate those agreements in their entirety. Where reference is made to particular provisions of those agreements, such provisions, including the definitions of certain terms, are qualified in their entirety by reference to all of the provisions of such agreements.

The Senior Notes Indenture, the Senior Notes, the guarantees provided by the Guarantors (the "**Guarantees**") and the Security Documents will be subject to the terms of the Intercreditor Agreement and any additional intercreditor agreements entered into in the future. The terms of the Intercreditor Agreement are important to understanding the terms and ranking of the Senior Notes and the Guarantees. Please see "*Description of Other Indebtedness—Intercreditor Agreement*" for a summary of certain material terms of the Intercreditor Agreement.

The registered holder of a Senior Note will be treated as its owner for all purposes. Only registered holders will have rights under the Senior Notes Indenture, including, without limitation, with respect to enforcement and the pursuit of other remedies. The Senior Notes have not been registered under the Securities Act and are subject to certain transfer restrictions. The Senior Notes Indenture is not required to be nor will it be qualified under the Trust Indenture Act and will not incorporate by reference any provisions of the Trust Indenture Act.

Where this "Description of the Senior Notes" or the Senior Notes Indenture refers to (i) the delivery of an Officer's Certificate, or equivalent, of the Parent, the Issuer, the Company, any other Guarantor or a Surviving Entity, the Parent, the Issuer, the Company, such Guarantor or such Surviving Entity, as the case may be, may, at its election, satisfy such delivery requirement by the delivery of a certificate, or equivalent, of an officer of any of the Parent, the Issuer, INEOS Styrolution Group GmbH or the Company and (ii) except under "*—Certain Covenants—Limitation on Transactions with Affiliates*", the determination, resolution, designation, instruction, request or direction of any of (A) the Parent or an officer, the senior management or the Board of Directors thereof, (B) the Issuer or an officer, the senior management or the Board of Directors thereof, or (C) the Company or an officer, the senior management or the Board of Directors thereof, such determination, resolution, designation, instruction, request or direction may be made by, in each case, any of the Parent, or an officer or the senior management thereof if duly authorized to do so by the Board of Directors thereof, or the Board of Directors thereof, the Issuer, or an officer or the senior management thereof if duly authorized to do so by the Board of Directors thereof, or the Board of Directors thereof, INEOS Styrolution Group GmbH, or an officer or the senior management thereof if duly authorized to do so by the Board of Directors thereof, or the Board of Directors thereof, or the Company, or an officer or the senior management thereof if duly authorized to do so by the Board of Directors thereof, or the Board of Directors thereof (in each case, as applicable), at the Parent's election.

For definitions of certain capitalized terms used in the following summary, please see "*—Certain Definitions*."

Brief Description of the Senior Notes, the Guarantees and the Security

The Senior Notes

The Senior Notes will:

- be senior obligations of the Issuer secured on a second-ranking basis by the Collateral;
- rank *pari passu* in right of payment with all existing and future Indebtedness of the Issuer that is not subordinated to the Senior Notes, including, without limitation, the Issuer's guarantee of the Senior Secured Notes, the Existing Notes, the Existing Term Loan B Facilities, the Term Loan A Facilities, the Revolving Credit Facility, the New Term Loan B Facilities and certain Hedging Obligations and Cash Management Arrangements

- be guaranteed on a senior basis by the Parent and on a senior subordinated basis by the Subsidiary Guarantors;

- rank effectively senior to all existing and future Indebtedness of the Issuer, if any, that is unsecured or that is secured by Liens junior to the Liens securing the Senior Notes to the extent of the value of the Collateral;

- be effectively subordinated to all existing and future Indebtedness of the Issuer that is secured by property or assets that do not secure the Senior Notes or that is secured on a first-priority basis over property and assets that secure the Senior Notes on a second-priority basis (including the Issuer's guarantee of the Senior Secured Notes, the Existing Notes, the Existing Term Loan B Facilities, the Term Loan A Facilities, the Revolving Credit Facility, the New Term Loan B Facilities and certain Hedging Obligations and Cash Management Arrangements) to the extent of the value of the assets securing such Indebtedness;

- rank senior in right of payment to all existing and future obligations of the Issuer expressly subordinated in right of payment to the Senior Secured Notes, if any; and

- be structurally subordinated to all liabilities (including trade payables) and preferred stock of each subsidiary of the Parent that is not a Guarantor.

As of September 30, 2020, as adjusted to give *pro forma* effect to the Transactions, we would have had total financial indebtedness of € 6,864.5 million.

Under the terms of the Intercreditor Agreement, the proceeds of any enforcement of the Collateral will be applied, subject to the rights of creditors mandatorily preferred by law applying to companies generally, *pro rata* to repayment of the Senior Secured Notes, the Existing Notes, the Existing Term Loan B Facilities, the Term Loan A Facilities, the Revolving Credit Facility, the New Term Loan B Facilities, the Hedging Obligations to the extent the relevant counterparties accede to the Intercreditor Agreement (the "**Hedging Liabilities**"), the Cash Management Arrangements to the extent the relevant counterparties accede to the Intercreditor Agreement (the "**Cash Management Liabilities**") and future Senior Secured Indebtedness prior to the repayment of the Senior Notes and thereafter *pro rata* to repayment of the Senior Notes and future Second Lien Debt Obligations. The Intercreditor Agreement limits the ability of the Trustee or the holders of the Senior Notes to instruct the Security Agent to take enforcement action. Please see "*—Enforcement of Security*," and "*Description of Other Indebtedness—Intercreditor Agreement*."

The Guarantees

The Senior Notes will be guaranteed by the Guarantors. Each Guarantee will:

- be joint and several and will be the general senior subordinated obligation (or, in the case of the Guarantee by the Parent, senior obligation) of the applicable Guarantor;

- be subordinated (or, in the case of the Guarantee by the Parent, *pari passu*) in right of payment with all existing and future Senior Indebtedness of the applicable Guarantor (including obligations under the Senior Secured Notes, the Existing Notes, the Existing Term Loan B Facilities, the Term Loan A Facilities, the Revolving Credit Facility, the New Term Loan B Facilities, certain Hedging Obligations, Cash Management Arrangements and future Senior Secured Indebtedness);

- rank *pari passu* in right of payment to all existing and future senior subordinated Indebtedness of the applicable Guarantor (or, in the case of the Parent, rank senior in right of payment to all existing and future subordinated Indebtedness of the Parent), if any;

- be effectively subordinated to all existing and future Indebtedness of the applicable Guarantor that is secured by property or assets that do not secure the Guarantee (including the applicable Guarantor's obligations under the Senior Secured Notes, the Existing Notes, the Existing Term Loan B Facilities, the Term Loan A Facilities, the Revolving Credit Facility, the New Term Loan B Facility, certain Hedging Obligations and Cash Management Arrangements) to the extent of the value of the assets securing such Indebtedness; and

- be structurally subordinated to all liabilities (including trade payables) and preferred stock of each subsidiary of the applicable Guarantor that is not a Guarantor, including the Styrolution Securitization

Programs and the INOVYN Securitization Program, drawings under certain working capital facilities and lease liabilities of the non-Guarantor Subsidiaries.

The Guarantees will be effectively subordinated to any existing and future Indebtedness and other obligations of such Guarantor that is secured on a first-priority basis over property and assets that secure such Guarantee on a second-priority basis or that are secured by property and assets that do not secure such Guarantee, to the extent of the value of the property and assets securing such Indebtedness and other obligations (including the applicable Guarantor's obligations under the Senior Secured Notes, the Existing Notes, the Existing Term Loan B Facilities, the Term Loan A Facilities, the Revolving Credit Facility, the New Term Loan B Facility, certain Hedging Obligations, Cash Management Arrangements and future Senior Secured Indebtedness). In the event of a bankruptcy or insolvency, each such secured creditor will have a prior secured claim to any collateral of such Guarantor securing the debt owed to them. The Guarantees will be subject to the subordination, payment blockage and turnover provisions set forth in the Intercreditor Agreement. Please see "*Description of Other Indebtedness—Intercreditor Agreement*".

Not all of the Parent's Restricted Subsidiaries will guarantee the Senior Notes. As of the Issue Date, the Senior Notes will be jointly and severally guaranteed on a senior subordinated basis (or, in the case of the Guarantee by the Parent, a senior basis) by the Initial Guarantors. See "*Risk Factors—Risks Relating to the Notes and Our Capital Structure—Post-Closing Guarantees and Collateral—The Subsequent Guarantors will not initially guarantee the Notes and the Subsequent Collateral will not initially secure the Notes*."

Each of the Parent, the Issuer, the Company and the other Initial Guarantors shall take such necessary actions, and the Parent shall cause its Restricted Subsidiaries to take such necessary actions, so that on the date that is no later than 90 days following the Issue Date (or such later date to the extent the relevant Subsequent Guarantor has yet to provide a guarantee under the Term Loan and Revolving Credit Facility Agreement due to the exercise of discretion of the administrative agent under the Term Loan and Revolving Credit Facility Agreement), the Subsequent Guarantors shall become Guarantors by executing and delivering to the Trustee a supplemental indenture substantially in the form attached as an exhibit to the Senior Notes Indenture. The Guarantors (upon the Subsequent Guarantors becoming Guarantors under the Senior Notes Indenture) are expected to represent 97.5% of the Parent's combined consolidated EBITDA before special items for the nine months ended September 30, 2020 and 92.2% of the Parent's combined consolidated total assets (in each case, prior to giving effect to pro forma adjustments and calculated in a manner consistent with the covenants in the Term Loan and Revolving Credit Facility Agreement, i.e., excluding the receivables sold to the securitization special purpose vehicles under the Styrolution Securitization Programs and the INOVYN Securitization Program and excluding the consolidated EBITDA before special items and assets of our subsidiaries in Excluded Jurisdictions) as of September 30, 2020. Our subsidiaries in the Excluded Jurisdictions represented 18.1% of our total assets and 6.3% of our consolidated EBITDA before special items as of and for the nine months ended September 30, 2020 (in each case, excluding the EBITDA before special items and assets of the securitization special purpose vehicles under the Securitization Programs).

The Guarantee from INEOS Styrolution Korea Ltd. (the "**Korean Subsidiary**") will be subject to the filing of a report by our Korean Subsidiary with the Bank of Korea. The Bank of Korea may request that our Korean Subsidiary submit such documents as may be necessary or desirable to determine whether to accept the report. This additional information can include financial statements of the issuer of the principal debt obligation, as well as documentation demonstrating the commercial benefit of the transaction for our Korean Subsidiary. The Bank of Korea may require that the amount of the Guarantee be limited to the value of the corporate benefit received by our Korean Subsidiary. After submission of a report to the Bank of Korea, under normal circumstances it may take up to five business days for the Bank of Korea to grant its acceptance thereof. If the Bank of Korea does not accept the report, our Korean Subsidiary will not provide a Guarantee of the Senior Notes, even though it provides a guarantee under the Existing Indenture and the Existing Term Loan B Facilities Agreement and may still provide a guarantee under the Term Loan and Revolving Credit Facility Agreement. Our Korean Subsidiary accounted for €70.5 million of the Parent's pro forma consolidated EBITDA before special items in the nine months ended September 30, 2020 and €207.7 million of the Parent's pro forma consolidated total assets as of September 30, 2020.

Subject to any restrictions or limitations imposed by local law, the following entities will provide Guarantees as of the Issue Date: INEOS 226 Limited; INEOS Acetyls UK Limited; INEOS Quattro Finance 2 Plc; INEOS Styrolution America LLC; INEOS Styrolution Europe GmbH; INEOS Styrolution Group GmbH; INEOS Styrolution Holding GmbH; INEOS Styrolution Investment GmbH; INEOS Styrolution Köln GmbH; INEOS Styrolution Ludwigshafen GmbH; INEOS Styrolution US Holding LLC; INEOS US Petrochem LLC; the Company; and the Parent.

Subject to any restrictions or limitations imposed by local law (including, in the case of the Guarantee by our Korean Subsidiary, the acceptance of our report by the Bank of Korea), the following entities will provide Guarantees within 90 days after the Issue Date (or such later date to the extent the relevant Subsequent Guarantor has yet to provide a

guarantee under the Term Loan and Revolving Credit Facility Agreement due to the exercise of discretion of the administrative agent under the Term Loan and Revolving Credit Facility Agreement): INEOS Aromatics Holding Company; BP Amoco Chemical Company; BP Amoco Chemical Holding Company; BP Amoco Chemical Indonesia Limited; BP Asia Limited; INEOS Aromatics Holdings Limited; BP Chembel NV; INEOS Acetyls Investments Limited; INEOS Acetyls (Korea) Limited (formerly, BP Chemicals (Korea) Limited); INEOS Aromatics Limited (formerly, BP Aromatics Limited); INEOS World-Wide Technical Services Limited (formerly, BP World-Wide Technical Services Limited); INEOS Acetyls Americas Limited (formerly, Exploration Service Company Limited); INEOS Styrolution APAC Pte. Ltd.; INEOS Styrolution Belgium NV; INEOS Styrolution Canada Ltd.; INEOS Styrolution Korea Ltd.; INEOS Styrolution Mexicana, S.A. de C.V.; INEOS Styrolution Switzerland SA; INEOS Acetyls International Limited; INOVYN Belgium SA; INOVYN ChlorVinyls Holdings Limited; INOVYN ChlorVinyls Limited; INOVYN Deutschland GmbH; INOVYN Enterprises Limited; INOVYN Europe Limited; INOVYN Finance PLC; INOVYN France SAS; INOVYN Group Treasury Limited; INOVYN Limited; INOVYN Manufacturing Belgium SA; INOVYN Newco 2 Limited; INOVYN Norge AS; INOVYN Olefines France SAS; INOVYN Sverige AB; INOVYN Trade Services SA; Kerling Newco 1 Limited; and Kerling Newco 2 Limited.

As of September 30, 2020, our non-Guarantor subsidiaries had €16.8 million in total financial indebtedness (excluding the INOVYN Securitization Program and the Styrolution Securitization Programs), which ranked structurally senior to the Senior Notes and the Guarantees. Any additional debt that our non-Guarantor subsidiaries incur in accordance with the Senior Notes Indenture will rank structurally senior to the Senior Notes and the Guarantees.

The obligations of the Guarantors under their Guarantees will be limited as necessary to recognize certain limitations imposed due to local law and defenses generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law. Please see "*Risk Factors—Risks Relating to the Notes and Our Capital Structure—Your rights as a creditor may not be the same under relevant insolvency laws in Germany and other jurisdictions as under U.S. or other insolvency laws. Corporate benefit, capital maintenance and other limitations on the Guarantees and the security interests may adversely affect the validity and enforceability of the Guarantees of the Notes and the security interests and will limit the amount that can be recovered under the Guarantees and the security interests granted by the Issuer and its subsidiaries*", "*Risk Factors—Corporate benefit, capital maintenance laws and other limitations on the Guarantees and the security interests may adversely affect the validity and enforceability of the Guarantees and the security interests over the Collateral*" and "*Limitations on Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Considerations*."

The obligations of any Guarantor under its Guarantee will be automatically and unconditionally released and discharged in certain circumstances. Please see "*Description of Other Indebtedness—Intercreditor Agreement*" and "*—Release of the Guarantees*."

Release of the Guarantees

The Guarantee provided by any Guarantor will be automatically and unconditionally released and terminated, without any action by or the necessity of the consent of the Trustee, the Security Agent or holder of the Senior Notes as follows (and each holder of the Senior Notes will be deemed to have irrevocably authorized the Trustee and the Security Agent to execute and deliver (and, at the request and cost of the Parent, each of the Trustee and the Security Agent will execute and deliver) any document to the extent necessary or reasonably requested by the Parent to evidence such release and termination):

(a) with respect to any Subsidiary Guarantor, in connection with any sale, assignment, transfer (including any transfer to a Permitted Joint Venture) or other disposition (including by way of a merger, consolidation or amalgamation) of all or substantially all of the assets of such Subsidiary Guarantor (determined after giving effect to any substantially concurrent sales, assignments, transfers or other dispositions to the Parent, a Guarantor or a Restricted Subsidiary) to a Person that is not (after giving effect to such transaction or any related transactions) the Parent, a Guarantor or a Restricted Subsidiary, if such sale, assignment, transfer or other disposition does not violate the requirements of "*—Certain Covenants—Limitation on Sale of Assets*";

(b) with respect to any Subsidiary Guarantor, in connection with any sale, assignment, transfer (including any transfer to a Permitted Joint Venture) or other disposition of the Capital Stock of such Subsidiary Guarantor (or of the Capital Stock of any direct or indirect parent company of such Subsidiary Guarantor (other than the Parent or the Issuer)) that results in such Subsidiary Guarantor ceasing to be a

Restricted Subsidiary, if such sale, assignment, transfer or other disposition does not violate the requirements of "*—Certain Covenants—Limitation on Sale of Assets*";

(c) with respect to any Subsidiary Guarantor, if the Parent designates such Subsidiary Guarantor to be an Unrestricted Subsidiary in accordance with "*—Certain Covenants—Limitation on Unrestricted Subsidiaries*";

(d) as provided for in "*—Certain Covenants—Suspension of Covenants and Release of Guarantees on Achievement of Investment Grade Status*" or "*—Certain Covenants—Limitation on Issuance of Guarantees of Indebtedness by Restricted Subsidiaries*";

(e) with respect to any Guarantor, upon legal defeasance, covenant defeasance or satisfaction and discharge of the Senior Notes Indenture as provided below under the captions "*—Defeasance or Covenant Defeasance of Senior Notes Indenture*" and "*—Satisfaction and Discharge*";

(f) as provided for under "*—Consolidation, Merger, Sale of Assets*";

(g) with respect to any Subsidiary Guarantor that is an Immaterial Subsidiary, upon written notice from the Parent to the Trustee, so long as no Event of Default has occurred and is continuing;

(h) in accordance with the Intercreditor Agreement;

(i) as described in clause (e) under "*—Modifications and Amendments*";

(j) with respect to any Subsidiary Guarantor, upon written notice from the Parent to the Trustee, so long as no Event of Default has occurred and is continuing; *provided* that prior to or substantially concurrently with such release, such Subsidiary Guarantor is unconditionally released and discharged from its liabilities, if any, with respect to the Senior Secured Notes, the Existing Notes, the Existing Credit Facilities and the New Term Loan B Facilities; *provided further* that, after giving effect to such release, the Consolidated Adjusted EBITDA (as defined in the Term Loan and Revolving Credit Facility Agreement) of the Issuer and the Guarantors is at least 85% of the Consolidated Adjusted EBITDA of the Parent and the Group and the Consolidated Total Assets (as defined in the Term Loan and Revolving Credit Facility Agreement) of the Issuer and the Guarantors is at least 85% of the Consolidated Total Assets of the Parent and its Restricted Subsidiaries, in each case, calculated in accordance with, and in the manner provided by and subject to the same exceptions as those set forth in, Section 7.12(a) of the Term Loan and Revolving Credit Facility Agreement as in effect on the Issue Date; and

(k) with respect to any Guarantor, upon written notice from the Parent to the Trustee, as part of any Permitted Reorganization; *provided* that, following the consummation of such Permitted Reorganization, the Parent and each Parent Intermediate Holdco shall be a Guarantor;

provided, *however*, that the Parent shall have the right, in its sole discretion, by written notice to the Trustee delivered prior to the automatic release and termination of any Guarantee as specified above, to (A) waive such automatic release and termination of such Guarantee and maintain such Guarantee in effect until such time as the Parent shall instruct and direct the Trustee in writing to release and terminate such Guarantee or (B) elect that the release and termination of such Guarantee shall not occur automatically as contemplated by this paragraph but shall occur at such other time or times, in such manner and order and upon the occurrence of such other events as shall be specified by the Parent in such notice to the Trustee; *provided further* that nothing in this clause (B) shall allow the Parent to require the release and termination of any Guarantee prior to (unless such release and termination is to occur substantially concurrently with) the occurrence of the applicable event(s) set forth in clauses (a) through (k) above providing for the release and termination thereof. Any release and termination of a Guarantee under this paragraph may be evidenced, at the Parent's option, by the delivery by the Parent to the Trustee of an Officer's Certificate of the Parent, and the Trustee shall, at the Parent's request, acknowledge and confirm receipt of such certificate.

In addition, the Intercreditor Agreement will provide for the release of certain Guarantees upon an enforcement sale and as otherwise specified in the Intercreditor Agreement. See "*Description of Other Indebtedness—Intercreditor Agreement* ."

Security

General

On the Issue Date, subject to the terms of the security documents, the obligations of the Issuer under the Senior Notes and the obligations of the Guarantors under the Guarantees will be secured by, subject to Permitted Collateral Liens, second-ranking security interests over (a) the Senior Notes Proceeds Loan Note and (b) the Capital Stock of the Company, respectively (together with all other rights, property and assets in which a security interest is granted or purported to be granted pursuant to any Security Document to secure the Senior Notes or any Guarantee, the "**Collateral**"), in each case, ranking junior to the security granted over those assets in favor of the creditors under the Existing Notes, the Senior Secured Notes, the Existing Term Loan B Facilities Agreement and the Term Loan and Revolving Credit Facility Agreement.

The Collateral will be granted pursuant to the Security Documents and the Intercreditor Agreement to the Security Agent on behalf of the holders of the secured obligations that are secured by the Collateral on a second-lien basis, including the Senior Notes. For a discussion of the ranking of the Collateral and the application of the proceeds thereof, see "*Description of Other Indebtedness—Intercreditor Agreement*".

The requirements for the granting of Liens under the Senior Notes Indenture, arising at any time on or after the Issue Date, will generally be subject to certain security principles described under "*—Security Principles*". In addition, the Liens on the Collateral will be subject to certain limitations and are at all times in all cases subject to the requirements of applicable law. Please see "*Risk Factors—Risks Relating to the Notes and Our Capital Structure—Insolvency laws—Relevant insolvency laws in England and other jurisdictions may provide you with less protection than U.S. bankruptcy law*", "*Risk Factors—Risks Relating to the Notes and Our Capital Structure—Guarantees and Collateral limitations—The Guarantees and pledges of Collateral will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit their validity and enforceability*" and "*Limitations on Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Considerations*".

The Issuer and each Guarantor shall take such necessary actions and shall cause its respective Restricted Subsidiaries to take such necessary actions so that Liens over the Collateral in respect of the Senior Notes shall be granted to the Security Agent on behalf of, and for the benefit of, the Trustee and the holders of the Senior Notes pursuant to the Security Documents as contemplated by the Senior Notes Indenture.

Subject to the Security Principles, the Issuer and each Guarantor shall, and shall procure that each of its respective Subsidiaries shall, at its own expense, execute and do all such acts and things and provide such assurances as the Security Agent may reasonably require (i) for registering any Security Document relating to the Collateral in any required register and for granting, perfecting, preserving or protecting validity and priority of the security intended to be afforded by such Security Document relating to the Collateral and (ii) if such Security Document has become enforceable in accordance with the terms of the Senior Notes Indenture, the relevant Security Document and the Intercreditor Agreement, for facilitating the realization of all or any part of the Collateral which is subject to such Security Document and for facilitating the exercise of all powers, authorities and discretions vested in the Security Agent or in any receiver of all or any part of such Collateral. The Issuer and each Guarantor shall, and shall procure that each of its respective Subsidiaries shall, execute such transfers, conveyances, assignments and releases of that property whether to the Security Agent or to its nominees and give such notices, orders and directions which the Security Agent may reasonably request.

Security Documents

The Senior Notes and the Guarantees will be secured by, subject to Permitted Collateral Liens, second-ranking security interests over the Collateral. The Collateral will be granted pursuant to the Security Documents to the Security Agent on behalf of the Trustee and the holders of the Senior Notes.

Subject to certain conditions, including compliance with the covenants described under "*—Certain Covenants—Impairment of Security Interest*" and "*—Certain Covenants—Limitation on Liens*," the Issuer and the Guarantors are permitted to grant Liens on the Collateral in connection with certain future incurrences of Indebtedness, including any Additional Senior Notes permitted under the Senior Notes Indenture, on terms consistent with the relative priority of such Indebtedness. In addition, the Senior Notes Indenture and the Intercreditor Agreement also will permit the Parent and its Restricted Subsidiaries to issue Indebtedness secured by Liens on the Collateral, which Liens may, under certain circumstances, rank ahead of the Liens on the Collateral securing the Senior Notes. Please see "*—Certain Covenants—Limitation on Liens*" and "*—Certain Covenants—Impairment of Security Interest*."

Each holder of the Senior Notes, by accepting a Senior Note, shall be deemed (i) to have authorized (a) the Trustee and the Security Agent to enter into the Intercreditor Agreement and (b) the Security Agent to enter into the Security Documents and (ii) in each case, to have agreed to be bound thereby. Each holder of the Senior Notes, by accepting a Senior Note, appoints the Security Agent as its agent under the Security Documents and authorizes it to act as such.

The Senior Notes Indenture will provide that, subject to the terms thereof and of the Security Documents (including the terms described under "*—Enforcement of Security*" and "*—Release of Security*"), the Senior Notes and the Senior Notes Indenture, as applicable, will be secured by the Liens on the Collateral until all obligations under the Senior Notes and the Senior Notes Indenture have been discharged.

The Collateral and the rights and benefits of the Security Agent under the Security Documents will be subject to certain limitations on the validity and enforceability of the Security Interests applicable pursuant to local rules regarding capital maintenance (*e.g.*, for the purpose of protecting share capital and legal reserves of Guarantors in certain jurisdictions) and the bankruptcy, insolvency, corporate arrangement and administrative laws of each of the jurisdictions in which the Issuer and the Guarantors are organized or incorporated, as applicable. Applicable laws in these jurisdictions, including provisions relating to, among other things, mandatory preference of certain classes of creditors, formalities with respect to the perfection of liens and the manner in which the liens are created, judgments in local currencies, voidable preference and fraudulent transfers, transfers at under value, corporate benefit, and maximum liability thresholds, may have important implications on the rights of holders of the Senior Notes. A brief description of certain of these limitations is contained in this Offering Memorandum under the caption "*Limitations on the Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Considerations.*" We urge you to carefully read that description when considering whether to invest in the Senior Notes.

In the event that the Issuer, the Parent or any of their Subsidiaries enters into insolvency, bankruptcy, corporate arrangement (if applicable) or similar proceedings, the Liens securing the Senior Notes created under the Security Documents could be subject to potential challenges. If any challenge to the validity of such Liens is successful, the holders of the Senior Notes may not be able to recover any amounts under the Security Documents. Please see "*Risk Factors—Risks Relating to the Notes and Our Capital Structure—Insolvency laws—Relevant insolvency laws in England and other jurisdictions may provide you with less protection than U.S. bankruptcy law*" and "*Risk Factors—Risks Relating to the Notes and Our Capital Structure—Guarantees and Collateral limitations—The Guarantees and pledges of Collateral will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit their validity and enforceability*".

The Security Principles

The Senior Notes Indenture will provide that certain requirements for the providing of Guarantees and the granting and perfecting of Liens in favor of the holders of the Senior Notes and the Trustee will generally be subject to the Security Principles as set forth in the Senior Notes Indenture. The Security Principles embody recognition by all parties that there may be certain legal and practical difficulties in obtaining Guarantees or granting or perfecting Liens. In particular:

(a) Factors that will be considered when determining whether Guarantees or Liens will be provided or granted, or the extent to which the Guarantees or Liens will be granted or perfected (including the maximum amount guaranteed or secured), will include general statutory limitations, financial assistance, capital maintenance, corporate benefit, fraudulent preference, "thin capitalization" and similar laws, rules and regulations, retention of title claims, employee consultation or approval requirements and the extent to which the giving or the terms of a Guarantee, the granting of Liens or, prior to the Liens created under the Security Documents becoming enforceable in accordance with the Security Documents, the extent of the perfection requirements would materially and adversely impact the business, or commercial relationships with third parties, of the Issuer or the relevant Guarantor, as applicable, in the ordinary course. Subject to the Security Principles, if any Guarantee or the amount secured by any Lien is to be limited, the Guarantee and the Liens provided or granted will extend to the maximum amount that the Issuer or the applicable Guarantor may provide in accordance with applicable law, rules, regulations and current and customary market practice in the relevant jurisdiction. In furtherance of and without limiting the foregoing:

(i) No Guarantee will be required to be provided, and no Lien will be required to be granted or perfected, if to do so would reasonably be expected to result (or, if the provision, grant or perfection thereof would not, in and of itself, reasonably be expected to result in such breach, the applicable Guarantee and the granting or perfection of the applicable Lien will be limited

to the extent consistent with current and customary market practice in the relevant jurisdiction to the extent the failure to do so would reasonably be expected to result) in a breach of general statutory limitations, financial assistance, capital maintenance, corporate benefit, fraudulent preference, "thin capitalization" or similar laws, rules or regulations of any applicable jurisdiction, *provided* that the Issuer and the Guarantors will use commercially reasonable efforts (A) to assist in demonstrating that adequate corporate benefit accrues to the Issuer and each relevant Guarantor, as applicable, (B) to complete any whitewash or similar procedure required under any relevant financial assistance laws, other than in the case of a Belgian Guarantor and (C) otherwise to overcome or mitigate any such limitations through measures reasonably available to the Issuer and the relevant Guarantors, as applicable.

(ii) Each Guarantee will be limited as necessary to recognize certain defenses generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, capital maintenance, corporate benefit or similar laws, rules or regulations or defenses affecting the rights of creditors generally) or other similar considerations under applicable law.

(iii) No Guarantee will be required to be provided, and no Lien will be required to be granted or perfected, if to do so would reasonably be expected (or, if the provision, grant or perfection thereof would not, in and of itself, reasonably be expected to result in such conflict or violation, the applicable Guarantee and the granting or perfection of the applicable Lien will be limited to the extent consistent with current and customary market practice in the relevant jurisdiction to the extent the failure to do so would reasonably be expected) (A) to conflict with the fiduciary duties of directors or officers of the Issuer, the relevant Restricted Subsidiary or the relevant Guarantor, as applicable, or to give rise to or result in personal, civil or criminal liability on the part of any director, officer, legal representative or shareholder of the Issuer, the relevant Restricted Subsidiary or Guarantor, as applicable (and the Guarantees and Liens will be limited so as to mitigate any risk of any of the foregoing), or (B) to give rise to or result in any violation of applicable law, rule or regulation that, in each case, cannot be avoided or otherwise prevented through measures reasonably available to the Parent or the applicable Restricted Subsidiary. Except as required by the covenant described under "—*Certain Covenants—Limitation on Issuance of Guarantees of Indebtedness by Restricted Subsidiaries*", no Guarantee will be required to be provided, and no Lien will be required to be granted or perfected, by a Group Company incorporated under the laws of France unless such Group Company is the recipient of proceeds borrowed under the Senior Notes Indenture, either directly or as borrowed by another Group Company for the purposes of on-lending such proceeds to such Group Company.

(b) The Guarantees and the Liens and the extent of their perfection (and the extent of legal opinions, title insurance, surveys or other deliverables or formalities in connection therewith) will take into account the cost (which term, for purposes of the Security Principles, shall include internal costs and the scope of business disruption and administrative burden) to the Group (or, in the case of any Italian Guarantor, the cost to such Italian Guarantor) of providing the Guarantees or granting, perfecting or maintaining the Liens (or providing or taking such deliverables or formalities), as applicable, which shall not be disproportionate relative to the benefit accruing to the holders of the Senior Notes (taking into account, without limitation, the extent of the obligations that can be guaranteed or secured and the priority that will be achieved thereby). In furtherance of and without limiting the foregoing:

(i) No Guarantee will be required to be provided, and no Lien will be required to be granted or perfected (and no deliverables or other formalities in connection therewith will be required to be provided or taken), if or to the extent to do so would reasonably be expected to result in any cost, expense, liability or obligation (including with respect of any Taxes) which is disproportionate relative to the benefit accruing to the holders of the Senior Notes (taking into account, without limitation, the extent of the obligations that can be secured and the priority that will be achieved thereby) (it being understood and agreed that the cost of providing a Guarantee or granting or perfecting a Lien shall in any event be deemed to be so disproportionate (and such Guarantee or Lien, as the case may be, shall not be required to be provided or perfected) if such cost shall exceed the realizable value of such Guarantee or Lien, as the case may be). Without limiting the foregoing, the parties to the Senior Notes Indenture will expressly acknowledge that no Liens will be required in respect of (A) assets of any French Guarantor other than, subject to the Security Principles, its bank and securities

accounts and intra-group receivables owed to it, (B) real property located in France and owned by any Guarantor and (C) assets of any Italian Guarantor, other than, subject to the Security Principles, its bank and securities accounts and its intra-group receivables.

(ii) Where there is a material incremental cost involved in creating Liens over all or any particular assets owned by the Issuer or a Guarantor, the Liens to be taken and the extent of their perfection will take into account the cost to the Group (or, in the case of any Italian Guarantor, the cost to such Italian Guarantor) in doing so, which shall not be disproportionate relative to the benefit accruing to the holders of the Senior Notes (taking into account, without limitation, the extent of the obligations that can be secured and the priority that will be achieved thereby).

(iii) Where a class of assets to be subject to a Lien includes material and immaterial assets (including real property), if the cost of granting or perfecting Liens over the immaterial assets is disproportionate relative to the benefit of such Liens accruing to the holders of the Senior Notes (taking into account, without limitation, the extent of the obligations that can be secured and the priority that will be achieved thereby), Liens will be granted over the material assets only.

(iv) The maximum amount guaranteed or secured may be limited in a manner consistent with current and customary market practice in the relevant jurisdiction to minimize stamp duty, notarization, registration or other applicable fees, Taxes and duties, in each case, where the level of such costs, fees, Taxes and duties is disproportionate relative to the benefit to the holders of the Senior Notes of increasing the guaranteed or secured amount (taking into account, without limitation, the extent of the obligations that can be guaranteed or secured and the priority that will be achieved thereby).

(c) No Guarantee or Liens will be required to be provided by (i) any Unrestricted Subsidiary, (ii) any LC Account Party, (iii) any Receivables Subsidiary or any other special purpose entity or bankruptcy remote entity, (iv) any captive insurance company, (v) any not-for-profit Restricted Subsidiary, (vi) any Restricted Subsidiary that is not a Wholly Owned Restricted Subsidiary; *provided* that, for purposes of the covenant described under "*—Certain Covenants—Limitation on Issuance of Guarantees of Indebtedness by Restricted Subsidiaries*", neither INOVYN Limited nor any of its Subsidiaries shall be treated as a non-Wholly Owned Restricted Subsidiary of the Parent solely as a result of any Affiliate of the Parent owning any issued and outstanding Capital Stock in INOVYN Limited, (vii) any Project Finance Subsidiary, (viii) any Restricted Subsidiary organized under the laws of an Excluded Jurisdiction and (ix) any Person that becomes a Restricted Subsidiary after the Issue Date and that is prohibited by any contractual obligation, or the Guarantee by which would require any approval or consent of any third party, in each case which prohibition or requirement is permitted by the Senior Notes Indenture and is in existence at the time such Person becomes a Restricted Subsidiary (so long as such prohibition or requirement is not created in contemplation of or in connection with such Person becoming a Restricted Subsidiary), *provided*, in the case of clause (ix), that, to the extent consistent with current and customary market practice in the relevant jurisdiction, such Person becoming a Restricted Subsidiary makes a written request to the relevant third parties for consent to providing a Guarantee or Liens, as the case may be, and uses commercially reasonable efforts (which, in any event, shall not require any expenditure of money) to obtain such third party consent for a period of at least 20 Business Days following the relevant request for consent (it being understood that at the end of such period such Person shall no longer be required to use its commercially reasonable efforts to obtain such consent).

(d) [Reserved]

(e) Notwithstanding anything to the contrary in the Senior Notes Documents:

(i) no Lien will be required to be granted or perfected (in each case only for as long as, and to the extent that, such circumstances exist) over any assets (other than Capital Stock in Wholly Owned Restricted Subsidiaries) subject to third party arrangements that are not prohibited by the Senior Notes Indenture and that prohibit or restrict (including if the grant of a Lien created under the Senior Notes Documents would constitute a breach or default under, result in the termination of, or give rise to a right on the part of any party thereto to terminate or materially modify, any contract or agreement governing such arrangement) those assets from being subject to such Lien created under the Senior Notes Documents; *provided* that, to the extent

consistent with current and customary market practice in the relevant jurisdiction, the Issuer or the relevant Guarantor, as applicable, makes a written request to the third party for consent to creating a Lien on such assets and uses commercially reasonable efforts (which, in any event, shall not require any expenditure of money) to obtain such third party consent for a period of at least 20 Business Days following the relevant request for consent (it being understood that at the end of such period the Issuer or such Guarantor, as applicable, shall no longer be required to use its commercially reasonable efforts to obtain such consent); *provided further* that such requirement to make or obtain a written request shall not apply:

(A) in respect of any asset owned or acquired by the Issuer or any Guarantor that is subject to a Lien securing a purchase money, project financing, capital or finance lease obligation or Acquired Indebtedness permitted to be incurred pursuant to the Senior Notes Indenture (or a refinancing of any of the foregoing) if the contract or other agreement in which such security interest is granted (or the documentation providing for such purchase money, project financing, capital or finance lease obligation or Acquired Indebtedness or such refinancing) prohibits or restricts the creation of any other Lien on such assets (including if the grant of any other Lien would constitute a breach or default under, result in the termination of, or give rise to a right on the part of any party thereto to terminate or materially modify, such contract or agreement or such documentation);

(B) in the case of any Capital Stock of any Person that is not a Wholly Owned Restricted Subsidiary (including any Permitted Joint Venture), if such Lien is prohibited or restricted (including if the grant of a Lien created under the Senior Notes Documents would constitute a breach or default under, result in the termination of, or give rise to a right on the part of any party thereto to terminate or materially modify, any such document, contract or other agreement) by any organizational or governance documents of such Person, any applicable shareholder or similar agreement or any contract or other agreement governing Indebtedness of such Person; or

(C) with respect to any bank or securities accounts, or assets credited thereto, and any cash, cash equivalents or Temporary Cash Investments that, in each case, are subject to Permitted Liens securing any LC Facility, any bids, trade contracts, leases, performance, surety, appeal or tax bonds or similar instruments or any other obligations incurred in the ordinary course of business (other than any Indebtedness for borrowed money);

(ii) no Lien will be required to be granted or perfected (in each case only for as long as, and to the extent that, such circumstances exist) with respect to any Receivables Assets, or any assets of any Receivables Subsidiary, that are subject to Permitted Liens securing obligations in connection with any Permitted Receivables Financing;

(iii) no Lien will be required to be granted or perfected over any asset to the extent that, and only for so long as, the creation of such Lien under the Senior Notes Documents over such asset (A) is prohibited or restricted by applicable law, rule or regulation or (B) requires a consent not obtained from any Governmental Authority pursuant to applicable law, rule or regulation (in each case of clauses (A) and (B), except to the extent such prohibition or restriction is rendered ineffective pursuant to applicable law (including, where applicable, Sections 9-406, 9-407, 9-408 or 9-409 of the Uniform Commercial Code as in effect in the State of New York); *provided* that the Issuer or the relevant Guarantor, as applicable, shall use commercially reasonable efforts, to the extent consistent with current and customary market practice in the relevant jurisdiction, to overcome any such obstacle or obtain such consent;

(iv) no Lien will be required to be granted or perfected over any (A) bank or securities accounts, and assets credited thereto, used solely to hold funds in trust for any director, officer or employee of the Parent or any of its Subsidiaries or any employee benefit plan maintained by the Parent or any of the Subsidiaries, (B) bank or securities accounts, and assets credited thereto, the funds in which consist solely of cash earnest money deposits, deposits to defease or to satisfy and discharge any Indebtedness or deposits under escrow or similar arrangements in connection with any letter of intent or agreement for any Acquisition or Investment permitted under the Senior Notes Indenture or that represent Escrowed Proceeds and (C) bank

accounts used solely for collections of receivables under any Permitted Receivables Financing;

(v) no Lien will be required to be granted or perfected over any Intellectual Property, lease, license or other agreement to the extent that a grant of a security interest therein is prohibited or restricted under such Intellectual Property, lease, license or other agreement (including if the grant of such Lien would constitute a breach or default under, result in the termination of, or give rise to a right on the part of any party thereto to terminate or materially modify, such Intellectual Property, lease, license or other agreement), in each case except to the extent such prohibition or restriction is rendered ineffective pursuant to applicable law (including, where applicable, Sections 9-406, 9-407, 9-408 or 9-409 of the Uniform Commercial Code as in effect in the State of New York) or principles of equity; *provided* that, to the extent consistent with current and customary market practice in the relevant jurisdiction, the Issuer or the relevant Guarantor, as applicable, makes a written request to the applicable third party for consent to creating a Lien on such assets and uses commercially reasonable efforts (which, in any event, shall not require any expenditure of money) to obtain such third party consent for a period of at least 20 Business Days following the relevant request for consent (it being understood that at the end of such period the Issuer or such Guarantor, as applicable, shall no longer be required to use its commercially reasonable efforts to obtain such consent);

(vi) no Lien will be required to be granted or perfected over any Capital Stock of any Unrestricted Subsidiary; and

(vii) with respect to any U.S. Obligor, no Lien will be required to be granted or perfected over any intent-to-use trademark application prior to the filing of a "Statement of Use" or "Amendment to Allege Use" with respect thereto, to the extent that the grant of a security interest therein would impair the validity or enforceability of such intent-to-use trademark application under applicable United States Federal law;

in each case other than any proceeds of the foregoing (unless such proceeds, would constitute assets described in clauses (i) through (vii) above or would otherwise be excluded from Collateral pursuant to the Security Principles) (the foregoing being collectively referred to as the "**Excluded Property**").

(f) Except where such Liens may be created pursuant to a floating charge or other similar all-asset security (including, in the case of clause (ii) below, a German law global assignment agreement and, in the case of clause (iii) below, a German law security transfer agreement covering a defined security area (*Raumsicherungsubereignung*)), no Lien will be required to be granted and, except where such Lien may be perfected by filing of a financing statement under the Uniform Commercial Code (or a similar unitary filing in any relevant jurisdiction) with respect to the Issuer or the relevant Guarantor, as applicable, no Lien will be required to be perfected over:

(i) any Capital Stock owned by the Issuer or any Guarantor in any Restricted Subsidiary that is not the Issuer or a Guarantor;

(ii) (A) any intercompany advance, balance or loan in a principal amount of €200,000 or less and (B) any intercompany advance, balance or loan that is due or to be repaid or otherwise discharged within 30 days of the making thereof;

(iii) any trucks, trailers, tractors, service vehicles, automobiles, rolling stock or other registered mobile equipment or equipment covered by certificates of title or ownership (or the equivalent thereof in any relevant jurisdiction);

(iv) any Intellectual Property that is not material to the Parent and its Restricted Subsidiaries or, with respect to any Intellectual Property that is so material, (A) with respect to the granting of such Lien, other than in the jurisdiction of organization of the Issuer or the relevant Guarantor, as applicable, or the United States and (B) with respect to the perfection of such Lien, other than in the United Kingdom, the United States, at the European Community level or the jurisdiction of the law governing the granting of such Lien;

(v) any right or interest in, to or under any Interest Rate Agreement, Currency Hedging Agreement or Commodity Price Protection Agreement;

(vi) any right or interest in, to or under any insurance policy, other than property damage, business interruption, marine cargo insurance and, to the extent constituting property damage insurance, contractors all risk insurance policies;

(vi) any right or interest in, to or under any insurance policy that is not material to the Parent and its Restricted Subsidiaries;

(vii) (A) bank or securities accounts, and assets credited thereto, used primarily for payroll, payroll taxes, other employee wage and benefit payments and VAT and other similar taxes, (B) disbursement accounts, (C) bank accounts, and assets credited thereto, that are part of the cash pooling arrangements of the Group, so long as the assets credited thereto are transferred, on a regular basis, to one or more accounts that are either subject to a valid Lien under the Security Documents or that are not required to be subject to such Lien in accordance with the Security Principles and (D) any other bank or securities accounts (which are not subject to a valid Lien under the Security Documents) held at any one or more banks or securities intermediaries, *provided*, in the case of this clause (D), that the aggregate amount held in such accounts by the Issuer and the Guarantors does not exceed €100,000,000 (or its equivalent in any other currency) at any time (the "**Cash Limit**"), *provided further* that should the Cash Limit be exceeded at any time, then such excess shall, within five Business Days, be transferred to a bank or securities account that is subject to valid Lien under the Security Documents.

(viii) any owned real property that is not a Material Real Property and any real property leasehold interest; and

(ix) with respect to any U.S. Obligor, any commercial tort claim as to which the applicable U.S. Obligor has determined that it reasonably expects to recover less than €2,000,000 (or its equivalent in any other currency) or any letter of credit rights (other than letter of credit rights constituting supporting obligations).

(g) Perfection of Liens, when required, and other legal formalities will be completed (i) within the time periods specified therefor in the applicable Senior Notes Documents (subject to any extensions thereof where the Parent, acting reasonably, determines that such action cannot be accomplished without undue effort or expense by the time or times at which it would otherwise be required to be accomplished by the Senior Notes Indenture, the Security Documents or any other Senior Notes Document) or (ii) if not so specified, as soon as practicable but within the time periods specified by applicable law.

(h) [Reserved]

(i) Where the Issuer or a Guarantor pledges specific Capital Stock or a specific bank account, the Security Document will be governed by the law of the country of organization of the Person whose Capital Stock is being pledged or the law of the country in which such bank account is located to the extent necessary to ensure the perfection of such pledge.

(j) [Reserved]

(k) No perfection action will be required with respect to the Issuer or any Guarantor in jurisdictions other than the jurisdiction of organization of the Issuer or such Guarantor, as applicable, or the jurisdiction of the law governing the creation of the relevant Lien, other than in respect of Intellectual Property as set forth in clause (f)(iv) of this paragraph and except that perfection action may be required in the jurisdiction of organization of one Guarantor or the Issuer in relation to Liens granted by another Guarantor or the Issuer organized or incorporated, as applicable, in a different jurisdiction.

(l) Neither the Issuer nor any Guarantor will be required to take any action with respect to any Guarantee or any Lien created under the Senior Notes Documents as a result of any assignment, transfer or participation by any holder of the Senior Notes.

(m) In the case of any Person that becomes a Guarantor after the Issue Date, the application of the Security Principles to such Guarantor will be made in a manner that is no less favorable to such new Guarantor than the application thereof is to any then existing Guarantor that is organized or incorporated, as applicable, in the same jurisdiction as such new Guarantor (or, in the case of a new Guarantor that is organized or incorporated, as applicable, in a different jurisdiction than any then existing Guarantor, in a manner that is no less favorable to such new Guarantor than the application thereof to the Guarantor on the Issue Date).

The following principles will be reflected in the Security Documents:

(a) [Reserved]

(b) All Liens will be created (including, where necessary, pursuant to any "parallel debt" provisions or similar (it being understood that in no event will "parallel debt" provisions apply to any Italian Guarantor and to any Italian Security Document)) in favor of, and be enforceable solely by, the Security Agent (including at the request or direction of the Trustee), and not by holders of the Senior Notes individually, in each case, except to the extent otherwise required under applicable law or current and customary market practice in the relevant jurisdiction. Any security interest or guarantee granted pursuant to the Italian Security Documents or by any Italian Guarantor shall be given to, and in favor of, the holders of the Senior Notes individually, it being understood that the Italian Security Documents, where possible, might be executed by the Security Agent acting in the name and on behalf of the holders of the Senior Notes as agent with representative power (*mandatario con rappresentanza*).

(c) Except where it is inappropriate under applicable law, Liens will not be enforceable and will not crystallize until notice of intention to enforce has been given by the Security Agent following the occurrence of an Event of Default that is continuing (and with respect to any French Guarantor, will not be enforceable until the (i) occurrence of any Event of Default with respect to failure to pay that is continuing or (ii) the acceleration of the Senior Notes under the Senior Notes Indenture).

(d) Subject to the limitations set forth in clause (p) of this paragraph or elsewhere in the Security Principles, prior to the giving by the Security Agent of a notice of intention to enforce its Liens following the occurrence of an Event of Default that is continuing (and with respect to any French Guarantor, following the occurrence of an Event of Default as described in clause (c) of this paragraph), the Issuer and each Guarantor shall, subject to any restrictions required as a matter of law, or otherwise consistent with current and customary market practice in the relevant jurisdiction, (i) remain in possession and retain exclusive control over the Collateral (including, in the case of any bank or securities accounts (except for a securities account with respect to a French Guarantor), the right to withdraw or otherwise transfer any assets credited thereto and (except for a securities account with respect to a French Guarantor) to close such account) and retain the right to collect, invest and dispose of any income therefrom and (ii) otherwise be free to deal with assets and properties subject to the Liens (including by permitting any Intellectual Property that is not material to the Parent and its Restricted Subsidiaries to lapse or expire or adjusting or compromising any receivable), and exercise any voting rights related thereto.

(e) Prior to the giving by the Security Agent of a notice of intention to enforce its Liens following the occurrence of an Event of Default that is continuing (and with respect to any French Guarantor, following the occurrence of an Event of Default as described in clause (c) of this paragraph), (i) no notice of any Lien over trade receivables, Intellectual Property, lease, license or other agreement or any insurance policy shall be required to be given to any debtor, counterparty or insurer, as the case may be, in each case, unless the giving of such notice would be consistent with current and customary market practice in the relevant jurisdiction, and the Issuer or the relevant Guarantor, as applicable, shall remain entitled to collect any payments thereunder, and (ii) no proceeds of any trade receivables shall be required to be paid into any blocked bank account.

(f) (i) Prior to the giving by the Security Agent of a notice of intention to enforce its Liens following the occurrence of an Event of Default that is continuing (and with respect to any French Guarantor, following the occurrence of an Event of Default as described in clause (c) of this paragraph), the Issuer and the Guarantors shall be entitled to collect (and, if requested by the applicable insurer, the Security Agent shall confirm to such insurer the authority of the Issuer or the relevant Guarantor, as applicable, to collect) any payments under insurance policies constituting Collateral and (ii) no loss payee or other

endorsement will be made on any insurance policy and neither the Security Agent nor any holder of the Senior Notes will be named as co-insured.

(g) To the extent such actions are consistent with current and customary market practice in the relevant jurisdiction, the Issuer or the relevant Guarantor, as applicable, will be required to provide customary notices of a Lien over its bank accounts to the applicable bank and to use its commercially reasonable efforts to obtain customary acknowledgements from the applicable banks (it being agreed, subject to any other provision of the Security Principles, that (i) while such notice may request a waiver of any Liens, rights of set-off or other rights that such bank may have, neither the Issuer nor any Guarantor shall be required to procure any such waiver, (ii) neither the Issuer nor any Guarantor shall be required to close any bank account in respect of which the applicable bank fails to provide any such acknowledgements and (iii) neither the Issuer nor any Guarantor shall be required to change its banking arrangements or standard terms and conditions in connection with the granting of bank account security). No control agreements will be required in respect of any deposit, securities or commodities account located in the United States or Canada.

(h) Neither the Issuer nor any Guarantor shall be required to obtain any collateral access agreements, landlord waivers, warehouse agreements or any similar agreements.

(i) No Liens will be taken over parts, inventory, moveable plant, equipment or receivables to the extent that the creation or perfection of such Lien requires labeling, segregation or periodic listing, filing, notification or specification of such parts, inventory, moveable plant, equipment or receivable. Subject to the foregoing, where, under applicable local law, supplemental pledges or notices are required in respect of future acquired assets in order to create or perfect a Lien over such class of assets, such supplemental pledges or notices will be provided only upon request of the Security Agent and, in any event, unless an Event of Default shall have occurred and is continuing, no more frequently than once in any calendar year (or, with respect to any Italian Guarantor, no more frequently than once in any calendar quarter).

(j) Subject to the Security Principles, to the extent practicable and consistent with the current and customary market practice and applicable law in the relevant jurisdiction, Liens created under the Security Documents will automatically create security over future assets of the same type as those already subject thereto.

(k) The Security Documents will expressly provide that the proceeds of enforcement of any Liens granted thereunder will be applied in the manner set forth in the Intercreditor Agreement.

(l) Representations and covenants and undertakings in the Security Documents shall be strictly limited to those necessary for the creation, perfection or maintenance of the security and shall not be included to the extent that the subject matter thereof is the same as the corresponding covenant or undertaking in the Senior Notes Indenture; *provided* that representations (which, if included, will in any event be given only as of the date of the relevant Security Document), covenants and undertakings may be included to the extent consistent with applicable law and current and customary practice in the relevant jurisdiction, in which event such representation, covenant and undertaking shall be on the same terms as the corresponding provisions in the Senior Notes Indenture and, in any event, shall not restrict any action or transaction that is permitted or not restricted by the Senior Notes Indenture or require any additional consents, authorizations or approvals.

(m) Without prejudice to, or the limiting of, the obligations of the Issuer and the Guarantors as set forth in the definition of Excluded Property, to the extent and for so long as any asset constitutes an Excluded Property, neither the Issuer nor any Guarantor shall have any obligation in respect of such Excluded Property under any "further assurances" or similar covenants or undertakings set forth in the Security Documents.

(n) The Security Documents shall not contain any rights of set-off, expense reimbursement or indemnity provisions, *provided* that the Security Documents may include such provisions to the extent consistent with applicable law and current and customary practice in the relevant jurisdiction, in which event such provisions shall be in the form no less favorable to the Issuer and the Guarantors than the terms of the corresponding provisions in the Senior Notes Indenture.

(o) Each Security Document shall expressly provide that (i) in the event of any conflict or inconsistency between such Security Document and the Intercreditor Agreement, the Intercreditor Agreement will control and (ii) nothing in such Security Document (A) shall restrict any action, transaction or other matter that is permitted or not restricted under the Debt Documents (as defined in the Intercreditor Agreement) secured thereby (for the avoidance of doubt, excluding such Security Document) or (B) shall require any additional notices or consents with respect to any such action, transaction or other matter (it being understood that nothing in this clause (B) shall affect any such notices or consents required under such applicable Debt Documents); *provided* that clause (ii) shall not apply to the extent that its application would adversely affect the validity, ranking, priority or enforceability of the security interest(s) created under such Security Document (other than any such security interests that, in accordance with the Security Principles, would not have been required to be created).

(p) In respect of pledges of Capital Stock, the customary limitations on the exercise of voting rights attaching to any Capital Stock pledged by any pledgor and on the right to receive and retain dividends or other distributions on any Capital Stock pledged by them, in each case, to the extent these purport to protect the validity and enforceability of the Liens over such Capital Stock shall apply. In addition, until notice of intention to enforce has been given by the Security Agent following the occurrence of an Event of Default which is continuing (and with respect to any French Guarantor, following the occurrence of an Event of Default as described in clause (c) of this paragraph), the pledgors will be permitted to retain and to exercise voting rights attaching to any Capital Stock pledged by them and to receive and retain dividends or other distributions on any Capital Stock pledged by them, in each case, in a manner that does not adversely affect the validity or enforceability of the Liens or cause an Event of Default to occur and the pledgors will be permitted to pay dividends or other distributions upstream on pledged Capital Stock to the extent permitted by the Senior Notes Indenture.

(q) The Security Agent and the Trustee shall only be able to exercise a power of attorney granted to it following the occurrence of an Event of Default that is continuing or if the Issuer or the relevant Guarantor, as applicable, has failed to comply with a further assurance or perfection obligation (after the passage of any applicable grace period).

(r) Any security interest created for the benefit of any Second Lien Debt Creditor (as defined in the Intercreditor Agreement) pursuant to any Security Document governed by the laws of the United States, any State thereof or the District of Columbia must be created as a separate and distinct junior Lien from any security interest granted for the benefit of any Primary Creditor (as defined in the Intercreditor Agreement).

(s) The Italian Security Documents will be executed by way of exchange of correspondence (*scambio di corrispondenza commerciale*) or outside the territory of Italy.

Notwithstanding the provisions of the Security Principles that would result in such Guarantees or such Liens not being required (but subject to the other provisions hereof), each Parent Intermediate Holdco shall be required to provide a Guarantee.

Notwithstanding the foregoing, amendments, supplements and other modifications to the Security Documents contemplated by the Senior Notes Indenture shall be permitted as so contemplated.

Subject to the Security Principles, the Issuer and the Guarantors will be responsible for payment of all registration costs, disbursements, taxes, notary fees and other costs (including the reimbursement for fees, disbursements and other charges by counsel to the Security Agent) incurred in implementing the Guarantee and security package agreed upon in accordance with the Security Principles (including any of the foregoing arising in connection with a resignation of an existing Security Agent and an appointment of a new Security Agent), it being understood and agreed that, consistent with clause (l) of the first paragraph above, neither the Issuer nor Guarantor shall be responsible for payment of any registration costs, disbursements, taxes, notary fees or other costs arising as a result of any assignment, transfer or participation by any holder of the Senior Notes.

Extensions of time for the creation and perfection of security interests in, or the obtaining of title insurance, legal opinions, surveys or other deliverables or formalities with respect to, particular properties or assets or the provision of any Guarantee by any Restricted Subsidiary (including extensions in connection with assets acquired, or Restricted Subsidiaries formed or acquired, after the Issue Date) may apply where the Parent, acting reasonably, determines that such action cannot be accomplished without undue effort or expense by the time or times at which it would otherwise be

required to be accomplished by the Senior Notes Indenture, the Security Documents or any other Senior Notes Document.

The application of the Security Principles will be by the Parent, acting reasonably and in a manner which is consistent with current market practice at the time.

Each of the Trustee and the Security Agent shall be entitled to conclusively rely on an Officer's Certificate of the Parent delivered to it in connection with the Security Principles as to any matter of fact or any determination to be made under the Security Principles.

Enforcement of Security

The Security Documents generally will only become enforceable after the Security Agent gives notice of an intention to enforce following the occurrence of an Event of Default under the Senior Notes Indenture or an event of default (or similar event, however described) under other Second Lien Debt Obligations which is subject to the Intercreditor Agreement. The Security Agent will only be permitted to enforce the Security Documents in accordance with instructions permitted to be given under the Intercreditor Agreement and each relevant Security Document.

The Intercreditor Agreement restricts the ability of the Trustee or the holders of the Senior Notes to instruct the Security Agent to take enforcement action and imposes, for so long as any Senior Secured Indebtedness is secured by a first ranking lien on the Collateral, certain standstill periods on enforcement and limitations on enforcement while the creditors of Senior Secured Indebtedness secured by first-ranking liens on the Collateral have provided enforcement instructions. In cases where the creditors of Second Lien Debt Obligations are entitled to give enforcement instructions, the Security Agent will act only at the direction of creditors holding a simple majority in aggregate principal amount of committed or funded debt under the Senior Notes, any Additional Senior Notes and any other Second Lien Debt Obligations incurred in the future will be able to instruct the Security Agent to enforce the security. For a description of security enforcement and other intercreditor provisions, please see "*Description of Other Indebtedness—Intercreditor Agreement*."

Priority

The relative priority among (a) the Hedge Counterparties, (b) the trustee under the Existing Indenture and the holders of the Existing Notes, (c) the lenders under the Existing Term Loan B Facilities Agreement, (d) the lenders under the Term Loan and Revolving Credit Facility Agreement, (e) certain Cash Management Providers, (f) creditors under other first-priority Indebtedness permitted to be incurred under the Senior Notes Indenture and the Senior Notes and the Intercreditor Agreement, (g) the Trustee and the holders of the Senior Secured Notes (including Additional Senior Secured Notes), (h) lenders under other Indebtedness permitted under the Senior Notes Indenture to rank *pari passu* with the Senior Secured Notes, (i) the trustee under the Senior Notes Indenture and the holders of the Senior Notes, with respect to the Liens on the Collateral that are created by the Security Documents and secure obligations under the Senior Notes or the Guarantees or the Senior Notes Indenture, will be established by the terms of the Intercreditor Agreement and the Security Documents, which provide that the obligations under the Existing Notes, the Existing Term Loan B Facilities, the Term Loan A Facilities, the Revolving Credit Facility, the New Term Loan B Facilities, the Cash Management Obligations and the Senior Secured Notes, and other first-priority Indebtedness permitted to be incurred under the Senior Notes Indenture and the Intercreditor Agreement are secured equally and ratably by, subject to Permitted Collateral Liens, a first-priority interest in the Collateral.

The holders of Senior Notes and other second-lien Indebtedness permitted to be incurred by the Senior Notes Indenture and the Intercreditor Agreement will have, subject to Permitted Collateral Liens, a second-priority interest in the Collateral and will only be entitled to the proceeds of any enforcement of the Collateral after the creditors in respect of obligations secured by first-priority interests in the Collateral have been repaid in full.

Release of Security

The Security Agent will determine the circumstances and manner in which the Collateral will be disposed of including, but not limited to, the determination of whether to release all or any portion of the Collateral from the Liens created by the Security Documents and whether to foreclose on or otherwise enforce against the Collateral following an acceleration of the Senior Notes, in each case acting on instructions given to it in accordance with the terms of the Intercreditor Agreement. Please see "*Description of Other Indebtedness—Intercreditor Agreement—Enforcement of Transaction Security.*"

The Liens on the Collateral will be automatically and unconditionally released and discharged, without any action by or the necessity of the consent of the Trustee, the Security Agent or any holder of the Senior Notes as follows (and each holder of the Senior Notes will be deemed to have irrevocably authorized the Trustee and the Security Agent to execute and deliver (and, at the request and cost of the Parent, each of the Trustee and the Security Agent shall execute and deliver) any document to the extent necessary or reasonably requested by the Parent to evidence such release and discharge):

(a) in connection with any sale, assignment, transfer or other disposition of such Collateral (other than Capital Stock in the Company or Senior Notes Proceeds Loan Note) to a Person that is not the Parent or a Restricted Subsidiary or, subject to the requirements of clause (iv) of the first paragraph of "—*Certain Covenants—Impairment of Security Interest*", to any other Person that is not the Issuer or a Guarantor, in each case, if such sale, assignment, transfer or other disposition does not violate the requirements of "—*Certain Covenants—Limitation on Sale of Assets*" or is otherwise permitted by the Senior Notes Indenture;

(b) if such Collateral is an asset of any Guarantor (other than the Parent) or any of its Subsidiaries, in connection with any sale, assignment, transfer or other disposition of Capital Stock of such Guarantor or such Subsidiary (or of the Capital Stock of any direct or indirect parent company of such Guarantor or such Subsidiary, in each case, other than the Parent, any Parent Intermediate Holdco or the Issuer) as a result of which such Guarantor or such Subsidiary shall cease to be a Restricted Subsidiary of the Parent, if such sale, assignment, transfer or other disposition does not violate the requirements of "—*Certain Covenants—Limitation on Sale of Assets*" or is otherwise permitted by the Senior Notes Indenture;

(c) in the case of any Guarantor that is released from its Guarantee pursuant to the terms of the Senior Notes Indenture, any Security Document or the Intercreditor Agreement (which release shall be of the Liens on the property and assets, and Capital Stock, of such Guarantor);

(d) if the Parent designates any Restricted Subsidiary to be an Unrestricted Subsidiary in accordance with "—*Certain Covenants—Limitation on Unrestricted Subsidiaries*" (which release shall be of the Liens on the property and assets, and Capital Stock, of such Restricted Subsidiary);

(e) with respect to the Collateral, upon legal defeasance, covenant defeasance or satisfaction and discharge of the Senior Notes Indenture as provided below under the captions "—*Defeasance or Covenant Defeasance of Senior Notes Indenture*" and "—*Satisfaction and Discharge*";

(f) to the extent set forth in "—*Consolidation, Merger, Sale of Assets*", as applicable, in connection with any merger, consolidation, amalgamation, sale, assignment, conveyance, transfer or other disposition made in compliance with "—*Consolidation, Merger, Sale of Assets*", as applicable;

(g) with respect to Liens on any Proceeds Loans, upon the payment in full or other discharge of such Proceeds Loans (including as a result of any merger or consolidation of the payor or the payee thereunder);

(h) in accordance with the Intercreditor Agreement;

(i) to release and/or re-take any Lien on any Collateral to the extent otherwise permitted by the terms of the Senior Notes Indenture, the Security Documents or the Intercreditor Agreement;

(j) as provided for in paragraph (b) of "—*Certain Covenants—Limitation on Liens*";

(k) in connection with any Permitted Receivables Financing (which release shall be of Liens on the Receivables Assets transferred in connection therewith);

(l) in accordance with "—*Certain Covenants—Impairment of Security Interest*" or clause (e) under "—*Modifications and Amendments*";

(m) in the case of any Escrowed Proceeds with respect to any Loans, in accordance with the release provisions set forth in the applicable Security Documents creating Liens thereon;

(n) in connection with a Permitted Reorganization;

(o) in the case of any Collateral (other than any Capital Stock in the Company or Senior Notes Proceeds Loan Note), upon written notice by the Parent to the Trustee and the Security Agent if such Collateral is intended to secure (A) Indebtedness incurred under Finance Lease Obligations or Purchase Money Obligations or other Indebtedness of the Parent or any Restricted Subsidiary incurred for the purpose of financing all or any part of the acquisition, development, construction or improvement of real or personal, movable or immovable, property or assets (including Capital Stock) used or to be used in the business of the Parent and its Restricted Subsidiaries, or any refinancing of any such Indebtedness, or (B) Indebtedness incurred under lines of credit, bilateral facilities, working capital or overdraft facilities or other operating facilities permitted to be incurred under "*—Certain Covenants—Limitation on Indebtedness*", *provided* that the Fair Market Value (for the avoidance of doubt, measured at the time of release and without giving effect to subsequent changes in value) of all the Collateral released since the Issue Date from Liens under this clause (o) (excluding any portion thereof to the extent Liens thereon are subsequently granted in favor of the Security Agent, for the benefit of the Trustee and the holders of the Senior Notes) does not exceed €50.0 million in the aggregate; or

(p) in connection with any inventory financing or similar arrangement incurred pursuant to clause (b)(v) of "*—Certain Covenants—Limitation on Indebtedness*" (which release shall be of the Liens on the inventory and related assets transferred in connection therewith);

provided, *however*, that the Parent shall have the right, in its sole discretion, by written notice to the Trustee and the Security Agent delivered prior to the automatic release and discharge of any Lien as specified above, to (A) waive such automatic release and discharge of such Lien and maintain such Lien in effect until such time as the Parent shall instruct and direct the Trustee to instruct the Security Agent in writing to release and discharge such Lien or (B) elect that the release and discharge of such Lien shall not occur automatically as contemplated by this paragraph but shall occur at such other time or times, in such manner and order and upon the occurrence of such other events as shall be specified by the Parent in such notice to the Trustee and the Security Agent; *provided further* that nothing in this clause (B) shall allow the Parent to require the release and discharge of any Lien prior to (unless such release and discharge is to occur substantially concurrently with) the occurrence of the applicable event(s) set forth in clauses (a) through (p) above providing for the release and discharge thereof (and the Trustee, at the request of the Parent and the Security Agent, at the request of the Trustee, shall execute and deliver any document reasonably requested by the Parent to effect and evidence the release and discharge of such Lien). Any release and discharge of a Lien on any Collateral under this paragraph may be evidenced, at the Parent's option, by the delivery by the Parent to the Trustee and the Security Agent of an Officer's Certificate, and the Trustee and the Security Agent shall, at the Parent's request, acknowledge and confirm receipt of such certificate.

Notwithstanding any provision to the contrary in the Senior Notes Indenture or in any other Senior Notes Document, the release of any Lien created or purported to be created on Collateral under any Swedish Security Document shall be subject to the prior written consent of the Security Agent (such consent to be granted at the Security Agent's sole discretion), other than upon legal defeasance, covenant defeasance or satisfaction and discharge of the Senior Notes Indenture as provided below under the captions "*—Defeasance or Covenant Defeasance of Senior Notes Indenture*" and "*—Satisfaction and Discharge*". Each holder of the Senior Notes authorizes the Security Agent to release such Lien at its discretion without notification or further reference to the holders of the Senior Notes.

Other

Subject to the terms of the Security Documents, and subject to certain exceptions required to ensure the Liens securing the Senior Notes and the Guarantees under the Security Documents are perfected, the Issuer and the Guarantors will have the right to remain in possession and retain exclusive control of the Collateral, to collect, invest and dispose of any income therefrom and to vote in relation to the pledged shares.

No appraisal of any of the Collateral has been prepared by or on behalf of the Issuer or the Parent in connection with the issuance of the Senior Notes. There can be no assurance that the proceeds from the sale of the Collateral remaining after the satisfaction of all obligations owed to holders of senior priority liens which have priority over the Liens over the Collateral securing the Senior Notes and after sharing with other creditors entitled to share in such proceeds would be sufficient to satisfy the obligations owed to the holders of the Senior Notes. By its nature, some or all of the Collateral will be illiquid and may have no readily ascertainable market value. Accordingly, there can be no assurance that the Collateral will be able to be sold in a short period of time, if at all. In addition, the Intercreditor Agreement places limitations on the ability of the Security Agent to cause the sale of the Collateral, by reference to the interests of certain creditors, including holders of the Senior Secured Notes, the holders of the Existing Notes, the lenders

under the Existing Term Loan B Facilities, the lenders under the Term Loan A Facilities, the lenders under the Revolving Credit Facility, the lenders under the New Term Loan B Facilities and the holders of the Senior Notes. These limitations may include requirements that some or all of the Collateral be disposed of only pursuant to public auctions or only at a price confirmed by a valuation.

The Senior Notes Indenture will provide that each holder, by accepting a Senior Note, shall be deemed to have authorized the execution and delivery of, and to have agreed to and accepted the terms and conditions of, the Security Documents and the Intercreditor Agreement.

The Senior Notes Proceeds Loan Note

Upon the issuance of the Senior Notes, the Issuer, as lender, and the Company, as borrower, will enter into the Senior Notes Proceeds Loan Note pursuant to which the Issuer will loan to the Company the proceeds from the issuance of the Euro Senior Notes.

The Senior Notes Proceeds Loan Note will be denominated in euro and will be in an aggregate principal amount equal to the aggregate principal amount of the Euro Senior Notes. The Senior Notes Proceeds Loan Note will bear interest at a rate at least equal to the rate required to enable the Issuer to make payments of principal, premium and interest (including Additional Amounts and default interest) and any costs, fees and expenses under the Euro Senior Notes.

The Senior Notes Proceeds Loan Note will be subject to the terms of the Intercreditor Agreement and will provide that the Company will pay the Issuer interest and principal due and payable on the Senior Notes and, in each case, any Additional Amounts due thereunder and any costs, fees and expenses. All amounts payable under the Senior Notes Proceeds Loan Note will be payable to such account or accounts with such Person or Persons as the Issuer may designate. The maturity date of the Senior Notes Proceeds Loan Note will be the same as the maturity date of the Senior Notes.

The obligations of the Company in respect of the Senior Notes Proceeds Loan Note will rank *pari passu* with the obligations of the Company under the Senior Notes Indenture in accordance with the Intercreditor Agreement. Except as otherwise required by law, all payments under the Senior Notes Proceeds Loan Note will be made without deductions or withholding for, or on account of, any applicable tax. In the event that the Company is required to make any such deduction or withholding, it shall gross up each payment to the Issuer to ensure that the Issuer receives and retains a net payment equal to the payment which it would have received had no such deduction or withholding been made.

The Senior Notes Proceeds Loan Note will provide that the Company will make all payments pursuant thereto on a timely basis in order to ensure that the Issuer can satisfy its payment obligations under the Senior Notes and the Senior Notes Indenture, taking into account the administrative and timing requirements under the Senior Notes Indenture with respect to amounts payable on the Senior Notes.

The Senior Notes Proceeds Loan Note will be assigned by way of security to the Security Agent for the benefit of holders of the Senior Notes, the holders of the Existing Notes, the lenders under Existing Term Loan B Facilities Agreement, the lenders under the Term Loan and Revolving Credit Facility Agreement, the Hedge Counterparties and the banks in respect of Cash Management Arrangements as described in "*Description of the Collateral and the Guarantees*".

Principal, Maturity and Interest

The Euro Senior Notes initially will be issued in the aggregate principal amount of €500.0 million and will mature on January 15, 2026, unless redeemed prior thereto as described herein. The Euro Senior Notes will mature and the full principal amount will be payable on January 15, 2026. The Senior Notes Indenture will allow additional Euro Senior Notes (the "**Additional Euro Senior Notes**" or the "**Additional Senior Notes**") to be issued from time to time, subject to certain limitations described under "*—Certain Covenants—Limitation on Indebtedness*"; *provided*, *however*, that any Additional Senior Notes that are issued with the same CUSIP, ISIN or common code number will be fungible with the previously issued Senior Notes for U.S. federal income tax purposes. The Senior Notes and any Additional Senior Notes will be treated as a single class for all purposes of the Senior Notes Indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase, except as otherwise provided for in the Senior Notes Indenture.

The Euro Senior Notes will bear interest at the rate of 3.750% *per annum*, from and including the date of original issuance or from and including the most recent interest payment date to which interest has been paid, payable semi-annually in arrears on January 15 and July 15 in each year, commencing July 15, 2021. The Issuer will make each interest payment to the holders of record of the Euro Senior Notes on the immediately preceding January 1 and July 1. Interest on the Senior Notes will accrue from the date of original issuance or, if interest has already been paid, from the interest payment date it was most recently paid. Interest on the Euro Senior Notes will be computed on the basis of a 360-day year composed of twelve 30-day months. Interest on overdue principal and, to the extent permitted by law, on overdue installments of interest will accrue at the rate of interest borne by the Euro Senior Notes.

Principal of, premium, if any, any applicable Additional Amounts (as defined below) and interest on the Senior Notes will be payable, and the Senior Notes will be exchangeable and transferable, at the office or agency of the Issuer in London maintained for such purposes (which initially will be the corporate trust office of the Trustee) and, so long as the Senior Notes are listed on the Official List of the Luxembourg Stock Exchange and are traded on the Euro MTF Market thereof, at the offices of each Paying Agent. Principal, interest and premium, if any, on the global notes (as described below) will be payable at the specified office or agency of one or more Paying Agents; *provided* that all such payments with respect to Senior Notes represented by one or more global notes registered in the name of or held by a depository common to Euroclear and/or Clearstream, will be made by wire transfer of immediately available funds to the account specified by the holder or holders thereof. The initial Paying Agents will be HSBC Bank PLC, as Paying Agent.

The Euro Senior Notes will initially be represented by one or more global notes and will be issued in fully registered form without coupons attached and in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof. The global notes will be deposited with a common depositary for Euroclear and Clearstream or its nominee. Ownership of interests in the global notes, referred to as "**book-entry interests**," will be limited to Persons that have accounts with, Euroclear and/or Clearstream, or Persons that may hold interests through such participants. Book-entry interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear and/or Clearstream, as applicable, and their participants. Please see "*Book-Entry, Delivery and Form*."

Settlement for the Senior Notes will be made in same day funds. All payments of principal, any applicable Additional Amounts and interest will be made by the Issuer in same day funds.

If the due date for any payment in respect of the Senior Notes is not a Business Day, payment shall be made on the next succeeding day that is a Business Day, and no interest shall accrue for the intervening period.

When issued, the Euro Senior Notes will be a new issue of securities with no established trading market. No assurance can be given as to the liquidity of the trading market for the Senior Notes. Application has been made for the Euro Senior Notes to be listed on the Official List of the Luxembourg Stock Exchange and to be traded on the Euro MTF Market thereof.

Optional Redemption

The Euro Senior Notes will be subject to redemption at any time prior to January 15, 2023 at the option of the Issuer, in whole or in part, on not less than 10 nor (except as provided under "*—Selection and Notice of Optional Redemption*") more than 60 days' prior notice at a redemption price equal to 100% of the principal amount thereof, plus the Applicable Redemption Premium and accrued and unpaid interest and applicable Additional Amounts (if any) to, but not including, the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

The Euro Senior Notes will be subject to redemption at any time and from time to time on or after January 15, 2023 at the option of the Issuer, in whole or in part, on not less than 10 nor (except as provided under "*—Selection and Notice of Optional Redemption*") more than 60 days' prior notice at the following redemption prices (expressed as percentages of the aggregate principal amount), if redeemed during the 12-month period beginning on January 15 of the year indicated below:

12-Month Period Beginning on	Redemption Price
2023	101.875%
2024	100.9375%
2025 and thereafter	100.000%

together with any applicable Additional Amounts and accrued and unpaid interest, if any, to, but not including, the redemption date (subject to the rights of holders of record on relevant record dates to receive interest due on an interest payment date).

In addition, at any time on or prior to January 15, 2023, the Issuer, the Parent or any Parent Holdco, at its option, on not less than 10 nor (except as provided under "—*Selection and Notice of Optional Redemption*") more than 60 days' prior notice, may use the net cash proceeds of one or more Public Equity Offerings (plus amounts equal to any Additional Amounts and accrued and unpaid interest, if any, to, but not including, the redemption date) to redeem the Euro Senior Notes and Additional Euro Senior Notes in an amount up to an aggregate of 40% of the sum of the initial aggregate principal amount of the Euro Senior Notes originally issued under the Senior Notes Indenture and the initial aggregate principal amount of any Additional Euro Senior Notes issued under the Senior Notes Indenture after the Issue Date at a redemption price equal to 103.750% of the aggregate principal amount of the Euro Senior Notes, plus any applicable Additional Amounts and accrued and unpaid interest, if any, to, but not including, the redemption date (subject to the rights of holders of record on relevant record dates to receive interest due on an interest payment date); *provided* that the Euro Senior Notes and Additional Euro Senior Notes in an amount equal to at least 50% of the sum of the initial aggregate principal amount of Euro Senior Notes originally issued under the Senior Notes Indenture and the initial aggregate principal amount of any Additional Euro Senior Notes issued under the Senior Notes Indenture after the Issue Date remains outstanding immediately after the occurrence of such redemption. In order to effect the foregoing redemption, the Issuer must consummate such redemption within 180 days of the closing of the Public Equity Offering.

In connection with any tender offer for, or other offer to purchase, all of the Euro Senior Notes, if holders of not less than 90% of the aggregate principal amount of the then outstanding Euro Senior Notes validly tender and do not validly withdraw such Euro Senior Notes in such tender offer and the Issuer, or any other Person making such tender offer in lieu of the Issuer, purchases all of the Euro Senior Notes validly tendered and not validly withdrawn by such holders, all of the holders of the Euro Senior Notes that remain outstanding will be deemed to have consented to a redemption of the Euro Senior Notes on the terms set forth in this paragraph, and, accordingly, within 60 days of such purchase, the Issuer or such other Person will have the right upon not less than 10 nor more than 60 days' notice following such purchase date, to redeem all (but not less than all) Euro Senior Notes that remain outstanding following such purchase at a price equal to the highest price (excluding any early tender premium or similar payment and, for the avoidance of doubt, any accrued and unpaid interest and Additional Amounts, if any, thereon) paid to each other holder in such tender offer, plus, to the extent not included in the tender offer payment, accrued and unpaid interest and Additional Amounts, if any, thereon, to, but not including, the date of such redemption (subject to the rights of holders of record on the relevant record dates to receive interest due on an interest payment date).

Selection and Notice of Optional Redemption

If less than all of the Senior Notes are to be redeemed, the applicable Paying Agent or the Registrar shall select the Senior Notes for redemption on a *pro rata* basis or by lot (or, in the case of Senior Notes issued in global form as discussed under "*Book-Entry; Delivery and Form*," based on a method that most nearly approximates a *pro rata* or by lot selection as Euroclear, Clearstream or such successor depositary, as applicable, deems fair and appropriate) unless otherwise required by applicable law or applicable stock exchange or depositary requirements. None of the Trustee, any Paying Agent, or the Registrar shall be liable for any selection made under this paragraph.

No Euro Senior Note shall be redeemed in part if the resulting Euro Senior Note would have a minimum denomination that is less than €100,000. Notices of redemption shall be mailed by first class mail at least 10 but not more than 60 days before the redemption date to each holder of Senior Notes to be redeemed at its registered address, except that a redemption notice may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Senior Notes or a satisfaction and discharge of the Senior Notes Indenture or as specified in the next paragraph, in each case in accordance with the provisions of the Senior Notes Indenture. For Senior Notes represented by global certificates held on behalf of Euroclear and Clearstream, notices may be given by delivery to Euroclear and Clearstream for communication to entitled account owners in substitution for the aforesaid mailing.

A notice of redemption shall state: the redemption date and the record date; the redemption price and the amount of accrued and unpaid interest, if any, and applicable Additional Amounts, if any, to be paid; the paragraph pursuant to which such Senior Notes are being redeemed; the name and address of the Paying Agent; that the Senior Notes called for redemption must be surrendered to the Paying Agent to collect the redemption price, plus accrued and unpaid interest, if any, and applicable Additional Amounts, if any; that, unless the Issuer defaults in making the redemption payment, interest, if any, and applicable Additional Amounts, if any, on the Senior Notes called for redemption shall cease to accrue on and after the redemption date; if any Senior Note is being redeemed in part, the portion of the principal amount of such Senior Note to be redeemed; that the only remaining right of the holders of Senior Notes is to receive payment of the redemption price upon surrender to the Paying Agent; that, if less than all of the Senior Notes are to be redeemed, the

identification of the particular Senior Notes and the principal amount (or portion thereof) of such Senior Notes to be redeemed and the aggregate principal amount of such Senior Notes to be outstanding after such partial redemption; whether the redemption is conditioned on any events and, if so, a detailed explanation of such conditions; and that no representation is made as to the correctness or accuracy of the CUSIP, ISIN or Common Code numbers, if any, listed in such notice or printed on the Senior Notes. Subject to the satisfaction of any conditions precedent set forth in a notice of redemption, Senior Notes called for redemption become due on the date fixed for redemption. If such redemption is subject to the satisfaction of one or more conditions precedent, the related notice may, for the avoidance of doubt, state that, in the Issuer's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied or waived (*provided* that in no event shall the redemption date be delayed to a date later than 60 days from the date of the original notice of redemption, except that redemption notices may be given more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Senior Notes or a satisfaction and discharge of the Senior Notes Indenture), and the Issuer shall provide notice of the satisfaction or waiver of such conditions at least one Business Day prior to the redemption date for any conditional redemption, or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied or waived by the redemption date, or by the redemption date so delayed. On and after the redemption date, interest will cease to accrue on the Senior Notes, or the portions thereof, called for redemption.

So long as any Senior Notes are listed on the Official List of the Luxembourg Stock Exchange and are traded on the Luxembourg Stock Exchange's Euro MTF Market and the rules of the Luxembourg Stock Exchange so require, the Issuer will inform the Luxembourg Stock Exchange of any such redemption and will publish a notice regarding such redemption in a leading newspaper having a general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or on the Luxembourg Stock Exchange's official website, www.bourse.lu.

Redemption upon Changes in Withholding Taxes

If, as a result of:

(a) any amendment to, or change in, the laws or treaties (or regulations or rulings promulgated thereunder) of any Relevant Taxing Jurisdiction (as defined below under *"—Payment of Additional Amounts*"); or

(b) any change in the official application or the official interpretation or administration of such laws, treaties, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction or a change in published administrative practice) (each of the foregoing in clauses (a) and (b), a "**Change in Tax Law**"),

the Issuer, any Guarantor or any Surviving Entity would be obligated to pay, on the next date for any payment, Additional Amounts, as described below under "*—Payment of Additional Amounts*" with respect to the Senior Notes, which the Issuer, such Guarantor or such Surviving Entity cannot avoid by the use of reasonable measures available to it (including, without limitation, making payment through a paying agent located in another jurisdiction), then the Issuer or the Issuer Surviving Entity, as the case may be, may redeem, at its option, all, but not less than all, of the Senior Notes at any time on or after the Issue Date and following such Change in Tax Law, upon not less than 30 nor more than 60 days' notice to the holders of the Senior Notes, at a redemption price of 100% of their principal amount, plus accrued and unpaid interest, if any, to, but not including, the redemption date.

In the case of the United Kingdom or any other jurisdiction that is a Relevant Taxing Jurisdiction on the Issue Date, the applicable Change in Tax Law must become effective on or after the date of this offering memorandum. In the case of a jurisdiction that becomes a Relevant Taxing Jurisdiction after the Issue Date, the applicable Change in Tax Law must become effective after the date that such jurisdiction becomes a Relevant Taxing Jurisdiction.

Prior to the giving of any notice of redemption described in this section, the Issuer, or the Issuer Surviving Entity, as the case may be, will deliver to the Trustee in form and substance reasonably satisfactory to the Trustee:

(i) an Officer's Certificate of the Issuer, or the Issuer Surviving Entity, as the case may be, stating that the obligation to pay such Additional Amounts cannot be avoided by the Issuer, such Guarantor or the relevant Surviving Entity taking reasonable measures available to it; and

(ii) a written opinion of independent legal counsel of recognized standing addressed to the Issuer or the Issuer Surviving Entity, as the case may be, to the effect that the Issuer, such Guarantor or the relevant Surviving Entity has or will become obligated to pay such Additional Amounts as a result of a Change in Tax Law described above.

The Trustee will accept such Officer's Certificate and opinion as sufficient evidence of the satisfaction of the conditions without further inquiry to a redemption upon a Change in Tax Law, including any changes in withholding Taxes, in which event it will be conclusive and binding on the holders of the Senior Notes.

Notwithstanding the foregoing, no such notice will be given (a) earlier than 90 days prior to the earliest date on which the Issuer or the relevant Surviving Entity or Guarantor, as the case may be, would be obligated to pay such Additional Amounts if a payment were then due and (b) unless, at the time such notice is given, such obligation to pay such Additional Amounts remains in effect.

Payment of Additional Amounts

All payments by or on behalf of the Issuer or any Surviving Entity under or with respect to the Senior Notes, or by or on behalf of any Guarantor or any Surviving Entity with respect to any Guarantee, will be made free and clear of, and without withholding or deduction for, or on account of, any Taxes, unless such withholding or deduction is required by law or by the official interpretation or administration of law, or by an applicable certification, identification, information or other reporting requirement or agreement, if entering into or complying with such requirement or agreement is required by law or by a taxing authority as a precondition to relief or exemption from such Tax. If any amount for, or on account of, Taxes imposed or levied by or on behalf of any jurisdiction in which the Issuer, any Guarantor or, if applicable, any Surviving Entity, is incorporated, organized, resident for Tax purposes or otherwise subject to Tax or from or through which any payment is made on or with respect to the Senior Notes or a Guarantee by any taxing authority therein or political subdivision thereof (each, as applicable, a "**Relevant Taxing Jurisdiction**") is required to be withheld or deducted from any payment made under or with respect to the Senior Notes or any Guarantee, the Issuer, such Guarantor or such Surviving Entity, as the case may be, will pay such additional amounts ("**Additional Amounts**") as may be necessary to ensure that the net amount received after such withholding or deduction will be not less than the amount that would have been received if such Taxes had not been required to be withheld or deducted.

Notwithstanding the foregoing, no Additional Amounts will be payable in respect of or on account of:

(a) any Taxes that are imposed or levied by a Relevant Taxing Jurisdiction by reason of the holder's or beneficial owner's present or former connection with such Relevant Taxing Jurisdiction, including, without limitation, the holder or beneficial owner being, or having been, a citizen, national, or resident, being, or having been, engaged in a trade or business, being, or having been, physically present in or having or having had a permanent establishment in a Relevant Taxing Jurisdiction (but not including, in each case, any connection arising from the mere holding of Senior Notes or the receipt of payments thereunder or under a Guarantee or the exercise or enforcement of rights under any Senior Notes or the Senior Notes Indenture or a Guarantee);

(b) any Taxes that are imposed or levied by reason of the failure of the holder or beneficial owner of Senior Notes (or any financial institution through which the holder or beneficial owner holds the Senior Notes or through which payment on the Senior Notes is made), following the written request of the Issuer, any Guarantor or any Surviving Entity (as the case may be) made at a time that would enable the holder or beneficial owner (or any such financial institution) acting reasonably to comply with that request and in accordance with the notice procedures set forth in the Senior Notes Indenture, to comply with any certification, identification, information or other reporting requirements, whether required by statute, treaty, regulation or administrative practice of a Relevant Taxing Jurisdiction, as a precondition to exemption from, or reduction in the rate of withholding or deduction of, Taxes imposed by the Relevant Taxing Jurisdiction (including, without limitation, a certification that the holder or beneficial owner is not resident in the Relevant Taxing Jurisdiction);

(c) any estate, inheritance, gift, sale, excise, transfer, personal property or similar Taxes;

(d) any Tax that is payable otherwise than by withholding or deduction from payments made under or with respect to the Senior Notes or a Guarantee;

(e) any Tax that is imposed or levied by reason of the presentation (where presentation is required in order to receive payment) of such Senior Notes for payment on a date more than 30 days after the date on which such payment became due and payable or the date on which payment thereof is duly provided for, whichever is later, except to the extent that the beneficial owner or holder thereof would have been entitled to Additional Amounts had the Senior Notes been presented for payment on any date during such 30-day period;

(f) [Reserved]

(g) any Tax that is imposed or levied on or with respect to a payment made to a holder or beneficial owner of Senior Notes who would have been able to avoid such withholding or deduction by presenting the Senior Notes to another Paying Agent in a Member State of the European Union;

(h) any Taxes, duties, assessments or other governmental charges imposed on a payment in respect of the Senior Notes required to be made pursuant to laws enacted by Switzerland providing for the taxation of payments according to principles similar to those laid down in the draft legislation of the Swiss Federal Council of December 17, 2014, or otherwise changing the Swiss federal withholding tax system from an issuer-based system to a paying-agent-based system pursuant to which a person other than the issuer is required to withhold tax on any interest payments (including as proposed by the Swiss Federal Council on June 26, 2019);

(i) any Taxes that are imposed or withheld pursuant to Sections 1471 through 1474 of the Code, as of the Issue Date (or any amended or successor version of such sections), any regulations promulgated thereunder, any official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code, any intergovernmental agreement between a non-U.S. jurisdiction and the United States with respect to the foregoing or any law or regulation implementing any such intergovernmental agreement; or

(j) any combination of items (a) through (i) above.

Notwithstanding the first paragraph of this section, Additional Amounts will not be paid with respect to the Senior Notes to a holder who is a fiduciary, a partnership, a limited liability company or any person other than the sole beneficial owner of the payment under or with respect to the Senior Notes, to the extent that a beneficiary or settlor with respect to the fiduciary, a member of that partnership, an interest holder in that limited liability company or a beneficial owner would not have been entitled to the Additional Amounts had it been the holder of the Senior Notes.

The Issuer, the relevant Guarantor or the relevant Surviving Entity, as the case may be, will (i) make such withholding or deduction as is required by applicable law and (ii) remit the full amount withheld or deducted to the relevant taxing authority in accordance with applicable law.

At least 30 calendar days prior to each date on which any payment under or with respect to the Senior Notes is due and payable, if the Issuer, any Guarantor or a Surviving Entity will be obligated to pay Additional Amounts with respect to such payment (unless such obligation to pay Additional Amounts arises after the 30th day prior to the date on which payment under or with respect to the Senior Notes is due and payable, in which case it will be promptly thereafter), the Issuer, the relevant Guarantor or the relevant Surviving Entity (as the case may be) will deliver to the Trustee (with a copy to the applicable Paying Agent) an Officer's Certificate in form and substance reasonably satisfactory to the Trustee stating that such Additional Amounts will be payable and the amounts so payable and will set forth such other information necessary to enable the applicable Paying Agent to pay such Additional Amounts to holders on the payment date. The Trustee shall be entitled to rely solely on such Officer's Certificate as conclusive proof that such payments are necessary. The Issuer, the relevant Guarantor or the relevant Surviving Entity, as the case may be, will promptly publish a notice in accordance with the notice provisions set forth in the Senior Notes Indenture stating that such Additional Amounts will be payable and describing the obligation to pay such amounts.

Upon written request, the Issuer, the relevant Guarantor or the relevant Surviving Entity, as the case may be, will furnish to the Trustee or to a holder of the Senior Notes copies of tax receipts evidencing the payment of any Taxes by the Issuer, such Guarantor or such Surviving Entity in such form as provided in the normal course by the taxing authority imposing such Taxes and as is reasonably available to the Issuer, such Guarantor or such Surviving Entity. If, notwithstanding the efforts of the Issuer, such Guarantor or such Surviving Entity to obtain such receipts, the same are not obtainable, the Issuer, such Guarantor or such Surviving Entity will provide the Trustee or such holder with other evidence reasonably satisfactory to the Trustee or such holder.

In addition, the Issuer, any Guarantor and any Surviving Entity, as the case may be, will pay any present or future stamp, issue, registration, court, documentation, excise or property taxes or other similar taxes, charges and duties, including interest and penalties with respect thereto, imposed by or in any Relevant Taxing Jurisdiction in respect of the execution, issue, enforcement or delivery of the Senior Notes or any other document or instrument referred to thereunder (other than on or in connection with (i) a transfer of the Senior Notes other than the initial resale by the Initial Purchasers or (ii) the issue of replacement Notes or certificated Notes pursuant to the Senior Notes Indenture).

Whenever the Senior Notes Indenture, the Senior Notes or this "*Description of the Senior Notes*" refers to, in any context, the payment of principal, premium, if any, interest or any other amount payable under or with respect to any Senior Note or with respect to any Guarantee, such reference includes the payment of Additional Amounts, if applicable.

Currency Indemnity

The euro is the sole currency of account and payment for all sums payable by the Issuer or any Guarantor under the Euro Senior Notes and any Guarantee of the Euro Senior Notes. Any amount received or recovered in currency other than euro in respect of the Euro Senior Notes (whether as a result of, or as a result of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding up or dissolution of the Parent, the Issuer, any Subsidiary of the Parent or otherwise) by the Trustee or holder in respect of any sum expressed to be due to it from the Issuer or any Guarantor of the Euro Senior Notes shall constitute a discharge of the Issuer or any Guarantor of the Euro Senior Notes only to the extent of the Euro amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not possible to make that purchase on that date, on the first date on which it is possible to do so). If that Euro amount is less than the Euro amount expressed to be due to the recipient under any Euro Senior Note, the Issuer and each Guarantor of the Euro Senior Notes, jointly and severally, shall indemnify the recipient against the cost of making any such purchase. For the purposes of this indemnity, it will be sufficient for the holder to certify (indicating the sources of information used) that it would have suffered a loss had the actual purchase of Euro been made with the amount so received in that other currency on the date of receipt or recovery (or, if a purchase of Euro on such date had not been possible, on the first date on which it would have been possible).

Each of the above indemnities will, to the extent permitted by law:

- constitute a separate and independent obligation from the other obligations of the Issuer and any Guarantor;
- give rise to a separate and independent cause of action;
- apply irrespective of any waiver granted by any holder; and
- continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Senior Note or any other judgment or order.

Sinking Fund

The Senior Notes will not be entitled to the benefit of any sinking fund.

Open Market Purchases

The Parent, the Issuer and the Restricted Subsidiaries may at any time and from time to time purchase Notes in the open market or otherwise.

Purchase of Senior Notes upon a Change of Control

If a Change of Control shall occur at any time, then each holder of Senior Notes shall have the right to require that the Issuer purchase such holder's Senior Notes in whole or in part (equal to €100,000 or an integral multiple of €1,000 in excess thereof), at a purchase price (the "**Change of Control Purchase Price**") in cash in an amount equal to 101% of the principal amount of such Senior Notes, plus any Additional Amounts and accrued and unpaid interest, if any, to, but not including, the date of purchase (the "**Change of Control Purchase Date**") (subject to the rights of holders of record on relevant record dates to receive interest due on an interest payment date), pursuant to the offer described below (the "**Change of Control Offer**") and in accordance with the other procedures set forth in the Senior Notes Indenture; *provided*, *however*, that the Issuer shall not be obliged to repurchase Senior Notes as described under this caption "*—Purchase of Senior Notes upon a Change of Control*" in the event and to the extent that it has unconditionally exercised its right to redeem all of the Senior Notes as described under "*—Optional Redemption*." No such purchase in part shall reduce the principal amount at maturity of the Senior Notes held by any holder to below €100,000.

Within 30 days following any Change of Control, the Issuer shall notify the Trustee thereof and give written notice of such Change of Control to each holder of Senior Notes by first class mail, postage prepaid, at the address appearing in the security register, stating, among other things:

- that a Change of Control has occurred and the date of such event;
- the circumstances and relevant facts regarding such Change of Control (including, but not limited to, applicable information with respect to *pro forma* historical income, cash flow and capitalization after giving effect to the Change of Control);
- the purchase price and the purchase date which shall be fixed by the Issuer on a Business Day no earlier than 10 days nor later than 60 days from the date such notice is mailed, or such later date as is necessary to comply with requirements under the Exchange Act;
- that any Senior Note not tendered will continue to accrue interest and unless the Issuer defaults in payment of the Change of Control Purchase Price, any Senior Notes accepted for payment pursuant to the Change of Control Offer shall cease to accrue interest after the Change of Control Purchase Date; and
- any other procedures that a holder of Senior Notes must follow to accept a Change of Control Offer or to withdraw such acceptance.

The Issuer shall make available to the newswire service of Bloomberg (or if Bloomberg does not then operate, any similar agency) or, so long as the Senior Notes are listed on the Official List of the Luxembourg Stock Exchange and are traded on the Euro MTF Market thereof and the rules of the Luxembourg Stock Exchange so require, a newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or on the Luxembourg Stock Exchange's official website, *www.bourse.lu*, the notice described above.

The ability of the Issuer to repurchase Notes pursuant to a Change of Control Offer may be limited by a number of factors. The occurrence of certain of the events that constitute a Change of Control would constitute an event of default under the Existing Term Loan B Facilities Agreement and the Term Loan and Revolving Credit Facility Agreement. In addition, certain events that may constitute a change of control under the Existing Term Loan B Facilities Agreement and the Term Loan and Revolving Credit Facility Agreement may not constitute a Change of Control under the Senior Notes Indenture. The future Indebtedness of the Issuer, the Parent and its Subsidiaries may also contain prohibitions of certain events that would constitute a Change of Control or require such Indebtedness to be repurchased upon a Change of Control. Moreover, the exercise by the holders of the Senior Notes of their right to require the Issuer to repurchase the Senior Notes could cause a default under such Indebtedness, even if the Change of Control itself does not, due to the financial effect of such repurchase on the Issuer, the Parent and its subsidiaries. Finally, the ability of the Issuer to pay cash to the holders of the Senior Notes upon a repurchase may be limited by its and the Parent's then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make any required repurchases.

The Change of Control provisions described above will be applicable whether or not any other provisions of the Senior Notes Indenture are applicable, except, for the avoidance of doubt, to the extent satisfaction and discharge of the Senior Notes Indenture, as described under "—*Satisfaction and Discharge*," has occurred or the Issuer has elected to exercise its option for Legal Defeasance or Covenant Defeasance, as described under "—*Defeasance or Covenant Defeasance of Senior Notes Indenture*," in each case prior to the occurrence of a Change of Control. Except as described above with respect to a Change of Control, the Senior Notes Indenture will not contain provisions that permit the holders of the Senior Notes to require that the Issuer repurchase or redeem the Senior Notes in the event of a takeover, recapitalization or similar transaction. The existence of a holder's right to require the Issuer to repurchase such holder's Senior Notes upon the occurrence of a Change of Control may deter a third party from seeking to acquire the Issuer, the Parent or its Subsidiaries in a transaction that would constitute a Change of Control.

The Issuer will not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Senior Notes Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Senior Notes validly tendered and not withdrawn under such Change of Control Offer.

The Paying Agent will promptly deliver to each holder of Senior Notes properly tendered the Change of Control Purchase Price for such Senior Notes and will, in respect of the global notes, make such notations thereon as are necessary to reflect the Senior Notes (or interest therein) purchased in such Change of Control Offer, and the Paying Agent will, in respect of certificated notes, cause to be authenticated and mailed to each holder a new certificated note or notes equal in principal amount to any unpurchased portion of Senior Notes surrendered, if any; *provided* that each such new note will be in a principal amount of €100,000 or an integral multiple of €1,000 in excess thereof. The Issuer will

publicly announce the results of the Change of Control Offer on, or as soon as practicable after, the Change of Control Purchase Date.

The definition of "**Change of Control**" includes a disposition of "all or substantially all" of the assets of the Parent. Although there is a limited body of case law interpreting the phrase "all or substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the assets of the Parent. As a result, it may be unclear as to whether a Change of Control has occurred and whether the Issuer must make an offer to repurchase the Senior Notes as described above.

The Issuer will comply with the applicable tender offer rules, including Rule 14e-1 under the Exchange Act, and any other applicable securities laws or regulations, including administrative interpretations thereof (including those of the United States and the United Kingdom) in connection with a Change of Control Offer. To the extent that the provisions of any applicable securities laws or regulations conflict with the provisions of this covenant (other than the obligation to make an offer pursuant to this covenant), the Issuer will comply with the securities laws and regulations and will not be deemed to have breached its obligations described in this covenant by virtue thereof.

Certain Calculations

(a) Notwithstanding any other provision of the Senior Notes Indenture or any other Senior Notes Document, solely for purposes of determining whether a Limited Condition Transaction may be consummated or Indebtedness or Liens may be incurred in connection therewith, (i) each of Consolidated Adjusted EBITDA, the Consolidated Fixed Charge Coverage Ratio, the Consolidated First Lien Net Leverage Ratio, the Consolidated Total Net Leverage Ratio and the Total Assets may, at the Parent's election, be determined as of the last day of or for the most recent period of four full fiscal quarters for which financial statements are available as of the date the definitive agreement for such Limited Condition Transaction is entered into (or, if applicable, in the case of any Acquisition or Investment made pursuant to a tender or similar offer, as of the date such offer has been commenced or, in the case of a Permitted Payment or Restricted Payment, as of the date of the declaration thereof or the date of the delivery of irrevocable (which may be conditional) notice with respect thereto) (and shall not be tested again on the date on which such Limited Condition Transaction is consummated or such Indebtedness or Lien is incurred) and shall be calculated giving *pro forma* effect to both the consummation of such Limited Condition Transaction and any related incurrence or repayment of Indebtedness; *provided* that, following any such election by the Parent with respect to any Limited Condition Transaction (and which Limited Condition Transaction has not yet been consummated and with respect to which such definitive agreement, tender or similar offer, declaration or notice has not been terminated or been revoked without the consummation thereof), any subsequent calculation or determination (including any subsequent calculation or determination made in reliance on this paragraph (a)) of any such ratio or other metric shall be made giving *pro forma* effect to the consummation of such Limited Condition Transaction and any related incurrence or repayment of Indebtedness; and (ii) any condition thereto as to the absence of any Default or Event of Default may, at the Parent's election, be determined as of the date the definitive agreement for such Limited Condition Transaction is entered into (or, if applicable, in the case of any Acquisition or Investment made pursuant to a tender or similar offer, as of the date such offer has been commenced or, in the case of a Permitted Payment or Restricted Payment, as of the date of the declaration thereof or the date of the delivery of irrevocable (which may be conditional) notice with respect thereto) (and shall not be tested again on the date on which such Limited Condition Transaction is consummated or such Indebtedness or Lien is incurred). For the avoidance of doubt, in making any determination contemplated by this paragraph (a) as to any amounts in Dollars, Euro or any other currency, it is understood that the Parent may, at its election, select currency exchange rates in effect (x) as of the last day of the most recent period of four full fiscal quarters for which financial statements are available as of the date the definitive agreement for such Limited Condition Transaction is entered into (or, if applicable, in the case of any Acquisition or Investment made pursuant to a tender or similar offer, as of the date such offer has been commenced or, in the case of a Permitted Payment or Restricted Payment, as of the date of the declaration thereof or the date of the delivery of irrevocable (which may be conditional) notice with respect thereto), (y) as of the date the definitive agreement for such Limited Condition Transaction is entered into (or, if applicable, in the case of any Acquisition or Investment made pursuant to a tender or similar offer, as of the date such offer has been commenced or, in the case of a Permitted Payment or Restricted Payment, as of the date of the declaration thereof or the date of the delivery of irrevocable (which may be conditional) notice with respect thereto) or (z) as of the date

on which such Limited Condition Transaction is consummated or such Indebtedness or Lien is incurred.

(b) For purposes of determining Consolidated Adjusted EBITDA, the Consolidated First Lien Net Leverage Ratio, the Consolidated Fixed Charge Coverage Ratio, Consolidated Income Tax Expense, Consolidated Interest Expense, Consolidated Net Income (Loss), Consolidated Non-Cash Charges, the Consolidated Total Net Leverage Ratio, Excess Proceeds, Net Cash Proceeds (including for purposes of paragraph (b) under the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*"), Consolidated revenues or any other financial ratio, basket calculation or financial measurement of any kind whatsoever of the Parent or the Group in respect of a period commencing prior to the date of completion of any Permitted Reorganization and ending on or after such date, such determination shall be made using the results for the applicable period prior to such date of the Parent or the Group as in effect during such prior period and the results for the applicable period on and after such date of the Parent or the Group as in effect during such subsequent period. For purposes of each of clauses (1) and (2) under the first paragraph of the covenant described under "*—Certain Covenants—Provision of Financial Statements*", at any time when the most recent fiscal year or fiscal quarter, as applicable, ended after the date of the completion of any Permitted Reorganization and the comparable prior year period ended prior to such date, the financial statements delivered in respect of such prior period may be those of the Parent as of the last day of such prior fiscal year or fiscal quarter, as applicable. Where the Senior Notes Indenture refers to the most recent fiscal year for which financial statements of the Parent have been delivered (or are required to have been delivered) pursuant to clause (1) under the first paragraph of the covenant described under "*—Certain Covenants—Provision of Financial Statements*" or the most recent fiscal quarter or period of four consecutive fiscal quarters for which financial statements of the Parent have been delivered (or are required to have been delivered) pursuant to clause (1) or (2) under the first paragraph of the covenant described under "*—Certain Covenants—Provision of Financial Statements*" (or words to similar effect), prior to the first delivery of any such financial statements hereunder, such fiscal year shall refer to December 31, 2019 and such fiscal quarter or period of four consecutive fiscal quarters shall refer to the fiscal quarter and the period of four consecutive fiscal quarters ended September 30, 2020.

(c) For purposes of determining the permissibility of any action, change, transaction or event that requires a calculation of any financial ratio, Consolidated Adjusted EBITDA, Total Assets, Fair Market Value or any other financial metric, such financial ratio or such other test shall be calculated at the time such action is taken, such change is made, such transaction is consummated or such event occurs, as the case may be (or, in each case, such other time as is applicable thereto pursuant to paragraph (a) of "*—Certain Calculations*"), it being understood, for the avoidance of doubt, that for purposes of determining compliance with any Consolidated Adjusted EBITDA or Total Asset percentage restriction in connection with any Acquisition or Investment, the amount of the Consolidated Adjusted EBITDA or the Total Assets will be determined after giving *pro forma* effect thereto, and no Default or Event of Default shall occur solely as a result of a subsequent change in such financial ratio, Consolidated Adjusted EBITDA, Total Assets, Fair Market Value or other financial metric, as the case may be. Notwithstanding anything to the contrary in "*—Certain Covenants—Limitation on Indebtedness*" or "*—Certain Covenants—Limitation on Liens*", (i) in connection with the incurrence of any Indebtedness, or any Lien securing any Indebtedness, in each case, in reliance on any exception set forth in "*—Certain Covenants—Limitation on Indebtedness*" or "*—Certain Covenants—Limitation on Liens*" that is based on a percentage of Consolidated Adjusted EBITDA or Total Assets, the amount of Consolidated Adjusted EBITDA or Total Assets shall be determined after giving *pro forma* effect to the application of the proceeds of such Indebtedness (and any other Indebtedness incurred substantially concurrently therewith), and any Indebtedness, or any Lien securing any Indebtedness, in each case, incurred in reliance on any exception set forth in "*—Certain Covenants—Limitation on Indebtedness*" or "*—Certain Covenants—Limitation on Liens*" that is based on a percentage of Consolidated Adjusted EBITDA or Total Assets will be permitted to be refinanced under such exception (if otherwise complying with the requirements of such exception) notwithstanding that, at the time of and after giving effect to such refinancing, the amount thereof might exceed the applicable percentage of Consolidated Adjusted EBITDA or Total Assets and (ii) in the case of any obligation to purchase or repurchase any inventory as part of any inventory financing or similar arrangement, no Default or Event of Default shall occur solely as a result of a change in the Fair Market Value of such inventory after the date of the initial incurrence of such obligation, and such inventory financing or similar arrangement incurred in reliance on any exception set forth in "*—Certain Covenants—Limitation on Indebtedness*" or "*—Certain Covenants—Limitation on Liens*" will be permitted to be refinanced under such exception (if otherwise complying with the requirements of such exception)

notwithstanding that, at the time of and after giving effect to such refinancing, the amount thereof might exceed the applicable cap set forth in such exception. For purposes of the Senior Notes Indenture, whenever *pro forma* effect is to be given to any transaction or calculation, the *pro forma* calculations will be as determined in good faith by a responsible financial or accounting officer of the Parent.

(d) Notwithstanding anything to the contrary set forth herein (but subject to paragraph (e) of the covenant "*—Certain Covenants—Limitation on Restricted Payments*"), for purposes of determining compliance with any of the covenants described under the captions "*—Certain Covenants*" or "*—Consolidation, Merger, Sale of Assets*", in the event that any Indebtedness, Lien, Restricted Payment, Permitted Payment, Investment, Asset Sale or other transaction (each of the foregoing, an "**Item**") (or any portion thereof) meets the criteria of more than one of the exceptions set forth under such captions (or in any applicable defined term used under such captions), the classification of such Item (or any portion thereof) on the date of its incurrence, making, undertaking or consummation under any such exception shall be made by the Parent in its sole discretion and the Parent may, at any time or from time to time thereafter, in its sole discretion, reclassify such Item (or any portion thereof) as having been incurred, made, undertaken or consummated under one or more other exceptions set forth under such captions (or in any applicable defined term used under such captions) if such Item (or such portion thereof) (i) at the time of its incurrence, making, undertaking or consummation, would have been permitted under such other exception or exceptions (but after giving effect to any such other Item or Items (but not, for the avoidance of doubt, any other change in circumstance) that were incurred, made, undertaken or consummated since such time in reliance on such other exception or exceptions) or (ii) solely in the case of any Indebtedness Lien, Restricted Payment, Permitted Payment or Investment, at the time of such reclassification would have met the criteria set forth in such other exception or exceptions if then incurred, made, undertaken or consummated (including, in the case of this clause (ii), reclassifying any such Item as having been incurred, made undertaken or consummated under any "ratio-based" basket set forth in such Section if such Item (or such portion thereof) would, at the time of such reclassification, be permitted under the applicable "ratio-based" basket) and, in each case, such Item shall constitute a usage of any availability under such exception only to the extent so classified or reclassified; *provided* that, notwithstanding the foregoing, Indebtedness incurred under the Term Loan A Facilities, the Existing Term Loan B Facilities and the New Term Loan B Facilities, in each case outstanding on the Issue Date, shall be deemed to have been incurred pursuant to clause (i)(A) of paragraph (b) of "*—Certain Covenants—Limitation on Indebtedness*" and may not be subsequently reclassified.

(e) It is understood and agreed that for purposes of assessing whether any financial ratio or test set forth in any of the covenants described under the captions "*—Certain Covenants*" or "*—Consolidation, Merger, Sale of Assets*" (or in any applicable defined term used under such captions) has been or would be complied with in connection with any Item (or any portion thereof) incurred, made, undertaken or consummated in reliance on an exception that requires compliance with such financial ratio or test, any other Item (or any portion thereof) substantially contemporaneously incurred, made, undertaken or consummated, in each case, in reliance on any other available exceptions that do not require such other Item (or such portion thereof) to comply with such financial ratio or test (including, in the case of Indebtedness limited by clause (1)(D) of paragraph (b) under "*—Certain Covenants—Limitation on Indebtedness*", any other sub-clause of such clause (1)) shall be disregarded (even if part of the same transaction and, in the case of Indebtedness or Liens securing any Indebtedness, even if such other Item is Indebtedness of the same tranche or series as such Indebtedness being incurred under such financial ratio or test); *provided* that full *pro forma* effect shall be given to such other Item (or such portion thereof) for purposes of determining any increase in the amount of Consolidated Adjusted EBITDA or Total Assets resulting therefrom.

(f) For purposes of determining compliance with the Senior Notes Indenture, (i) the outstanding principal amount of Indebtedness issued at a price that is less than the principal amount thereof shall be equal to the amount of the liability in respect thereof determined in conformity with IFRS and (ii) the accrual of interest, the accrual of dividends, the accretion of accreted value, the amortization of original issue discount, the payment of interest or a dividend in the form of additional Indebtedness and/or any increase in the amount of Indebtedness outstanding solely as a result of any fluctuation in the exchange rate of any applicable currency shall not be deemed to be an incurrence of Indebtedness and, to the extent secured, shall not be deemed to result in an increase of the obligations so secured or to be a grant of a Lien securing any such obligations.

Certain Covenants

The Senior Notes Indenture will contain, among others, the following covenants:

Limitation on Indebtedness

(a) The Parent will not, and will not cause or permit any of its Restricted Subsidiaries to, create, issue, incur, assume, guarantee or otherwise in any manner become directly or indirectly liable for the payment of (collectively, "**incur**") any Indebtedness (including any Acquired Indebtedness); *provided*, *however*, that the Parent and its Restricted Subsidiaries may incur Indebtedness if, on the date of such incurrence and after giving effect thereto on a *pro forma* basis (including giving *pro forma* effect to the use of the proceeds thereof, including, in the case of any Escrow Indebtedness, upon the release of such Indebtedness from escrow), the Consolidated Fixed Charge Coverage Ratio for the most recent period of four full fiscal quarters for which financial statements are available immediately preceding the incurrence of such Indebtedness is not less than 2.00 to 1.00.

(b) Notwithstanding paragraph (a) above, the Parent and its Restricted Subsidiaries may incur each and all of the following (collectively, the "**Permitted Indebtedness**"):

(1) Indebtedness of the Parent and its Restricted Subsidiaries under the Credit Facilities, including such Indebtedness under the Existing Term Loan B Facilities, the Term Loan A Facilities and the New Term Loan B Facilities outstanding on the Issue Date and such Indebtedness under the Revolving Credit Facility Agreement, *provided* that, with respect to any incurrence of such Indebtedness after the Issue Date, at the time of incurrence thereof (after giving *pro forma* effect thereto and the use of proceeds thereof, including, in the case of any Escrow Indebtedness, upon the release of such Indebtedness from escrow) the aggregate outstanding principal amount of Indebtedness under this clause (1) shall not exceed the sum of (A) the sum of (w) the aggregate principal amount of Indebtedness outstanding under the Existing Term Loan B Facilities as of January 31, 2020, plus (x) the aggregate principal amount of Indebtedness outstanding under the Term Loan A Facilities on December 31, 2020, plus (y) the aggregate principal amount of commitments under the Revolving Credit Facility on December 31, 2020, plus (z) the aggregate principal amount of Indebtedness outstanding under the New Term Loan B Facilities on the Issue Date, *plus* (B) the greater of (x) €450.0 million and (y) 4.50% of Total Assets, *plus* (C) the aggregate amount of fees (including original issue discount), underwriting discounts, premiums and other costs and expenses incurred in connection with any refinancing of any Indebtedness permitted under this clause (1), *plus* (D) an additional amount so long as, in the case of this clause (D), at the time of incurrence thereof (after giving *pro forma* effect thereto and the use of proceeds thereof, including, in the case of any Escrow Indebtedness, upon the release of such Indebtedness from escrow), the Consolidated First Lien Net Leverage Ratio as of the last day of the most recent period of four full fiscal quarters for which financial statements are available immediately preceding the incurrence of such Indebtedness is not greater than 3.00 to 1.00, *provided* that solely for the purpose of determining Consolidated First Lien Net Leverage Ratio as set forth in this clause (D), any Indebtedness incurred in reliance on this clause (D) shall be deemed to be (whether or not it actually is) Senior Secured Indebtedness;

(2) Indebtedness of the Parent or any of its Restricted Subsidiaries (A) outstanding on the Issue Date (other than Indebtedness outstanding under the Senior Secured Notes, the Senior Notes, the Existing Notes, the Existing Credit Facilities or the New Term Loan B Facilities), (B) pursuant to the Existing Notes and the guarantees of the Existing Notes, (C) pursuant to the Senior Secured Notes issued on the Issue Date and the Guarantees of the Senior Secured Notes and (D) pursuant to the Senior Notes issued on the Issue Date and the guarantees of the Senior Notes issued on the Issue Date;

(3) Indebtedness of the Parent or any of its Restricted Subsidiaries owing to the Parent or any of its Restricted Subsidiaries; *provided* any Indebtedness of the Parent, the Issuer or a Subsidiary Guarantor owing to a Restricted Subsidiary that is not the Parent, the Issuer or a Subsidiary Guarantor is unsecured and subordinated in right of payment to the payment and performance of the Parent's, the Issuer's or the Subsidiary Guarantors' obligations under the Senior Notes pursuant to, and to the extent required by, the Intercreditor Agreement; *provided further* that any disposition or transfer of any such Indebtedness to a Person (other than a disposition or

transfer to the Parent or any of its Restricted Subsidiaries) shall be deemed to be an incurrence of such Indebtedness by the obligor not permitted by this clause (3);

(4) Indebtedness of the Parent or any of its Restricted Subsidiaries incurred in connection with a Permitted Reorganization; *provided* that after the consummation of such Permitted Reorganization, such Indebtedness is owed to the Parent or any of its Restricted Subsidiaries (including, for the avoidance of doubt, any Surviving Entity) and would be permitted by clause (3) above;

(5) Indebtedness of the Parent and its Restricted Subsidiaries incurred in connection with inventory financing or similar arrangements, including any guarantees thereof, and any Indebtedness that refinances any such Indebtedness; *provided* that, at the time of incurrence of any such Indebtedness (after giving *pro forma* effect thereto and the use of proceeds thereof) the aggregate outstanding principal amount of Indebtedness permitted under this clause (5) shall not exceed the sum of (A) the greater of (x) €425.0 million and (y) 3.75% of Total Assets, *plus* (B) the aggregate amount of fees (including original issue discount), underwriting discounts, premiums and other costs and expenses incurred in connection with any refinancing of any Indebtedness permitted under this clause (5);

(6) guarantees by the Parent or any of its Restricted Subsidiaries of any Indebtedness of the Parent or any of its Restricted Subsidiaries, including any guarantee of an Unrestricted Subsidiary's guarantee of any Indebtedness of the Parent or any of its Restricted Subsidiaries, so long as the incurrence of such Indebtedness by the Parent or such Restricted Subsidiary is otherwise permitted by the Senior Notes Indenture; *provided* that if the Indebtedness being guaranteed is subordinated in right of payment to the Senior Notes or any Guarantee, then such guarantee, if provided by the Parent, the Issuer or a Subsidiary Guarantor, will be subordinated to the Senior Notes or such Guarantee, as applicable, substantially to the same extent as the relevant Indebtedness guaranteed;

(7) obligations of the Parent or any of its Restricted Subsidiaries in respect of:

(A) any Interest Rate Agreements,

(B) any Currency Hedging Agreements, or

(C) any Commodity Hedging Agreements,

in each case, entered into for bona fide business purposes (including any commodity trading or commodity risk management business) and not for speculative purposes, as determined in good faith by the Board of Directors or senior management of the Parent;

(8) Indebtedness of the Parent or any of its Restricted Subsidiaries incurred after the Issue Date represented by Finance Lease Obligations or Purchase Money Obligations and other Indebtedness of the Parent or any of its Restricted Subsidiaries incurred after the Issue Date for the purpose of financing all or any part of the acquisition, development, construction or improvement of real or personal, movable or immovable, property or assets (including Capital Stock) used or to be used in the business of the Parent and its Restricted Subsidiaries, and any Indebtedness that refinances any such Indebtedness; *provided* that, at the time of incurrence of any such Indebtedness (after giving *pro forma* effect thereto and the use of proceeds thereof, including, in the case of any Escrow Indebtedness, upon the release of such Indebtedness from escrow), the aggregate outstanding principal amount of Indebtedness permitted under this clause (8) shall not exceed the sum of (A) the greater of (x) €250.0 million and (y) 2.50% of Total Assets, *plus* (B) the aggregate amount of fees (including original issue discount), underwriting discounts, premiums and other costs and expenses incurred in connection with any refinancing of any Indebtedness permitted under this clause (8);

(9) Indebtedness of the Parent or any of its Restricted Subsidiaries represented by Permitted Refinancing Indebtedness with respect to Indebtedness that was permitted to be incurred under paragraph (a) of this covenant or clause (1) (in the case of Indebtedness incurred in reliance on clause (D) thereof), (2), (9), (14) or (18) of this paragraph;

(10) to the extent constituting Indebtedness, obligations of the Parent or any of its Restricted Subsidiaries in respect of (A) letters of credit issued in the ordinary course of business with respect to trade payables relating to purchase of materials (including obligations under any LC Facility) and (B) other letters of credit, bank guarantees, surety, performance, Tax or appeal bonds, completion guarantees, judgment, advance payment, customs, VAT or other Tax guarantees or similar instruments issued in the ordinary course of business and not in connection with the borrowing of money, including letters of credit, bank guarantees or similar instruments in respect of self-insurance and workers compensation obligations (including obligations under any LC Facility); *provided*, *however*, that upon the drawing of such letters of credit, bank guarantees or other instruments, such obligations are reimbursed within 30 days following such drawing;

(11) Indebtedness of the Parent and its Restricted Subsidiaries owed to their employees in connection with loan stock issued under employee stock purchase plans; *provided* that the aggregate principal amount of Indebtedness under this clause (11) shall not exceed €10.0 million outstanding at any time;

(12) Indebtedness of the Parent and its Restricted Subsidiaries in connection with (A) any Permitted Receivables Financing and (B) any sales and leasebacks (or similar arrangements) of inventory with customers so long as the Fair Market Value of such inventory shall not exceed 5.0% of the Fair Market Value of the Consolidated inventories of the Parent and its Restricted Subsidiaries at any one time;

(13) Indebtedness of the Parent and its Restricted Subsidiaries represented by Management Advances in the form of guarantees;

(14) (A) any Acquired Indebtedness incurred by the Parent and its Restricted Subsidiaries or (B) any Acquisition Indebtedness incurred by the Issuer or any Guarantor; *provided*, *however*, that (1) at the time of the acquisition or other transaction pursuant to which such Acquired Indebtedness or such Acquisition Indebtedness, as applicable, was incurred the Parent would have been able to incur €1.00 of additional Indebtedness pursuant to paragraph (a) of this covenant after giving *pro forma* effect to the incurrence of such Indebtedness pursuant to this clause (14) (including giving *pro forma* effect to the use of the proceeds thereof, including, in the case of any Escrow Indebtedness, upon the release of such Indebtedness from escrow) or (2) the Consolidated Fixed Charge Coverage Ratio for the most recent period of four full fiscal quarters for which financial statements are available immediately preceding the incurrence of such Indebtedness would not be less, after giving *pro forma* effect as set forth above to such incurrence, than it would be for such period prior to giving *pro forma* effect thereto;

(15) Indebtedness arising from agreements of the Parent or any of its Restricted Subsidiaries providing for customary indemnification, obligations in respect of earnouts or other adjustments of purchase price or, in each case, similar obligations, in each case, incurred in connection with the acquisition or disposition of any business or assets or Person or any Capital Stock of a Subsidiary (other than guarantees of Indebtedness incurred by any Person acquiring or disposing of such business or assets or such Subsidiary for the purpose of financing such acquisition or disposition);

(16) Indebtedness of the Parent and its Restricted Subsidiaries arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business or owed in respect of Cash Management Arrangements; *provided*, *however*, that such Indebtedness is extinguished within 30 days of incurrence;

(17) Indebtedness of the Parent and its Restricted Subsidiaries incurred in connection with Permitted Joint Ventures or other joint ventures of the Parent or any Restricted Subsidiary, including guarantees by the Parent and its Restricted Subsidiaries of Indebtedness of Permitted Joint Ventures or such other joint ventures, and any Indebtedness that refinances any such Indebtedness; *provided* that, at the time of incurrence of any such Indebtedness (after giving *pro forma* effect thereto and the use of proceeds thereof, including, in the case of any Escrow Indebtedness, upon the release of such Indebtedness from escrow), the aggregate outstanding

principal amount of Indebtedness permitted under this clause (17), together with the aggregate outstanding amount of Investments made pursuant to clause (l) of the definition of "Permitted Investments" (and without duplication to the extent proceeds of any such Indebtedness are used to make any such Investment), shall not exceed the sum of (A) the greater of (x) €500.0 million and (y) 4.50% of Total Assets *plus* (B) the aggregate amount of fees (including original issue discount), underwriting discounts, premiums and other costs and expenses incurred in connection with any refinancing of any Indebtedness permitted under this clause (17);

(18) Indebtedness of the Aromatics and Acetyls Businesses to the extent such Indebtedness was permitted to remain outstanding at the time of the consummation of the BP Acquisition pursuant to the BP Acquisition Agreement (and remained outstanding on December 31, 2020); and

(19) Indebtedness of the Parent and its Restricted Subsidiaries in addition to that described in clauses (1) through (18) above; *provided* that, at the time of incurrence of any such Indebtedness (after giving *pro forma* effect thereto and the use of proceeds thereof, including, in the case of any Escrow Indebtedness, upon the release of such Indebtedness from escrow), the aggregate outstanding principal amount of Indebtedness permitted under this clause (19) shall not exceed the sum of (A) the greater of (x) €550.0 million and (y) 7.50% of Total Assets *plus* (B) the aggregate amount of fees (including original issue discount), underwriting discounts, premiums and other costs and expenses incurred in connection with any refinancing of any Indebtedness permitted under this clause (19).

For purposes of determining any particular amount of Indebtedness under this "*—Limitation on Indebtedness*" covenant and compliance with this "*—Limitation on Indebtedness*" covenant, (i) guarantees, Liens or obligations with respect to letters of credit, bank guarantees, bankers' acceptances or similar instruments supporting Indebtedness that is otherwise included in the determination of any such particular amount will be disregarded, (ii) in the case of any new Indebtedness of the Parent and its Restricted Subsidiaries the net proceeds of which are to be applied to refinance any existing Indebtedness of the Parent and its Restricted Subsidiaries, the determination of any such particular amount and such compliance will be made on a *pro forma* basis giving effect to the application of the net proceeds of such new Indebtedness as if such application occurred on the date of incurrence thereof, (iii) any Proceeds Loans made by a Parent Holdco or Financing Subsidiary with the proceeds of any Indebtedness incurred by such Parent Holdco or Financing Subsidiary, which Indebtedness is guaranteed by the Parent or any of its Restricted Subsidiaries in accordance with this "*—Limitation on Indebtedness*" covenant, will be disregarded and (iv) if obligations in respect of letters of credit, bank guarantees, bankers' acceptances or other similar instruments are incurred pursuant to any Credit Facility and are being treated as incurred pursuant to clause (1), (5), (8), (9), (17) or (19) of the paragraph (b) of this "*—Limitation on Indebtedness*" covenant or pursuant to the paragraph (a) of this "*—Limitation on Indebtedness*" covenant, then to the extent such letters of credit, bank guarantees, bankers' acceptances or other similar instruments support other Indebtedness, such other Indebtedness will be disregarded.

For purposes of determining compliance with this "*—Limitation on Indebtedness*" covenant and the covenant described under the caption "*—Limitation on Liens*":

(i) in the case of any exception requiring compliance with any financial ratio or test, to the extent the committed amount of any Indebtedness has been tested, such committed amount may thereafter be borrowed and, in the case of commitments of a revolving nature, reborrowed in whole or in part, from time to time, without any further testing under this "*—Limitation on Indebtedness*" covenant or the covenant described under the caption "*—Limitation on Liens*", it being understood, however, that for purposes of any subsequent determination of compliance with such financial ratio or test, such Indebtedness (other than, for purposes of paragraph (a) under this "*—Limitation on Indebtedness*", any Indebtedness that is revolving in nature) shall, solely to the extent of the reliance at such time on this clause (i) with respect to such committed amount, be deemed to be outstanding;

(ii) any Escrow Indebtedness shall be deemed to be incurred on the date of the original incurrence thereof (and, for the avoidance of doubt, not on the date of the release of such Indebtedness from escrow or the date on which the obligor in respect of such Indebtedness becomes a Restricted Subsidiary or transfers its assets to, or merges, consolidates or amalgamates with, the Parent or any Restricted Subsidiary); *provided* that, for the avoidance of doubt, any Escrow Indebtedness that is redeemed pursuant to a special mandatory redemption or the proceeds of which are not released to the Parent or any Restricted

Subsidiary for any other reason shall be deemed not to have been incurred by the Parent or any Restricted Subsidiary on the date of original incurrence thereof; and

(iii) such determinations and calculations in connection with any Limited Condition Transaction shall be subject to the provisions of the Senior Notes Indenture described under "*—Certain Calculations*" above.

For purposes of determining compliance with any Euro-denominated restriction on the incurrence of Indebtedness where Indebtedness is denominated in a different currency, the amount of such Indebtedness shall be the Euro Equivalent determined on the date of such determination; *provided*, *however*, that if any such Indebtedness that is denominated in a different currency is subject to a Currency Hedging Agreement (with respect to Euro) covering principal amounts payable on such Indebtedness, the amount of such Indebtedness expressed in Euro shall be adjusted to take into account the effect of such agreement. The principal amount of any Permitted Refinancing Indebtedness, if incurred in the same currency as the Indebtedness being refinanced, will be the Euro Equivalent of the Indebtedness refinanced, determined on the date such Indebtedness being refinanced was initially incurred. The principal amount of any Permitted Refinancing Indebtedness, if incurred in a different currency from the Indebtedness being refinanced, will be calculated based on the currency exchange rate applicable to the currencies in which such Permitted Refinancing Indebtedness is denominated that is in effect on the date of such refinancing. Notwithstanding any other provision of this "*—Limitation on Indebtedness*" covenant, the maximum amount that the Parent or any of its Restricted Subsidiaries may incur pursuant to this "*—Limitation on Indebtedness*" covenant shall not be deemed to be exceeded, with respect to any outstanding Indebtedness, solely as a result of fluctuations in the exchange rates of currencies (and such Indebtedness will be permitted to be refinanced notwithstanding that, after giving effect to such refinancing, such excess will continue). Notwithstanding the foregoing, any determinations and calculations pursuant to this paragraph in connection with any Limited Condition Transaction shall be subject to paragraph (a) under "*—Certain Calculations*".

Limitation on Restricted Payments

(a) The Parent will not, and will not cause or permit any Restricted Subsidiary to, directly or indirectly take any of the following actions (each of which, other than any such action that is a Permitted Payment, is referred to as a "**Restricted Payment**"):

(1) declare or pay any dividend on, or make any distribution on, the Parent's Capital Stock to any Person (other than dividends or distributions payable solely in shares of its Qualified Capital Stock or in options, warrants or other rights to acquire shares of such Qualified Capital Stock) or make any payment of cash interest in respect of Subordinated Shareholder Funding;

(2) purchase, redeem, defease or otherwise acquire or retire for value, directly or indirectly, (A) the Parent's Capital Stock or any Capital Stock of any direct or indirect parent entity of the Parent held by Persons other than the Parent or a Restricted Subsidiary, (B) options, warrants or other rights to acquire the Parent's Capital Stock or (C) any Subordinated Shareholder Funding held by any Person;

(3) make any principal payment on, or repurchase, redeem, defease or otherwise acquire or retire for value, prior to any scheduled principal payment, sinking fund payment or maturity, (A) any Subordinated Indebtedness or Subordinated Lien Indebtedness (other than the purchase, repurchase, redemption, defeasance or other acquisition or retirement of (x) Subordinated Indebtedness or Subordinated Lien Indebtedness in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case, due within one year of the date of purchase, repurchase, redemption, defeasance or other acquisition or retirement and (y) any Indebtedness incurred pursuant to clause (3) or (4) of paragraph (b) of the covenant described under "*—Limitation on Indebtedness*") or (B) any Subordinated Shareholder Funding (it being understood that payment of interest on and scheduled amortization of any Subordinated Indebtedness, Subordinated Lien Indebtedness or, to the extent permitted by the definition of such term, the payment of interest on Subordinated Shareholder Funding is not subject to this clause (3));

(4) declare or pay any dividend or distribution on any Capital Stock of any Restricted Subsidiary to any Person (other than (A) to the Parent or any of its Wholly Owned Restricted Subsidiaries, (B) dividends or distributions made by a Restricted Subsidiary on a *pro rata* basis (or, if not on a *pro rata* basis, on a basis more favorable to the Parent and its Restricted

Subsidiaries) to all stockholders of such Restricted Subsidiary or (C) dividends or distributions payable solely in its Qualified Capital Stock or in options, warrants or other rights to acquire shares of such Qualified Capital Stock or in Subordinated Shareholder Funding); or

(5) make any Investment in any Person;

provided that (A) the Parent and the Restricted Subsidiaries may make any Permitted Investment and (B) for the avoidance of doubt, any payment on, or repurchase, redemption, defeasance or otherwise acquisition or retirement for value of, any Senior Indebtedness held by any Sponsor Purchaser does not constitute a Restricted Payment.

(b) Notwithstanding paragraph (a) of this "*—Limitation on Restricted Payments*" covenant, the Parent or any Restricted Subsidiary may make a Restricted Payment if, at the time of and after giving *pro forma* effect to such proposed Restricted Payment:

(1) no Default or Event of Default shall have occurred and be continuing;

(2) the Parent could incur at least €1.00 of additional Indebtedness under paragraph (a) of the covenant described under "*—Limitation on Indebtedness*"; and

(3) the aggregate amount of all Restricted Payments (together with, except as otherwise provided in paragraph (d) below, the aggregate amount of all Permitted Payments) made (and not returned or rescinded) after the Issue Date does not exceed the sum of:

(A) 50% of the aggregate Consolidated Net Income (Loss) of the Parent determined on a cumulative basis for the period beginning on July 1, 2020 and ending on the last day of the Parent's most recent fiscal quarter for which financial statements are available ending immediately prior to the date of such Restricted Payment (or, if such aggregate cumulative Consolidated Net Income (Loss) shall be a loss, minus 100% of such loss);

(B) the aggregate Net Cash Proceeds and the Fair Market Value of property and assets received after July 31, 2020 by the Parent either (x) as capital contributions to the Parent in respect of Qualified Capital Stock of the Parent or (y) from the issuance or sale (other than to any of its Restricted Subsidiaries) of Qualified Capital Stock of the Parent or any options, warrants or rights to purchase such Qualified Capital Stock of the Parent or from any Subordinated Shareholder Funding (except, in each case, to the extent such Net Cash Proceeds are used as set forth in clause (ii) or (iii) of paragraph (c) below and excluding the Net Cash Proceeds and the Fair Market Value of property and assets from the issuance of Capital Stock or Subordinated Shareholder Funding financed, directly or indirectly, using funds borrowed from, or the borrowing of which is guaranteed by, the Parent or any of its Restricted Subsidiaries except to the extent such borrowing is repaid in cash);

(C) the aggregate Net Cash Proceeds and the Fair Market Value of property and assets received after July 31, 2020 by the Parent (other than from any of its Restricted Subsidiaries) upon the exercise of any options, warrants or rights to purchase Qualified Capital Stock of the Parent (and excluding the Net Cash Proceeds and the Fair Market Value of property and assets from the exercise of any options, warrants or rights to purchase such Qualified Capital Stock financed, directly or indirectly, using funds borrowed from, or the borrowing of which is guaranteed by, the Parent or any of its Restricted Subsidiaries except to the extent such borrowing is repaid);

(D) the aggregate Net Cash Proceeds and the Fair Market Value of property and assets received after July 31, 2020 by the Parent or its Restricted Subsidiaries from the conversion or exchange, if any, of Indebtedness or Redeemable Capital Stock of the Parent or its Restricted Subsidiaries into or for Qualified Capital Stock of the Parent plus, to the extent such Indebtedness or Redeemable Capital Stock was incurred or issued after July 31, 2020, the aggregate Net Cash Proceeds and the Fair Market Value of property and assets received from their original incurrence or issuance

(except, in each case, to the extent such Net Cash Proceeds are used as set forth in clause (2) or (3) of paragraph (c) below) (and excluding the Net Cash Proceeds and the Fair Market Value of property and assets from the conversion or exchange of Indebtedness or Redeemable Capital Stock financed, directly or indirectly, using funds borrowed from, or the borrowing of which is guaranteed by, the Parent or any of its Restricted Subsidiaries except to the extent such borrowing is repaid); and

(E) the amount equal to the sum (without duplication) of:

(i) 100% of the aggregate Net Cash Proceeds and the Fair Market Value of property and assets received by the Parent or any Restricted Subsidiary upon the sale or other disposition of any Investment that had been a Restricted Payment or a Permitted Payment (to the extent such Permitted Payment is included in the sum under clause (3) above) or from any dividend, distribution, interest payment, return of capital, repayment or other amount or value received in respect of an Investment;

(ii) upon the full and unconditional release of a guarantee that had been a Restricted Payment or a Permitted Payment (to the extent such Permitted Payment is included in the sum under clause (3) above) made by the Parent or any of its Restricted Subsidiaries in favor of any Person (other than the Parent or any of its Restricted Subsidiaries), to the extent not included in clause (i) above, an amount equal to the amount of such guarantee;

(iii) upon the redesignation of any Unrestricted Subsidiary (other than any Unrestricted Subsidiary designated as such in reliance on clause (u) of the definition of the term Permitted Investment) as a Restricted Subsidiary, the Fair Market Value of the Parent's or any Restricted Subsidiary's interest in such Unrestricted Subsidiary;

(iv) 100% of the Net Cash Proceeds and the Fair Market Value of property and assets received by the Parent or any of its Restricted Subsidiaries from a sale or disposition of Capital Stock of an Unrestricted Subsidiary (other than to the Parent or any of its Restricted Subsidiaries or an employee stock ownership plan or trust established by the Parent or any of its Restricted Subsidiaries for the benefit of its employees);

(v) to the extent any Investment constituting a Restricted Payment or a Permitted Payment (to the extent such Permitted Payment is included in the sum under clause (3) above) was made after July 31, 2020 in a Person that on or after July 31, 2020 became a Restricted Subsidiary of the Parent, the Fair Market Value of such Investment as of the date such Person becomes a Restricted Subsidiary; and

(vi) 100% of the Net Cash Proceeds and the Fair Market Value of property and assets received by the Parent or any of its Restricted Subsidiaries from any dividend or distribution made by any Unrestricted Subsidiary on or after July 31, 2020;

provided, *however*, that in the case of any amount referred to in this clause (E) that would also be included in Consolidated Net Income (Loss) for the purposes of clause (A) above, such amount (or any portion thereof) may be included for the purposes of this clause (E) or for the purposes of clause (A) above, all as determined by the Parent in its discretion (but without duplication); and *provided* further that, notwithstanding anything to the contrary contained in this paragraph (b), the INOVYN Contribution, and any contribution to the Capital Stock in the Parent occurring on December 31, 2020 in connection with the BP Acquisition, shall be disregarded for purposes of, and shall not result in any increase in the amount available for making Restricted Payments pursuant to, sub-clauses (B) through (E) of clause (3) of this paragraph (b).

(c) Notwithstanding paragraph (a) above, the provisions thereof shall not prohibit the following actions (any action permitted under any of clauses (1) through (19) below being referred to as a "**Permitted Payment**"):

(1) the payment of any dividend within 60 days after the date of declaration thereof, if at such date of declaration such payment was permitted by this covenant (and such payment shall be deemed to have been paid on such date of declaration);

(2) any Restricted Payment included in clauses (2), (3) and (5) of paragraph (a) of this covenant made by exchange for (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares or scrip), or in an amount not in excess of the Net Cash Proceeds of a substantially concurrent issuance and sale (other than to a Restricted Subsidiary of the Parent and excluding the Net Cash Proceeds from the issuance of any Capital Stock or of Subordinated Shareholder Funding financed, directly or indirectly, using funds borrowed from, or the borrowing of which is guaranteed by, the Parent or any of its Restricted Subsidiaries except to the extent such borrowing is repaid in cash) of, Qualified Capital Stock or Subordinated Shareholder Funding of, or a capital contribution to, the Parent; *provided* that the Net Cash Proceeds from the issuance of such Qualified Capital Stock or Subordinated Shareholder Funding or from such capital contribution (to the extent such Net Cash Proceeds are used to make such Permitted Payment) are excluded from clauses (3)(B) and (3)(D) of paragraph (b) of this covenant;

(3) the repurchase, redemption, defeasance, retirement or acquisition for value of, or payment of principal of, any Subordinated Indebtedness or Subordinated Lien Indebtedness in exchange for (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares or scrip), or in an amount not in excess of the Net Cash Proceeds of a substantially concurrent issuance and sale (other than to any Restricted Subsidiary of the Parent) of, any Qualified Capital Stock or Subordinated Shareholder Funding of, or a capital contribution to, the Parent; *provided* that the Net Cash Proceeds from the issuance of such Qualified Capital Stock or Subordinated Shareholder Funding (to the extent such Net Cash Proceeds are used to repurchase, redeem, defease, retire or acquire such Subordinated Indebtedness or Subordinated Lien Indebtedness) are excluded from clauses (3)(B) and (3)(D) of paragraph (b) of this covenant;

(4) the repurchase, redemption, defeasance, retirement, refinancing or other acquisition for value of, or payment of principal of, and payment of accrued and unpaid interest on, any Subordinated Indebtedness or Subordinated Lien Indebtedness (but in each case not, for the avoidance of doubt, Subordinated Shareholder Funding) through the substantially concurrent incurrence of new Indebtedness of the Parent or any of its Restricted Subsidiaries that (x) is permitted by clause (a), (b)(1) or (b)(19) of the covenant under the caption "*—Limitation on Indebtedness*" or (y) qualifies as Permitted Refinancing Indebtedness;

(5) the repurchase, redemption, defeasance, retirement, refinancing or other acquisition for value of, or payment of principal of, and payment of accrued and unpaid interest on, (A) Subordinated Indebtedness or Subordinated Lien Indebtedness (but not, for the avoidance of doubt, Subordinated Shareholder Funding) of the Parent or any Restricted Subsidiary (other than Subordinated Indebtedness and Subordinated Lien Indebtedness held by Affiliates of the Parent) upon a "change of control" or "asset sale" to the extent required by the agreement governing such Subordinated Indebtedness or Subordinated Lien Indebtedness, but only if the Issuer shall have complied, to the extent applicable, with the covenants described under the captions "*—Purchase of Senior Notes upon a Change of Control*" or "*—Limitation on Sale of Assets*", as the case may be, and the Issuer shall have repurchased, or shall repurchase, all Senior Notes tendered pursuant to the offer required by such covenants prior to or substantially concurrently with such repurchase, redemption, defeasance, retirement, refinancing or other acquisition for value of, or payment of principal of, Subordinated Indebtedness or Subordinated Lien Indebtedness, (B) Subordinated Indebtedness or Subordinated Lien Indebtedness (but not, for the avoidance of doubt, Subordinated Shareholder Funding) of the Parent or any Restricted Subsidiary that constitutes Acquired Indebtedness (other than any such Subordinated Indebtedness or Subordinated Lien Indebtedness held by Affiliates of the Parent) and (C) Subordinated Indebtedness,

Subordinated Shareholder Funding and Subordinated Lien Indebtedness, in each case, for the avoidance of doubt, under this sub-clause (C), to the extent of any Declined Proceeds;

(6) to the extent constituting Restricted Payments, the Specified Affiliate Payments;

(7) the declaration and payment of dividends or other distributions by the Parent, and the declaration and payment of dividends or other distributions, or the making of loans and advances, by the Parent or any of its Restricted Subsidiaries to any Parent Holdco to make payments of dividends or other distributions by any Parent Holdco, in respect of Qualified Capital Stock of the Parent or any Parent Holdco issued in a Public Equity Offering; *provided* that the aggregate amount (without duplication) of all such dividends or other distributions, or loans and advances, under this clause (7) shall not exceed in any fiscal year 6% of the Net Cash Proceeds received by the Parent from such Public Equity Offering;

(8) payments by the Parent, or loans, advances, dividends or distributions to any Parent Holdco to make payments, to holders of Capital Stock of the Parent or any Parent Holdco in lieu of the issuance of fractional shares of such Capital Stock, *provided* that the aggregate amount of any such payments, loans, advances, dividends or distributions made since the Issue Date (in the case of any loans or advances, to the extent outstanding) shall not exceed €10.0 million;

(9) dividends, distributions, contributions or other transfers of Capital Stock, Indebtedness or other securities of Unrestricted Subsidiaries (other than any Unrestricted Subsidiary designated as such in reliance on clause (u) of the definition of the term Permitted Investment);

(10) payment of any Receivables Fees and purchases of Receivables Assets pursuant to a Receivables Repurchase Obligation or any other fees and payments in connection with a Permitted Receivables Financing;

(11) any Restricted Payments made as part of any Permitted Reorganization or to pay or reimburse any costs and expenses related to the consummation thereof;

(12) any Restricted Payment; *provided* that, at the time of such Restricted Payment and after giving effect thereto, the aggregate amount of Restricted Payments made under this clause (12) since the Issue Date (in the case of any Investment, to the extent outstanding) shall not exceed the greater of €425.0 million and 3.75% of Total Assets;

(13) Restricted Payments made to pay or reimburse any costs and expenses in connection with the Transactions and any future incurrence or repayment of Indebtedness;

(14) creation of one or more book entry or loan receivables payable by the Parent or any of its Restricted Subsidiaries in its capacity as controlled company (*beherrschtes Unternehmen*) to its dominating entity (*herrschendes Unternehmen*) under a Profit Pooling Agreement as a non-cash settlement of any claim for the transfer of profits within the meaning of Sec. 301 German Stock Corporation Act (*Aktiengesetz*) under the relevant Profit Pooling Agreement, which receivable, at the option of the relevant dominating entity (*herrschendes Unternehmen*), may be documented by way of a loan from the relevant dominating entity (*herrschendes Unternehmen*), *provided* that under the terms of such loan, the relevant dominating entity (*herrschendes Unternehmen*) is not entitled to claim the payment of the principal and/or any interest on such loan prior to the final Stated Maturity of the Senior Notes, and *provided further* that all such receivables and loans (as applicable) and any amounts accruing in respect thereof shall be subject to the Intercreditor Agreement and will be "Subordinated Obligations" (under and as defined in the Intercreditor Agreement);

(15) any Restricted Payment of the Capital Stock in or assets of any INOVYN Entity; provided that (x) at the time of the making of such Restricted Payment and after giving *pro forma* effect thereto, no Default or Event of Default has occurred and is continuing or would result therefrom and (y) the Consolidated Total Net Leverage Ratio as of the last day of the most recent period of four fiscal quarters for which financial statements are available immediately prior to the making of such Restricted Payment, after giving *pro forma* effect thereto, is not

greater than 2.50 to 1.00; *provided* further that, solely for purposes of this clause (15), the Consolidated Total Net Leverage Ratio shall be calculated without giving effect to any portion of the Run Rate Adjustment attributable to cost savings, operating expense reductions and/or synergies relating to any applicable transaction, event or initiative consummated, adopted or implemented within the most recent period of four fiscal quarters for which financial statements are available immediately prior to the making of such Restricted Payment;

(16) any Restricted Payment; *provided* that (x) no Default or Event of Default has occurred and is continuing at the time of the making of such Restricted Payment and (y) the Consolidated Total Net Leverage Ratio as of the last day of the most recent period of four fiscal quarters for which financial statements are available immediately prior to the making of such Restricted Payment, after giving *pro forma* effect thereto, is not greater than 1.75 to 1.00;

(17) loans, advances, dividends, distributions or other payments by the Parent or any of its Restricted Subsidiaries to or on behalf of any Parent Holdco or Financing Subsidiary to service the substantially concurrent payment of interest, premiums, make whole amounts, fees, costs, expenses, hedging, tax, breakage costs and indemnification obligations as and when due under or in respect of Indebtedness of any Parent Holdco or Financing Subsidiary that has been guaranteed by, or is otherwise considered Indebtedness of, the Parent or any of its Restricted Subsidiaries incurred in accordance with the covenant described under the caption "*—Limitation on Indebtedness*"; *provided* that either (A) the Net Cash Proceeds of such Indebtedness have been contributed or loaned to the Parent or any of its Restricted Subsidiaries or (B) at the time such Indebtedness is incurred by such Parent Holdco or Financing Subsidiary, the Parent is deemed to have made, and is able to make in accordance with this "*—Limitation on Restricted Payments*" covenant, a Restricted Payment, a Permitted Payment or a Permitted Investment, or a combination thereof (as determined by the Parent in accordance with this "*—Limitation on Restricted Payments*" covenant), in an aggregate amount equal to the Net Cash Proceeds of such Indebtedness;

(18) any payments or other transactions pursuant to Tax Sharing Agreements between the Parent and any other Person or any Restricted Subsidiary of the Parent and any other Person with which the Parent or any of its Restricted Subsidiaries files a consolidated Tax return or with which the Parent or any of its Restricted Subsidiaries is part of a group for Tax purposes or any Tax advantageous group contribution made pursuant to applicable legislation; *provided* that any such Tax Sharing Agreement does not permit or require payments in excess of the amounts of Tax that would be payable by the Parent and its Restricted Subsidiaries on a stand-alone basis; and

(19) Restricted Payments made in connection with the BP Acquisition to finance the redemption, repayment or other discharge (in full or in part) of the Vendor Loan Notes (as defined in the BP Acquisition Agreement); *provided* that the aggregate amount of Restricted Payments made under this clause (19) shall not exceed US$1,000,000,000.

(d) In calculating the amount of Restricted Payments made after the Issue Date for purposes of clause (3) of paragraph (b) of this "*—Limitation on Restricted Payments*" covenant, Permitted Payments made pursuant to clauses (2), (3), (4), (5)(B), (5)(C), (6), (8), (9), (10), (11), (12), (13), (14), (15), (16), (17), (18) and (19) (and, to the extent relating to any of the foregoing clauses, clause (1)) of the immediately preceding paragraph (c) shall be excluded from such calculation.

(e) The amount of any Restricted Payment or Permitted Payment that is not made in cash shall be deemed to be equal to the Fair Market Value thereof at the date of the making of such Restricted Payment or Permitted Payment.

(f) Notwithstanding anything to the contrary in this "*—Limitation on Restricted Payments*" or elsewhere in the Senior Notes Indenture, neither the Parent nor any of its Restricted Subsidiaries shall make, other than pursuant to and as permitted by clause (15) of paragraph (c) of this covenant, any Restricted Payment or Permitted Payment, in each case, of the type referred to in clause (1), (2) or (3) of paragraph (a) of this covenant if such Restricted Payment or Permitted Payment is made with the Capital Stock in or assets of any INOVYN Entity; *provided* that nothing in this paragraph shall restrict any such Restricted Payment or Permitted Payment (i) to the Parent or any of its Restricted Subsidiaries, (ii) to any INOVYN Entity or any of its joint ventures or (iii) to any Person that is not an

Affiliate of the Parent (including any joint venture partner in respect of any joint venture of any INOVYN Entity).

Limitation on Transactions with Affiliates

(a) The Parent will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, enter into any transaction or series of related transactions (including, without limitation, the sale, purchase, exchange or lease of assets, property or services) with any Affiliate of the Parent (other than a Restricted Subsidiary) involving aggregate consideration in excess of €10.0 million, unless such transaction or series of related transactions is entered into in good faith and:

(1) such transaction or series of related transactions is on terms that are no less favorable to the Parent or such Restricted Subsidiary, as the case may be, than those that could reasonably be expected to be obtained in a comparable transaction in arm's length dealings with an unrelated third party, as determined in good faith by the Board of Directors or senior management of the Parent;

(2) with respect to any transaction or series of related transactions involving aggregate consideration in excess of €25.0 million, the Parent delivers to the Trustee either (A) an Officer's Certificate attaching a resolution of the Board of Directors of the Parent pursuant to which such transaction or series of related transactions has been approved by a majority of the Disinterested Directors of the Board of Directors of the Parent or, in the event there is only one Disinterested Director, by such Disinterested Director or (B) a written opinion of an accounting, appraisal or investment banking firm of international standing, or other recognized independent expert with experience appraising the terms and conditions of the type of transaction or series of related transactions for which an opinion is required, stating that such transaction or series of related transactions is fair from a financial point of view taking into account all relevant circumstances; *provided* that the liability of such accounting, appraisal or investment banking firm or such other independent expert in giving such opinion may be limited in accordance with its engagement policies; and

(3) with respect to any transaction or series of related transactions involving aggregate consideration in excess of €50.0 million, the Parent delivers to the Trustee (A) an Officer's Certificate attaching a resolution of the Board of Directors of the Parent pursuant to which such transaction or series of related transactions has been approved by a majority of the Disinterested Directors of the Board of Directors of the Parent or, in the event there is only one Disinterested Director, by such Disinterested Director and (B) a written opinion of an accounting, appraisal or investment banking firm of international standing, or other recognized independent expert with experience appraising the terms and conditions of the type of transaction or series of related transactions for which an opinion is required, stating that such transaction or series of related transactions is on terms not less favorable than might have been obtained in a comparable transaction at such time on an arm's length basis from a Person that is not an Affiliate; *provided* that the liability of such accounting, appraisal or investment banking firm or such other independent expert in giving such opinion may be limited in accordance with its engagement policies.

(b) The restrictions in clause (a) shall not apply to:

(1) any employment agreement, collective bargaining agreement, consultant agreement or other employee benefit arrangements with any employee, consultant, officer or director of any Parent Holdco, the Parent or any Restricted Subsidiary, including under any stock option, stock appreciation rights, stock incentive or similar plans, entered into in the ordinary course of business;

(2) payment of compensation to employees, consultants, officers or directors of any Parent Holdco, the Parent or any Restricted Subsidiary in the ordinary course of business;

(3) maintenance in the ordinary course of business (and payments required thereby) of benefit programs and other arrangements for employees, consultants, officers or directors of any Parent Holdco, the Parent or any Restricted Subsidiary, including vacation plans, health and

life insurance plans, deferred compensation plans, severance plans, employees', consultants', directors' and officers' indemnification agreements and retirement or savings plans and similar plans;

(4) Management Advances;

(5) transactions between or among the Parent and its Restricted Subsidiaries (including any Person that becomes a Restricted Subsidiary as a result of such transaction), between or among the Restricted Subsidiaries (including any Person that becomes a Restricted Subsidiary as a result of such transaction) and between or among the Restricted Subsidiaries and any Receivables Subsidiary;

(6) any Restricted Payment or Permitted Investment;

(7) any Permitted Payment;

(8) any transaction in the ordinary course of business between or among the Parent or any Restricted Subsidiary and any Affiliate of the Parent or a joint venture or similar Person that would otherwise be subject to this "*—Limitation on Transactions with Affiliates*" covenant solely because the Parent or a Restricted Subsidiary owns any of the Capital Stock of or otherwise controls such Affiliate, joint venture or similar Person;

(9) any payments or other transactions pursuant to (x) Tax Sharing Agreements between the Parent and any other Person or any Restricted Subsidiary of the Parent and any other Person with which the Parent or any of its Restricted Subsidiaries files a consolidated Tax return or with which the Parent or any of its Restricted Subsidiaries is part of a group for Tax purposes or any Tax advantageous group contribution made pursuant to applicable legislation, *provided*, *however*, that any such Tax Sharing Agreement does not permit or require payments in excess of the amount of Taxes that would be payable by the Parent and its Restricted Subsidiaries on a stand-alone basis, or (y) Profit Pooling Agreements between the Parent or any of its Restricted Subsidiaries and any other Person;

(10) the Existing Term Loan B Facilities Agreement or other Senior Secured Facilities Documents (as defined in the Intercreditor Agreement), the Existing Indenture, the Term Loan and Revolving Credit Facility Agreement, the Senior Secured Notes Indenture or other Senior Secured Documents (as defined in the Intercreditor Agreement), the Intercreditor Agreement (and any additional intercreditor agreement), the Senior Notes Indenture or other Second Lien Debt Documents (as defined in the Intercreditor Agreement) and any other definitive documents governing or evidencing any Indebtedness not prohibited by the Senior Notes Indenture (and, in each case, the transactions contemplated thereby), any collateral for or guarantee by the Parent or any Restricted Subsidiary under any of the foregoing (and any release thereof), any Proceeds Loans Documents, any Proceeds Loans, any collateral for or guarantee of any Proceeds Loans, any release of any Proceeds Loans, or any release of any guarantee or collateral with respect thereto and any other agreement or action relating to any other Indebtedness not prohibited by the Senior Notes Indenture;

(11) (A) issuances or sales of Capital Stock of the Parent, any receipt of capital contributions by the Parent and any issuance or incurrence of any Subordinated Shareholder Funding and (B) any amendment, waiver or other transaction with respect to any Subordinated Shareholder Funding that is in compliance with the other provisions of the Senior Notes Indenture and, if applicable, the Intercreditor Agreement;

(12) any transaction effected in connection with a Permitted Receivables Financing;

(13) Specified Affiliate Payments;

(14) (A) the provision of administrative or infrastructure goods or services, asset sharing, the allocation of customers, contracts or other business or any other transaction with customers, clients, suppliers or purchasers or sellers of goods or services (including, among others, feedstocks and raw materials) or any other transaction in the ordinary course of business

between the Parent or a Restricted Subsidiary, on the one hand, and any Affiliate that is not a Group Company, on the other, and (B) to the extent that the Remedy Entity may be deemed to be an Affiliate of the Parent, the provision of administrative or infrastructure goods or services, asset sharing, the allocation of customers, contracts or other business, or any other transaction in the ordinary course of business between the Parent or a Restricted Subsidiary and the Remedy Entity; *provided* that, in each case, such transactions, when taken together with all other transactions between the Parent and its Restricted Subsidiaries, on the one hand, and such Affiliates or the Remedy Entity, on the other, are in all material respects (i) not inconsistent with those applying prior to the Issue Date for similar transactions among such Persons or (ii) on terms substantially consistent with those that might have been obtained in comparable transactions at such time on an arm's length basis from a Person that is not an Affiliate, as determined by the Parent in good faith (it being understood that where such transactions are entered into pursuant to a master agreement or similar arrangement, such arm's length determination may be made with respect to such agreement or arrangement, which will cover all transactions entered into pursuant thereto);

(15) any transaction by any Person referred to in clause (a)(3) of the definition of Permitted Investment that is entered pursuant to an arrangement existing (or that is made pursuant to, and as required under, legally binding agreements that exist) on the date such Person becomes a Restricted Subsidiary or is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Parent or any Restricted Subsidiary (for the avoidance of doubt, in any case including any arrangement with (A) any joint venture of the Aromatics and Acetyls Businesses that exists (or that is made pursuant to, and as required under, legally binding agreements that exist) on December 31, 2020 or (B) any joint venture of any such Person, whether or not such joint venture is acquired by the Parent or any Restricted Subsidiary after such Person becomes a Restricted Subsidiary or after the consummation of such merger, consolidation, amalgamation, transfer, conveyance or liquidation); *provided* that such agreement was not entered into in contemplation of such Person becoming a Restricted Subsidiary or such merger, consolidation, amalgamation, transfer, conveyance or liquidation;

(16) any transaction effected as part of a Permitted Reorganization; and

(17) any transaction effected pursuant to any inventory financing or similar arrangement that is incurred pursuant to clause (5) of paragraph (b) of the covenant described under the caption "*—Limitation on Indebtedness*".

Limitation on Liens

The Parent will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume, affirm or suffer to exist any Lien (the "**Initial Lien**") of any kind securing any Indebtedness upon any property or assets of the Parent or any of its Restricted Subsidiaries, including any Capital Stock or intercompany notes or other Indebtedness of any Restricted Subsidiary, owned on the Issue Date or acquired thereafter, or any income, profits or proceeds therefrom, except (i) in the case of any property or asset that does not constitute Collateral, (A) Permitted Liens and (B) Liens on property or assets that are not Permitted Liens if the Senior Notes and the Guarantees are, subject to the Security Principles, directly secured with the Indebtedness secured by such Initial Lien (x) in the case of *Pari Passu* Indebtedness, equally and ratably or on a prior basis, (y) in the case of Senior Indebtedness of a Guarantor (or, for the avoidance of doubt, a guarantee by the Issuer, the Parent or any Parent Intermediate Holdco of Senior Indebtedness of a Guarantor), equally and ratably or on a junior basis, with the same relative priority as the Guarantee of such Guarantor shall have with respect to such Senior Indebtedness and (z) in the case of Subordinated Indebtedness, on a prior basis) and (ii) in the case of any property or asset that constitutes Collateral, Permitted Collateral Liens (it being understood that any Lien existing in reliance on clause (i)(B) above shall not also be required to be a Permitted Collateral Lien notwithstanding that the assets subject thereto shall have become Collateral).

Any Lien created for the benefit of the holders of the Senior Notes pursuant to clause (i)(B) of the first paragraph of this covenant will provide (and will be deemed to provide) by its terms that such Lien will be automatically and unconditionally released and discharged, without any action by the Trustee, the Security Agent or any holder of the Senior Notes (and each holder of the Senior Notes will be deemed to have irrevocably authorized the Trustee and the Security Agent to execute and deliver (and, at the request and cost of the Parent, each of the Trustee and the Security Agent will execute and deliver) any document to the extent necessary or reasonably requested by the Parent to evidence such release and discharge), (i) upon the release and discharge of the applicable Initial Lien, (ii) upon the sale or other

disposition of the property or assets subject to such Initial Lien (or the sale or other disposition of the Person that owns such property or assets) in compliance with the terms of the Senior Notes Indenture, (iii) with respect to the property or assets of, or the Capital Stock of, any Guarantor or any Subsidiary of a Guarantor that are encumbered by such Lien, upon the release of the Guarantee of such Guarantor in accordance with the terms of the Senior Notes Indenture, (iv) with respect to the property or assets of, or the Capital Stock of, any Restricted Subsidiary that are encumbered by such Lien, upon the designation of such Restricted Subsidiary as an Unrestricted Subsidiary in accordance with the terms of the Senior Notes Indenture, (v) upon effectiveness of any defeasance or satisfaction and discharge of the Senior Notes as specified in the Senior Notes Indenture, (vi) in the case of any Lien on any Proceeds Loan, upon the payment in full or other discharge of such Proceeds Loan (including as a result of any merger, consolidation or amalgamation of the payor or the payee thereunder) or (vii) as otherwise provided under the caption "*—Brief Description of the Senior Notes, the Guarantees and the Security—Security—Release of Security*"; *provided*, *however*, that the Parent shall have the right, in its sole discretion, by written notice to the Trustee, which shall provide written notice thereof to the Security Agent, delivered prior to the automatic release and discharge of any such Lien as specified above, to (A) waive such automatic release and discharge of such Lien and maintain such Lien in effect until such time as the Parent shall instruct and direct the Trustee in writing to instruct and direct the Security Agent in writing to release and discharge such Lien (with the Trustee agreeing so to instruct and direct the Security Agent promptly upon receipt thereof from the Parent) or (B) elect that the release and discharge of such Lien shall not occur automatically as contemplated by this paragraph but shall occur at such time or times, in such manner and order and upon the occurrence of such other events as shall be specified by the Parent in such notice to the Trustee (and the Trustee, at the request of the Parent, and the Security Agent, at the request of the Trustee, shall execute and deliver any document reasonably requested by the Parent to effect and evidence the release and discharge of such Lien); *provided further* that nothing in this clause (B) shall allow the Parent to require the release and discharge of any Lien prior to (unless such release and discharge is to occur substantially concurrently with) the occurrence of the applicable event(s) set forth in clauses (i) through (vii) above providing for the release and discharge thereof.

Notwithstanding any provision to the contrary in the Senior Notes Indenture or in any other Senior Notes Document, the release of any Lien created or purported to be created on the Collateral under any Swedish Security Document shall be subject to the prior written consent of the Security Agent (such consent to be granted at the Security Agent's sole discretion), other than upon legal defeasance, covenant defeasance or satisfaction and discharge of the Senior Notes Indenture as provided below under the captions "*—Defeasance or Covenant Defeasance of Senior Notes Indenture*" and "*—Satisfaction and Discharge*". Each holder of the Senior Notes authorizes the Security Agent to release such Lien at its discretion without notification or further reference to the holders of the Senior Notes.

For purposes of determining compliance with any Euro-denominated restriction on the incurrence of any Lien where the Indebtedness secured by such Lien is denominated in a different currency, the amount of such Indebtedness shall be the Euro Equivalent determined on the date of such determination; *provided*, *however*, that if any such Indebtedness is Indebtedness that is denominated in a different currency and is subject to a Currency Hedging Agreement (with respect to Euro) covering principal amounts payable on such Indebtedness, the amount of such Indebtedness expressed in Euro shall be adjusted to take into account the effect of such agreement. Notwithstanding any other provision of this "*—Limitation on Liens*" covenant, the maximum amount of Indebtedness secured by any Lien that the Parent or any of its Restricted Subsidiaries may incur pursuant to this "*—Limitation on Liens*" covenant shall not be deemed to be exceeded, with respect to any outstanding Indebtedness, due solely to the result of fluctuations in the exchange rates of currencies (and such Indebtedness will be permitted to be refinanced with other secured Indebtedness notwithstanding that, after giving effect to such refinancing, such excess shall continue). Notwithstanding the foregoing, any determinations and calculations pursuant to this paragraph in connection with any Limited Condition Transaction shall be subject to paragraph (a) under "*—Certain Calculations*".

Limitation on Sale of Assets

(a) The Parent shall not, and shall not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, consummate an Asset Sale unless:

(1) except to the extent such Asset Sale is a Permitted Asset Swap, at least 75% of the consideration from such Asset Sale or series of related Asset Sales is received (A) in cash, cash equivalents or Temporary Cash Investments or (B) in the form of the assumption by the purchaser of the liabilities of the Parent or any of its Restricted Subsidiaries (other than the liabilities that are by their terms subordinated to the Senior Notes or Guarantees) as a result of which the Parent and its Restricted Subsidiaries are no longer obligated with respect to such liabilities; and

(2) the Parent or such Restricted Subsidiary receives consideration at the time of such Asset Sale at least equal to the Fair Market Value of the properties or assets subject to such Asset Sale (including, for the avoidance of doubt, if such Asset Sale is a Permitted Asset Swap).

(b) Within 570 days after the receipt of any Net Cash Proceeds from an Asset Sale consummated after the Issue Date, the Parent or any of its Restricted Subsidiaries may apply all or a portion of such Net Cash Proceeds (at the option of the Parent or any such Restricted Subsidiary):

(1) to invest in properties and other assets (including Capital Stock) that (as determined by the Board of Directors or senior management of the Parent) replace the properties and assets (including Capital Stock) that were the subject of such Asset Sale or in properties and assets that will be used in or are related to the businesses of the Parent or its Restricted Subsidiaries existing on the Issue Date or prior to such Asset Sale;

(2) to either (i) purchase the Euro Senior Notes pursuant to an offer to all holders at a purchase price equal to or greater than 100% of the principal amount thereof, plus accrued and unpaid interest to (but not including) the date of purchase (a "**Senior Notes Offer**") and/or (ii) redeem the Euro Senior Notes on a *pro rata* basis pursuant to the redemption provisions set forth above under the caption "—*Optional Redemption*";

(3) to repurchase, prepay, redeem, repay or otherwise acquire for value (A) loans under the Existing Term Loan B Facilities Agreement, loans under the Term Loan and Revolving Credit Facility Agreement, the Senior Secured Notes, the Existing Notes or other Senior Secured Indebtedness or (B) any *Pari Passu* Indebtedness that is secured by a Permitted Collateral Lien on the properties or assets that are the subject of such Asset Sale that ranks equal to or prior to any Lien thereon securing the Senior Notes, any Guarantee or the Senior Notes Indenture;

(4) to repurchase, prepay, redeem, repay or otherwise acquire for value Indebtedness that is (or, immediately prior to such Asset Sale, was) secured by a Lien (other than a Permitted Collateral Lien (except a Permitted Collateral Lien referred to in clause (g) of the definition of such term)) on any of the properties or assets which are the subject of such Asset Sale;

(5) to repurchase, prepay, redeem, repay or otherwise acquire for value any Indebtedness of the Parent or any of its Restricted Subsidiaries that is not *Pari Passu* Indebtedness, Subordinated Indebtedness or Subordinated Lien Indebtedness, including any Indebtedness ranking *pari passu* with the Existing Term Loan B Facilities Agreement, the Term Loan and Revolving Credit Facility Agreement, the Senior Secured Notes, the Existing Notes or any other Senior Indebtedness or Senior Secured Obligations (as defined in the Intercreditor Agreement); or

(6) pursuant to a binding commitment (including pursuant to an offer to purchase) to apply such Net Cash Proceeds in a manner described in any of clauses (1) through (5) above; *provided* that such binding commitment shall be treated as a permitted application of such Net Cash Proceeds from the date of such commitment until the earlier of (A) the date on which such application of such Net Cash Proceeds occurs and (B) the 180th day following the expiration of the aforementioned 570-day period.

The amount of Net Cash Proceeds not applied as specified above within such 570-day period shall constitute "**Excess Proceeds**". Pending the final application of the Net Cash Proceeds of any Asset Sale, the Parent or any Restricted Subsidiary may temporarily reduce Indebtedness, invest such Net Cash Proceeds in Temporary Cash Investments or otherwise use such Net Cash Proceeds for general corporate purposes.

(c) When the aggregate amount of Excess Proceeds exceeds €100.0 million, the Parent (or a Restricted Subsidiary on the Parent's behalf) will apply the Excess Proceeds to the repurchase, prepayment, redemption, repayment or acquisition for value of Indebtedness under the Senior Notes and any *Pari Passu* Indebtedness (which, solely for the purposes of this clause (c), shall be deemed to include any Permitted Receivables Financing) outstanding with similar provisions requiring the Parent or a Restricted Subsidiary to make an offer to repurchase, prepay, redeem, repay or acquire for value such Indebtedness with the proceeds from any Asset Sale as follows:

(1) the Parent or a Restricted Subsidiary will make an offer to purchase (an "**Asset Sale Offer**") from all holders of the Senior Notes in accordance with the procedures set forth in the Senior Notes Indenture in respect of an aggregate maximum principal amount of Senior Notes (expressed as a multiple of €1,000) (the "**Note Amount**") equal to the product of such Excess Proceeds multiplied by a fraction, the numerator of which is the outstanding principal amount of the Senior Notes, and the denominator of which is the sum of the outstanding principal amount of the Senior Notes and such *Pari Passu* Indebtedness (subject to proration in the event the Note Amount is less than the aggregate Offered Price (as defined herein) of all Senior Notes tendered);

(2) to the extent required by such *Pari Passu* Indebtedness to permanently reduce the principal amount of such *Pari Passu* Indebtedness, the Parent or a Restricted Subsidiary, as the case may be, will make an offer to repurchase, prepay, redeem, repay or otherwise acquire for value such *Pari Passu* Indebtedness (a "***Pari Passu* Offer**") in an amount (the "***Pari Passu* Debt Amount**") equal to the excess of the Excess Proceeds over the Note Amount; *provided* that in no event will the Parent or a Restricted Subsidiary be required to make a *Pari Passu* Offer in a *Pari Passu* Debt Amount exceeding the principal amount of such *Pari Passu* Indebtedness plus the amount of any premium required to be paid to repurchase such *Pari Passu* Indebtedness; and

(3) the offer price for the Senior Notes will be payable in cash in an amount equal to 100% of the principal amount of the Senior Notes plus accrued and unpaid interest, if any, to the date (the "**Offer Date**") such Asset Sale Offer is consummated (the "**Offered Price**"), in accordance with the procedures set forth in the Senior Notes Indenture.

To the extent that the aggregate Offered Price of the Senior Notes tendered pursuant to the Asset Sale Offer is less than the Note Amount relating thereto or the aggregate amount of *Pari Passu* Indebtedness that is repurchased, prepaid, redeemed, repaid or otherwise acquired for value in a *Pari Passu* Offer is less than the *Pari Passu* Debt Amount, the Parent or any Restricted Subsidiary may use any remaining Excess Proceeds for general corporate purposes, including reinvesting in assets useful to the business of the Group. If the aggregate principal amount of Senior Notes and *Pari Passu* Indebtedness surrendered by holders thereof exceeds the applicable Note Amount, the Trustee shall select the Senior Notes to be purchased on a *pro rata* basis, unless otherwise required by applicable law or applicable stock exchange or depositary requirements. Upon the completion of the purchase of all the Senior Notes tendered pursuant to an Asset Sale Offer and the completion of a *Pari Passu* Offer, the amount of Excess Proceeds, if any, shall be reset at zero.

The Issuer, the Parent or a Restricted Subsidiary, as the case may be, may make an Asset Sale Offer prior to the expiration of the 570-day period referred to in paragraph (b) above.

(d) If the Parent or a Restricted Subsidiary becomes obligated to make an Asset Sale Offer pursuant to paragraph (c) above, the Senior Notes and the *Pari Passu* Indebtedness shall be purchased by the Parent or a Restricted Subsidiary, at the option of the holders thereof, in whole or in part (in a principal amount of €100,000 or an integral multiple €1,000 in excess thereof, such that no Euro Senior Note of less than €100,000 remains outstanding thereafter) on a date that is not earlier than 30 days and not later than 60 days from the date the notice of the Asset Sale Offer is given to holders, or such later date as may be necessary for the Parent or a Restricted Subsidiary to comply with the requirements under the Exchange Act or other applicable laws or regulations (including, without limitation, those of any securities exchange on which the Senior Notes are listed).

(e) If the Parent or a Restricted Subsidiary is required to make an Asset Sale Offer or makes a Senior Notes Offer, the Parent or such Restricted Subsidiary, as applicable, will comply with the applicable tender offer rules, including Rule 14e-1 under the Exchange Act, and any other applicable securities laws or regulations, including administrative interpretations thereof (including those of the United States and the United Kingdom) in connection with such Asset Sale Offer or Senior Notes Offer. To the extent that the provisions of any applicable securities laws or regulations conflict with the provisions of this covenant (other than the obligation to make an Asset Sale Offer pursuant to this covenant), the Parent and such Restricted Subsidiary, as the case may be, will comply with the securities laws and regulations and will not be deemed to have breached its obligations described in this covenant by virtue thereof.

(f) If the Offer Date is on or after an interest record date and on or before the related interest payment date, any accrued and unpaid interest will be paid to the Person in whose name a Senior Note is registered at the close of business on such record date, and no additional interest will be payable to holders of the Senior Notes who tender Notes pursuant to the Asset Sale Offer or Senior Notes Offer.

(g) Compliance with paragraph (a) of this covenant shall be determined as of the date of consummation of the applicable Asset Sale, without giving effect to any post-closing purchase price adjustments not then determined, and for purposes of sub-clause (1) thereof, the following will be deemed to be cash:

(1) securities, notes or other obligations received by the Parent or any of its Restricted Subsidiaries from the transferee that are converted by the Parent or such Restricted Subsidiary into cash, cash equivalents or Temporary Cash Investments within 180 days following the closing of such Asset Sale;

(2) liabilities of any Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Sale, *provided* that the Parent and each other Restricted Subsidiary of the Parent are released from any guarantee of payment of such liabilities in connection with such Asset Sale;

(3) consideration consisting of liabilities of the Parent or any of its Restricted Subsidiaries (other than Subordinated Indebtedness) received after the Issue Date from Persons that are not the Parent or any of its Restricted Subsidiaries;

(4) any properties and assets (including Capital Stock of a business) of the kind referred to in clause (b)(1) above; and

(5) any Designated Non-Cash Consideration received by the Parent or any of its Restricted Subsidiaries in such Asset Sale having an aggregate Fair Market Value, taken together with all other Designated Non-Cash Consideration received pursuant to this covenant that is at that time outstanding, not to exceed (with the Fair Market Value of each item of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value) the greater of (x) €425.0 million and (y) 3.75% of Total Assets.

Limitation on Issuance of Guarantees of Indebtedness by Restricted Subsidiaries

(a) The Parent shall not cause or permit any of its Restricted Subsidiaries (which is not a Guarantor or the Issuer), directly or indirectly, to guarantee (i) any Indebtedness of the Issuer or any Guarantor under any Credit Facilities or (ii) any Public Debt (including, for the avoidance of doubt, any guarantee of Public Debt) of the Issuer or any Guarantor, in each case, unless such Restricted Subsidiary (if not the Issuer or a Guarantor) simultaneously executes and delivers a supplemental indenture to the Senior Notes Indenture providing for a Guarantee of the Senior Notes on the same terms as the other Guarantees of the Senior Notes (subject to any applicable Guarantee limitations) by the Guarantors, *provided* that:

(1) no Guarantee shall be required as a result of any guarantee of Indebtedness that existed at the time such Person became a Restricted Subsidiary if the guarantee was not incurred in connection with, or in contemplation of, such Person becoming a Restricted Subsidiary;

(2) no Guarantee shall be required as a result of any guarantee in connection with a Permitted Receivables Financing or any inventory financing or similar arrangement;

(3) such Guarantee need not be secured unless required pursuant to the "*—Limitation on Liens*" covenant;

(4) if such Indebtedness is by its terms expressly subordinated to the Senior Notes or any Guarantee, any such guarantee by such Restricted Subsidiary of such Indebtedness shall be subordinated to such Restricted Subsidiary's Guarantee of the Senior Notes at least to the same extent as such Indebtedness is subordinated to the Senior Notes or any other Guarantee;

(5) no Guarantee shall be required as a result of any guarantee given in connection with any Cash Management Arrangement of the Parent or any of its Restricted Subsidiaries;

(6) no Guarantee shall be required under this covenant if such Guarantee would not be required under the Security Principles, including if such Guarantee could reasonably be expected to give rise to or result in (x) personal, civil or criminal liability for any officers, directors, legal representatives or shareholders of such Restricted Subsidiary, (y) any violation of applicable law that cannot be avoided or otherwise prevented through measures reasonably available to the Parent or such Restricted Subsidiary or (z) any significant cost, expense, liability or obligation (including with respect to any Taxes) other than reasonable out-of-pocket expenses and other than reasonable expenses incurred in connection with any governmental or regulatory filings required as a result of, or any measures pursuant to clause (y) undertaken in connection with, such Guarantee, which cannot be avoided through measures reasonably available to the Parent or such Restricted Subsidiary (it being understood, for the avoidance of doubt, that the cost of providing a Guarantee shall in any event be deemed to be significant and unreasonable (and such Guarantee shall not be required to be provided) if the cost shall exceed the realizable value of such Guarantee); and

(7) each such Guarantee shall be limited as set forth in or contemplated by the Senior Notes Indenture and the Security Principles, including as necessary to recognize certain defenses generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, rules or regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law.

(b) Notwithstanding the foregoing, any Guarantee by a Restricted Subsidiary of the Parent created pursuant to paragraph (a) above will be deemed to provide by its terms that it shall be automatically and unconditionally released and discharged, without any action by the Trustee, the Security Agent or the holders of the Senior Notes, upon:

(1) any sale, exchange or transfer, directly or indirectly, to any Person that is not the Parent or any of its Restricted Subsidiaries, of all of the Capital Stock held by the Parent and its Restricted Subsidiaries in, or all or substantially all the assets of, such Restricted Subsidiary (which sale, exchange or transfer is not prohibited by the Senior Notes Indenture) and such Restricted Subsidiary is released from all guarantees, if any, by it of other Credit Facilities and Public Debt of the Parent or any Restricted Subsidiaries;

(2) with respect to any Guarantee created after the Issue Date, the release by the holders of the Credit Facilities and Public Debt of the Issuer or any Guarantor described in paragraph (a) above of their guarantee by such Restricted Subsidiary at such time as (A) no other Credit Facility or Public Debt of the Issuer or any Guarantor has been guaranteed by such Restricted Subsidiary or (B) the holders of all other Credit Facilities and Public Debt of the Issuer or any Guarantor which is guaranteed by such Restricted Subsidiary also release their guarantee by such Restricted Subsidiary;

(3) any defeasance or discharge of the Senior Notes as provided in "*—Defeasance or Covenant Defeasance of Senior Notes Indenture*" or "*—Satisfaction and Discharge*;" or

(4) the satisfaction of the requirements of any of the other provisions described under the caption "*—Brief Description of the Senior Notes, the Guarantees and the Security—The Guarantees—Release of the Guarantees*;"

provided, *however*, that the Parent shall have the right, in its sole discretion, by written notice to the Trustee delivered prior to the automatic release and discharge of any such Guarantee as specified above, to (A) waive such automatic release and discharge of such Guarantee and maintain such Guarantee in effect until such time as the Parent shall instruct and direct the Trustee in writing to release and discharge such Guarantee or (B) elect that the release and discharge of such Guarantee shall not occur automatically as contemplated by this paragraph (b) but shall occur at such time or times, in such manner and order and upon the occurrence of such other events as shall be specified by the Parent in such notice to the Trustee (and the Trustee, at the request of the Parent, shall execute and deliver any

document reasonably requested by the Parent to effect and evidence the release of such Guarantee); *provided further* that nothing in this clause (B) shall allow the Parent to require the release and discharge of any Guarantee prior to (unless such release and discharge is to occur substantially concurrently with) the occurrence of the applicable event(s) set forth in clauses (1) through (4) above providing for the release and discharge thereof.

Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

(a) The Parent will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create or otherwise cause to exist or become effective any consensual encumbrance or restriction on the ability of any of its Restricted Subsidiaries to:

(1) pay dividends or make any other distribution on its Capital Stock or any other interest or participation in, or measured by, its profits to the Parent or any of its Restricted Subsidiaries;

(2) pay any Indebtedness owed to the Parent or any of its Restricted Subsidiaries;

(3) make any loans or advances to the Parent or any of its Restricted Subsidiaries; or

(4) transfer any of its properties or assets to the Parent or any of its Restricted Subsidiaries;

provided that (A) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (B) the subordination of (including the application of any standstill requirements to) any Indebtedness owed to the Parent or any of its Restricted Subsidiaries to other Indebtedness incurred by the Parent or any of its Restricted Subsidiaries shall not be deemed to constitute such an encumbrance or restriction.

(b) Notwithstanding anything to the contrary in paragraph (a) above, the provisions of such paragraph will not prohibit:

(1) any encumbrance or restriction pursuant to (A) the Intercreditor Agreement, any LC Facility, the Security Documents, the Senior Secured Facilities Documents (as defined in the Intercreditor Agreement), the Senior Secured Notes, the Senior Secured Notes Indenture, the Existing Term Loan B Facilities Agreement, the Term Loan and Revolving Credit Facility Agreement, the Existing Notes, the Existing Indenture, the Senior Notes, the Senior Notes Indenture and the Proceeds Loans Documents, (B) any other agreement in effect on the Issue Date and (C) any indenture for any Public Debt of the Parent or any of its Restricted Subsidiaries;

(2) any encumbrance or restriction with respect to a Restricted Subsidiary that is not a Restricted Subsidiary of the Parent on the Issue Date in existence at the time such Person becomes a Restricted Subsidiary of the Parent and not incurred in connection with, or in contemplation of, such Person becoming a Restricted Subsidiary; *provided* that such encumbrances and restrictions are not applicable to the Parent or any of its Restricted Subsidiaries or the properties or assets of the Parent or any of its Restricted Subsidiaries other than such Person (and its properties or assets or Capital Stock) that is becoming a Restricted Subsidiary of the Parent;

(3) any encumbrance or restriction pursuant to an agreement or instrument of a Person or relating to any Capital Stock or Indebtedness of a Person which is assumed by the Parent or any of its Restricted Subsidiaries in connection with any Acquisition or any other acquisition of assets (other than Capital Stock or Indebtedness incurred as consideration in, or to provide all or any portion of the funds utilized to consummate, the transaction or series of related transactions pursuant to which the Parent or any of its Restricted Subsidiaries entered into such acquisition) and outstanding on the date of consummation of such acquisition, which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or property or assets or Capital Stock of the Person, so acquired;

(4) [Reserved];

(5) any encumbrance or restriction under Purchase Money Obligations and Finance Lease Obligations that imposes restrictions with respect only to the property and assets that are the subject thereof (and any rights relating thereto) and any restriction pursuant to a joint venture agreement that imposes restrictions on the transfer of the assets of the joint venture;

(6) any encumbrance or restriction (A) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract, (B) by virtue of any transfer of, agreement to transfer, option or right with respect to or a Lien on any property or assets of the Parent or any of its Restricted Subsidiaries not otherwise prohibited by the Senior Notes Indenture, (C) contained in security agreements, mortgages or other agreements relating to any secured Indebtedness to the extent such encumbrance or restriction restricts the transfer of the property or assets subject to the Liens securing such Indebtedness, (D) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of the Parent or any of its Restricted Subsidiaries or (E) in respect of Intellectual Property contained in licenses or sublicenses of, or other grants of rights to use or exploit, such Intellectual Property;

(7) any encumbrances or restrictions pursuant to contracts for the sale of assets, including any encumbrance or restriction with respect to any Restricted Subsidiary of the Parent imposed pursuant to an agreement entered into for the sale or disposition of all or substantially all of the Capital Stock or assets of such Restricted Subsidiary pending the closing of such sale or disposition as determined in good faith by the Board of Directors or senior management of the Parent;

(8) customary provisions in leases, licenses and other agreements restricting the assignment thereof;

(9) any encumbrances or restrictions created under any agreement (A) with respect to Indebtedness permitted to be incurred subsequent to the Issue Date pursuant to the provisions of the covenant described under the caption "*—Limitation on Indebtedness*" if (x) the encumbrances and restrictions are not materially less favorable to the holders of the Senior Notes than those contained in the Existing Term Loan B Facilities Agreement, the Term Loan and Revolving Credit Facility Agreement, the Existing Indenture, the Senior Notes Indenture or the Senior Secured Notes Indenture on the Issue Date or in comparable financings (as determined in good faith by the Parent) or (y) the Parent determines in good faith at the time of the incurrence of such Indebtedness that such encumbrances or restrictions will not materially adversely affect the ability of the Issuer to make principal or interest payments on the Senior Notes or (B) constituting an additional intercreditor agreement entered into in compliance with the covenant described under "*—Intercreditor Agreement; Additional Intercreditor Agreements*";

(10) any encumbrances or restrictions required by any Governmental Authority having jurisdiction over the Parent or any of its Restricted Subsidiaries or any of their businesses;

(11) in the case of (A) any Restricted Subsidiary that is not a Wholly Owned Restricted Subsidiary or (B) the Capital Stock in any Person that is not a Restricted Subsidiary (including any Unrestricted Subsidiary), encumbrances and restrictions imposed by the organizational documents of such Restricted Subsidiary or such other Person or contained in any related joint venture, shareholders' or similar agreement or in any agreement or instrument relating to Indebtedness of such Person, *provided* that such encumbrances and restrictions apply only to such Restricted Subsidiary (and its properties and assets) and/or to any Capital Stock in such Restricted Subsidiary or such other Person; *provided further* that the Parent determines that such encumbrances or restrictions will not materially adversely affect the ability of the Issuer to make principal or interest payments on the Senior Notes;

(12) encumbrances or restrictions existing by reason of any Lien permitted under the covenant described under "*—Limitation on Liens*";

(13) any encumbrance or restriction on cash or other deposits or net worth imposed under agreements entered into in the ordinary course of business;

(14) any encumbrance or restriction pursuant to Hedging Agreements, Cash Management Arrangements and Metals Arrangements;

(15) any encumbrance or restriction effected in connection with the Styrolution Securitization Programs or the INOVYN Securitization Program;

(16) (A) any encumbrance or restriction effected in connection with a Permitted Receivables Financing (other than the Styrolution Securitization Programs or the INOVYN Securitization Program) that, in the good faith determination of the Board of Directors or senior management of the Parent, is necessary or advisable to effect such Permitted Receivables Financing and (B) any encumbrance or restriction effected in connection with any inventory financing or similar arrangement that, in the good faith determination of the Board of Directors or senior management of the Parent, is necessary or advisable to effect such inventory financing or similar arrangement;

(17) contracts entered into in the ordinary course of business, not relating to Indebtedness, and that do not, individually or in the aggregate, (A) detract from the value of property or assets of the Parent or any Restricted Subsidiary of the Parent in any manner material to the Parent and its Restricted Subsidiaries, taken as a whole, or (B) materially adversely affect the ability of the Issuer to make principal or interest payments on the Senior Notes; or

(18) any encumbrance or restriction existing under any agreement that extends, renews, refinances or replaces the agreements containing the encumbrances or restrictions in the foregoing clauses (1) through (17) or in this clause (18); *provided* that the terms and conditions of any such encumbrances or restrictions are no more restrictive in any material respect than those under or pursuant to the agreement so extended, renewed, refinanced or replaced, in the good faith determination of the Board of Directors or senior management of the Parent.

Limitation on Layered Debt

The Issuer, the Parent and the Guarantors shall not, directly or indirectly, incur or otherwise permit to exist any Indebtedness (including Permitted Indebtedness) that is contractually subordinated in right of payment to any other Indebtedness of the Issuer, the Parent or any Guarantor, as the case may be, unless such Indebtedness (1) is also contractually subordinated in right of payment to the Senior Notes or the applicable Guarantor's Guarantee, as the case may be, on reasonably similar terms (or, for the avoidance of doubt, on terms consistent with the provisions of the Intercreditor Agreement) or (2) if incurred by any Subsidiary Guarantor and is only contractually subordinated to Indebtedness to which such Subsidiary Guarantor's Guarantee is contractually subordinated, ranks *pari passu* in right of payment with the Senior Notes or such Guarantor's Guarantee; *provided*, *however*, that no Indebtedness will be deemed to be subordinated in right of payment to any other Indebtedness solely by virtue of being unsecured or by virtue of being secured with different collateral, by virtue of being secured on a first or junior priority basis, by virtue of claims with respect thereto being subject to a waterfall or other payment ordering provisions affecting different tranches of Indebtedness or by virtue of not being guaranteed. In addition, junior liens, second liens and other contractual arrangements that provide for priorities among holders of the same or different issues of Indebtedness with respect to any collateral or the proceeds of collateral or tranching of Indebtedness under Credit Facilities shall not constitute subordination in right of payment.

Limitation on Unrestricted Subsidiaries

The Parent may designate on or after the Issue Date (a "**Designation**") any Subsidiary of the Parent (other than the Issuer or any parent entity of the Issuer) as an Unrestricted Subsidiary under the Senior Notes Indenture, *provided* that:

(a) no Default or Event of Default shall have occurred and be continuing at the time of or after giving effect to such Designation or would occur as a consequence of such Designation;

(b) either (i) the Subsidiary to be so designated has total assets of €1,000 or less or (ii) the Parent would be permitted to make a Restricted Payment, Permitted Payment or Permitted Investment at the time of such Designation (assuming the effectiveness of such Designation) pursuant to the covenant described under "*—Limitation on Restricted Payments*" in an amount (the "**Designation Amount**") equal to the

greater of (1) the net book value of the Parent's interest in such Subsidiary calculated in accordance with IFRS and (2) the Fair Market Value of the Parent's interest in such Subsidiary;

(c) such Subsidiary does not own directly or indirectly any Capital Stock of the Parent or any Restricted Subsidiary of the Parent which is not simultaneously being designated an Unrestricted Subsidiary; and

(d) such Subsidiary is not a party to any agreement, contract, arrangement or understanding at the time of such Designation with the Parent or any of its Restricted Subsidiaries (other than any Restricted Subsidiary that is to be simultaneously designated as an Unrestricted Subsidiary) unless (i) the terms of any such agreement, contract, arrangement or understanding are no less favorable in any material respect to the Parent or such Restricted Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of the Parent or would be permitted under the covenant described under "*—Limitation on Transactions with Affiliates*" or (ii) to the extent the requirements of clause (i) above are not satisfied, the value of such agreement, contract, arrangement or understanding to such Unrestricted Subsidiary (to the extent not already included in the Designation Amount) shall be deemed a Restricted Payment.

For purposes of the foregoing, the Designation of a Subsidiary of the Parent as an Unrestricted Subsidiary shall be deemed to be the Designation of all of the Subsidiaries of such Subsidiary as Unrestricted Subsidiaries.

In the event of any Designation, unless clause (b)(i) of the first paragraph of this covenant applies, the Parent shall be deemed to have made an Investment in an amount equal to the Designation Amount.

The Parent will not, and will not cause or permit any Restricted Subsidiary to, at any time (i) provide a guarantee of, or subject any of its property or assets (other than the Capital Stock of any Unrestricted Subsidiary) to the satisfaction of, any Indebtedness of any Unrestricted Subsidiary (including any undertaking, agreement or instrument evidencing such Indebtedness) or (ii) be directly or indirectly liable for any Indebtedness of any Unrestricted Subsidiary, in each case, except to the extent permitted under covenants described under "*—Limitation on Indebtedness*" and "*—Limitation on Restricted Payments*".

The Parent may redesignate any Unrestricted Subsidiary as a Restricted Subsidiary (a "**Redesignation**") if:

(a) no Default or Event of Default shall have occurred and be continuing at the time of and after giving effect to such Redesignation or would occur as a consequence of such Redesignation;

(b) all Liens and Indebtedness of such Unrestricted Subsidiary outstanding immediately following such Redesignation would, if incurred at such time, have been permitted to be incurred for all purposes of the Senior Notes Indenture; and

(c) unless such redesignated Subsidiary shall not have any Indebtedness outstanding (other than Indebtedness that would be Permitted Indebtedness), immediately after giving effect to such proposed Redesignation, and after giving *pro forma* effect to the incurrence of any such Indebtedness of such redesignated Subsidiary as if such Indebtedness was incurred on the date of the Redesignation, the Parent could incur €1.00 of additional Indebtedness pursuant to paragraph (a) of the covenant described under "*—Limitation on Indebtedness*".

Impairment of Security Interest

The Parent will not, and will not permit any Restricted Subsidiary to, take or knowingly or negligently omit to take any action which action or omission would have the result of materially impairing the security interests with respect to the Collateral for the benefit of the Security Agent, the Trustee and the holders of the Senior Notes, and the Parent will not, and will not permit any Restricted Subsidiary to, grant to any Person other than the Security Agent or the Trustee, for the benefit of the Trustee and the holders of the Senior Notes and the other beneficiaries described in the Security Documents, any Lien whatsoever on any of the Collateral, in each case, except as otherwise permitted by the Senior Notes Indenture (including pursuant to the following paragraph or as described under "*—Suspension of Covenants and Release of Guarantees on Achievement of Investment Grade Status*" or "*Brief Description of the Senior Notes, the Guarantees and the Security—Security—Release of Security*") or the Security Documents (including (i) the grant of any Permitted Collateral Liens or any other Liens that are not prohibited by the covenant described under "*—Limitation on Liens*", (ii) the implementation of any transaction that is subject to the covenant described under the caption "*—Consolidation, Merger, Sale of Assets*" and is completed in compliance therewith, (iii) the implementation of any

transaction as part of a Permitted Reorganization and (iv) any sale, transfer or other disposition of Collateral that is permitted by the covenant described under "*—Limitation on Sale of Assets*" or that does not constitute an Asset Sale under the definition thereof), *provided* that in the case of any sale, transfer or other disposition, other than in the ordinary course of business, by the Issuer or any Guarantor to the Parent or any of its Restricted Subsidiaries of any assets that constitute Collateral and that are material to the business and operations of the Issuer or such Guarantor, unless (A) the transferee thereof would be permitted, were it a Guarantor, to be released from its Guarantee pursuant to clause (a), (b), (c), (d) or (f) under the caption "*—Brief Description of the Senior Notes, the Guarantees and the Security—Release of the Guarantees*", (B) the transferee thereof would be permitted, were it a Guarantor, to be released from its Guarantee pursuant to clause (i) under the caption "*—Brief Description of the Senior Notes, the Guarantees and the Security—Release of the Guarantees*" if the calculations set forth therein were redetermined on a *pro forma* basis to give effect to such sale, transfer or other deposition or (C) the release of Liens on such assets would be permitted under clause (d), (k), (o) or (p) under the caption "*—Brief Description of the Senior Notes, the Guarantees and the Security—Security—Release of Security*", then either the transferee thereof shall have granted or shall grant, substantially concurrently with such sale, transfer or other disposition, a Lien on such Collateral to the Security Agent for the benefit of the Trustee and the holders of the Senior Notes, or an existing Lien on such Collateral in favor of the Security Agent for the benefit of the Trustee and the holders of the Senior Notes shall remain in effect immediately after such sale, transfer or other disposition, subject to any subsequent release thereof as provided under the caption "*—Brief Description of the Senior Notes, the Guarantees and the Security—Security—Release of Security*".

At the request of the Parent from time to time, the Trustee and the Security Agent shall, and are hereby irrevocably authorized and directed by the holders of the Senior Notes to, in each case on behalf of such holders and without any further consent, authorization or other action by such holders, execute and deliver one or more amendments, supplements or other modifications to the Security Documents to:

(i) cure any ambiguity, omission, defect or inconsistency therein or reflect changes of a minor, technical or administrative nature;

(ii) provide for Permitted Collateral Liens;

(iii) add to the Collateral;

(iv) implement any transaction as part of a Permitted Reorganization (including any such change to any Security Document to provide for upstream security and guarantees or security and guarantees over or in favor of Proceeds Loans);

(v) make any change necessary or desirable, in the good faith determination of the Board of Directors or senior management of the Parent, in order to implement any transaction that is subject to the covenants described under "*—Consolidation, Merger, Sale of Assets—The Parent*", "*—Consolidation, Merger, Sale of Assets—Issuer*" or "*—Consolidation, Merger, Sale of Assets—Subsidiary Guarantors*" and is completed in compliance therewith;

(vi) provide for the release of any properties and assets constituting Collateral from the Liens created under the Security Documents; *provided* that such release is followed by the substantially concurrent (as determined in good faith by the Parent, it being agreed that in making such determination the Parent may take into account the occurrence of any related transactions and that the re-taking need not occur on the same day as the release) re-taking (irrespective of the Security Principles) of a Lien in favor of the Security Agent, for the benefit of the Trustee and the holders of the Senior Notes, securing the Senior Notes and/or the applicable Guarantees, as the case may be, on such properties or assets of at least equivalent priority (subject to any Liens thereon permitted under the Senior Notes Indenture); *provided further* that, in the case of this clause (vi), the Parent shall deliver to the Trustee either (1) a solvency opinion, in form and substance reasonably satisfactory to the Trustee, from an accounting, appraisal or investment banking firm of national standing confirming the solvency of the Parent and its Restricted Subsidiaries, taken as a whole, after giving effect to any transactions relating to such release and/or re-taking, (2) a certificate substantially in the form of an exhibit attached to the Senior Notes Indenture from the chief financial officer or the Board of Directors of the Parent (acting in good faith) which confirms the solvency of the Parent and its Restricted Subsidiaries, taken as a whole, after giving effect to any transactions relating to such release and/or re-taking or (3) an opinion of counsel, in form and substance reasonably satisfactory to the Trustee (subject to customary exceptions and qualifications), confirming that, after giving effect to any such transactions, the Lien or Liens securing the Senior Notes and the Guarantees created under the Security Documents are valid and perfected Liens not otherwise subject to any limitation, imperfection or new hardening period, in equity or at law,

to which such Lien or Liens were not otherwise subject to immediately prior to such release and/or re-taking;

(vii) (A) provide for the release of the Liens on any Proceeds Loans upon the payment in full or other discharge of such Proceeds Loans (including as a result of any merger, consolidation or amalgamation of the payor or the payee thereunder) (and the release of the Liens on any amounts so repaid or discharged) or (B) with respect to any repayment, defeasance, satisfaction, cancellation or other discharge of all or any portion of the underlying Indebtedness giving rise to any Proceeds Loans, provide for the repayments, defeasance, satisfaction, cancellation or other discharge of such Proceeds Loans, *provided* that any amount remaining under such Proceeds Loan after such repayments, defeasance, satisfaction, cancellation or discharge remains subject to a valid Lien;

(viii) make any other change to the Security Documents to provide for additional Indebtedness (which may be *Pari Passu* Indebtedness, Subordinated Indebtedness or Subordinated Lien Indebtedness) or other obligations that are permitted by the terms of the Senior Notes Indenture to be secured by a Lien on the Collateral on a senior, *pari passu* or junior basis with the Liens securing the Senior Notes or the Guarantees, including, without limitation, changes to the definition of the term "Obligations" in the Security Documents (or any other term, however described, relating to the obligations of the Parent, the Guarantors and the Restricted Subsidiaries of the Parent that are subject to the security interest created therein); *provided* that, in the case of this clause (viii), the Parent shall deliver to the Trustee either (1) a solvency opinion, in form and substance reasonably satisfactory to the Trustee, from an accounting, appraisal or investment banking firm of national standing confirming the solvency of the Parent and its Restricted Subsidiaries, taken as a whole, after giving effect to any transactions relating to such change, (2) a certificate substantially in the form of an exhibit attached to the Senior Notes Indenture from the chief financial officer or the Board of Directors of the Parent (acting in good faith) which confirms the solvency of the Parent and its Restricted Subsidiaries, taken as a whole, after giving effect to the transactions relating to such change or (3) an opinion of counsel, in form and substance reasonably satisfactory to the Trustee (subject to customary exceptions and qualifications), confirming that, after giving effect to the transactions relating to such change, the Lien or Liens securing the Senior Notes and the Guarantees created under the Security Documents are valid and perfected Liens not otherwise subject to any limitation, imperfection or new hardening period, in equity or at law, that such Lien or Liens were not otherwise subject to immediately prior to such transactions;

(ix) amend or otherwise modify any Security Document to the extent necessary (A) to conform any restriction or limitation contained therein to any analogous restriction or limitation contained in the Senior Notes Indenture or to eliminate any restriction or limitation therein that is not contained in the Senior Notes Indenture except to the extent such restriction or limitation is necessary to create, perfect, preserve or enforce the security interest in the Collateral purported to be created by such Security Document or (B) to conform to the Security Principles (including any amendment or other modification to exclude from the Liens created or purported to be created by such Security Document any assets that, in accordance with the Security Principles, would not or would no longer be required to be subject to such Liens (it being understood and agreed that such exclusion may provide that its effectiveness is delayed until the satisfaction of any requirement set forth on the Security Principles that must be satisfied in order for such assets to not be required, in accordance with the Security Principles, to be subject to such Liens);

(x) make any other change thereto that does not adversely affect the holders of the Senior Notes in any material respect; or

(xi) effect or confirm transfers of Collateral permitted under the first paragraph of this covenant.

Notwithstanding the foregoing, no Security Document may be amended and no waiver of any of the requirements of, or granting of any consent under, any Security Document may be made unless any such amendment, waiver or consent applies equally to all holders of the Senior Notes. In the event of any action under this covenant, the consent of the Trustee, the Security Agent or the holders of the Senior Notes shall not be required.

Intercreditor Agreement; Additional Intercreditor Agreements

The Security Agent has, and, on or about the Issue Date, the Trustee will, become parties to the Intercreditor Agreement, and each holder of a Senior Note, by accepting such Senior Note, will be deemed to have irrevocably (i) (A)

acknowledged that the Trustee became a party to the Intercreditor Agreement by executing an accession thereto on or about the Issue Date and (B) authorized and directed each of the Trustee and the Security Agent to execute and deliver any other intercreditor agreement contemplated by the Senior Notes Indenture, in each case on behalf of such holder and, in the case of this clause (B), without any further consent, authorization or other action by such holder, (ii) consented to the treatment of Liens to be provided for under the Intercreditor Agreement (including any other intercreditor agreement contemplated by the Senior Notes Indenture), (iii) agreed that such holder is bound by the provisions of the Intercreditor Agreement and, upon the execution and delivery thereof, will be bound by the provisions of any other intercreditor agreement contemplated by the Senior Notes Indenture as if it were a signatory thereto and will take no actions contrary to the provisions of the Intercreditor Agreement (including any other intercreditor agreement contemplated by the Senior Notes Indenture), (iv) appointed each of the Trustee and the Security Agent to act on its behalf and to perform the duties and exercise the rights, powers and discretions that are specifically given to them under the Intercreditor Agreement (including any other intercreditor agreement contemplated by the Senior Notes Indenture), (v) authorized and directed the Trustee and the Security Agent to carry out the provisions and intent of this section and the Intercreditor Agreement (including any other intercreditor agreement contemplated by the Senior Notes Indenture), (vi) authorized and directed the Trustee and the Security Agent to take such actions as shall be required to release Liens on the Collateral in accordance with the terms of the Intercreditor Agreement (including any other intercreditor agreement contemplated by the Senior Notes Indenture) and (vii) agreed that no holder of Senior Notes shall have any right of action whatsoever against the Trustee or the Security Agent as a result of any action taken by the Trustee or the Security Agent pursuant to this section or in accordance with the terms of the Intercreditor Agreement (including any other intercreditor agreement contemplated by the Senior Notes Indenture).

At the request of the Parent, at the time of, or prior to, the incurrence or establishment of any Indebtedness or other obligations that are permitted to be secured by Liens on the Collateral pursuant to the definition of Permitted Collateral Liens, the Trustee and the Security Agent shall, and, by accepting a Senior Note, each holder of the Senior Notes shall be deemed to have irrevocably authorized and directed the Trustee and the Security Agent to, in each case on behalf of such holder and without any further consent, authorization or other action by such holder, execute and deliver (i) an additional intercreditor agreement (A) on terms that are substantially the same as those contained in the Intercreditor Agreement (or terms that are no less favorable to the holders of the Senior Notes) and/or (B) in the case of any inventory financing or similar arrangement, on terms that are within the range of terms and conditions customary for intercreditor agreements that are of the type that govern intercreditor relationships between providers of inventory financings or similar arrangements, on the one hand, and holders of Public Debt, on the other hand, and do not materially impair the rights of the holders of the Senior Notes in respect of payment or enforcement, in each case as determined in good faith by the Parent and consented to by the Trustee (such consent not to be unreasonably withheld, delayed or conditioned, it being understood that in providing such consent the Trustee may conclusively rely on an Officer's Certificate of the Parent setting forth its determination set forth above) or (ii) an accession and/or amendment to the Intercreditor Agreement to permit such Indebtedness or other obligations to be subject to (and benefit from) substantially the same terms with respect to the release of the Collateral and Guarantees, enforcement of security interests, turnover, limitations on enforcement and other rights and limitations of the creditors of Senior Secured Indebtedness, Subordinated Lien Indebtedness or Subordinated Indebtedness, as applicable, as those contained in the Intercreditor Agreement (or, in the case of any such terms, terms that are no less favorable to the holders of the Senior Notes), it being understood and agreed, in each case, that the execution and delivery by the Trustee and the Security Agent of any such additional intercreditor agreement or any such accession or amendment shall be conclusive evidence of the satisfaction of the foregoing requirements as to the terms thereof. The Issuer may only direct the Trustee to enter into any such amendment to the extent such amendment does not impose any personal obligations on the Trustee or, in the opinion of the Trustee, adversely affect its rights, duties, liabilities, indemnities or immunities under the Senior Notes Indenture or the Intercreditor Agreement or any additional intercreditor agreement.

At the request of the Parent from time to time, the Trustee and the Security Agent shall, and by accepting a Senior Note, each holder of the Senior Notes shall be deemed to have irrevocably authorized and directed the Trustee and the Security Agent to, in each case on behalf of such holder and without any further consent, authorization or other action by such holder, execute and deliver one or more amendments, supplements or other modifications to the Intercreditor Agreement (including any other intercreditor agreement contemplated by the Senior Notes Indenture) to:

(i) cure any ambiguity, omission, defect or inconsistency therein or reflect changes of a minor, technical or administrative nature;

(ii) increase or decrease the amount or change the type of Indebtedness or other obligations covered thereby that are permitted by the terms of the Senior Notes Indenture to be incurred by the Parent or a Restricted Subsidiary and to be subject thereto;

(iii) add Restricted Subsidiaries, Guarantors or other Persons (such as representatives of new issuances or incurrences of Indebtedness or other obligations) as parties thereto;

(iv) further secure the Senior Notes, including to make provision for the grant of Liens on the Collateral to secure Additional Senior Notes;

(v) implement any Permitted Collateral Liens and provide for other Liens not prohibited by the covenant described under "*—Limitation on Liens*";

(vi) make any other change to the Intercreditor Agreement (or such other intercreditor agreement) to provide for additional Indebtedness (which may be *Pari Passu* Indebtedness, Subordinated Lien Indebtedness or Subordinated Indebtedness) or other obligations that are permitted by the terms of the Senior Notes Indenture to be secured by a Lien on the Collateral on a senior, *pari passu* or junior basis with the Liens securing the Senior Notes and the Guarantees;

(vii) provide for the release of the Liens on any Proceeds Loans upon the payment in full or other discharge of such Proceeds Loans (including as a result of any merger, consolidation or amalgamation of the payor or the payee thereunder) (and the release of the Liens on any amounts so repaid or discharged) or the repayment, defeasance, satisfaction, cancellation or other discharge of the Senior Notes or other Indebtedness;

(viii) provide for (A) the cancellation and discharge of all or a portion of the principal amount of any Proceeds Loans, *provided* that such cancellation and discharge shall not result in the principal amount of the Proceeds Loans outstanding being less than the corresponding Indebtedness giving rise thereto then outstanding, (B) the cancellation and discharge of a corresponding amount of the principal amount of any Proceeds Loans upon the repayment, defeasance, satisfaction, cancellation or other discharge of the corresponding Indebtedness giving rise thereto and (C) the cancellation and discharge of any Guarantor from its obligations and liabilities in respect of any Proceeds Loans upon the repayment, defeasance, satisfaction, cancellation or other discharge of all of the corresponding Indebtedness giving rise thereto then outstanding;

(ix) make any change necessary or desirable, in the good faith determination of the Board of Directors of the Parent, in order to implement any transaction that is subject to the covenants described under the captions, "*—Consolidation, Merger, Sale of Assets—The Parent*", "*—Consolidation, Merger, Sale of Assets—Issuer*" or "*—Consolidation, Merger, Sale of Assets—Subsidiary Guarantors*".

(x) implement any transaction in connection with the renewal, extension, refinancing, replacement or increase of Indebtedness under the Senior Notes Indenture;

(xi) make any other change thereto that does not adversely affect the rights of the holders of the Senior Notes in any material respect, as determined in good faith by the Board of Directors or senior management of the Parent;

(xii) reflect appropriately therein any changes made to the definitions in the Existing Term Loan B Facilities Agreement or the Term Loan and Revolving Credit Facility Agreement that are referred to or included in the Intercreditor Agreement (or any such other intercreditor agreement); *provided* that no such changes shall be permitted under this clause (xii) to the extent they affect the ranking of any Senior Note or Guarantee in a manner than would adversely affect the rights of the holders of the Senior Notes in any material respect except as otherwise permitted by the Senior Notes Indenture or the Intercreditor Agreement (or any such other intercreditor agreement); or

(xiii) permit payments to be made to the Issuer that would not otherwise have been permitted pursuant to the terms thereof.

The Parent will not otherwise direct the Trustee or the Security Agent to enter into any amendment, supplement or other modification to the Intercreditor Agreement (or, if applicable, any additional intercreditor agreement), without the consent of the holders of a majority in principal amount of the outstanding Senior Notes, other than any such amendment, supplement or other modification that, pursuant to the covenant described under "*—Modifications and Amendments*" or the Intercreditor Agreement, does not require the consent of at least the holders of a majority in principal amount of the outstanding Senior Notes.

Provision of Financial Statements

For so long as any Senior Notes are outstanding, the Parent will provide to the Trustee the following reports:

(1) within 180 days after the end of the fiscal year ended December 31, 2020, and within 120 days after the end of each subsequent fiscal year: (i) the audited consolidated balance sheet of the Parent as of the end of, and the audited consolidated statements of income and cash flows of the Parent for, such fiscal year, setting forth in each case in comparative form the figures for the prior fiscal year (which may be presented on a *pro forma* combined basis), together with complete footnotes to such financial statements and the report of the independent auditors on such financial statements, which report shall be prepared in accordance with IFRS, (ii) *pro forma* consolidated income statement and balance sheet information of the Parent (which need not comply with Article 11 of Regulation S-X), together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of such fiscal year, unless pro forma information with respect thereto has been previously provided pursuant to this covenant, (iii) an operating and financial review of the audited consolidated financial statements, including a discussion of the consolidated results of operations, financial condition, and liquidity and capital resources of the Parent, and a discussion of material commitments and contingencies and critical accounting policies, (iv) a description of the business, management and shareholders of the Parent, all material affiliate transactions and a description of all material contractual arrangements, including material debt instruments, (v) a description of material risk factors and material recent developments, (vi) a presentation of earnings before interest, taxes, depreciation and amortization, (vii) a presentation of capital expenditures, and (viii) a presentation of depreciation and amortization; *provided* that disclosure with respect to any such items that complies in all material respects with the requirements that would be applicable under Form 20-F under the Exchange Act with respect to such item shall be deemed to satisfy the requirements with respect to such item under this clause (1);

(2) within 90 days after the end of each of the fiscal quarters ending after December 31, 2020 and on or prior to September 30, 2021, and within 60 days after the end of each of the subsequent first three fiscal quarters in each fiscal year: (i) the unaudited condensed consolidated balance sheet of the Parent as of the end of such fiscal quarter and the unaudited condensed consolidated statements of income and cash flows of the Parent for such fiscal quarter or the portion of the fiscal year then ended, setting forth in each case in comparative form the figures for the comparable prior year period (which may be presented on a *pro forma* combined basis), together with condensed footnotes to such financial statements, (ii) *pro forma* condensed consolidated income statement and balance sheet information of the Parent (which need not comply with Article 11 of Regulation S-X), together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of such fiscal year, unless pro forma information with respect thereto has been previously provided pursuant to this covenant, (iii) an operating and financial review of the unaudited condensed consolidated financial statements, including a discussion of the consolidated results of operations, financial condition, and liquidity and capital resources of the Parent, and a discussion of material commitments and contingencies and critical accounting policies, and (iv) a description of material recent developments and any material changes to the risk factors disclosed in the most recent annual report; provided that disclosure with respect to any such item that complies in all material respects with the requirements that would be applicable under Form 10-Q under the Exchange Act with respect to such item shall be deemed to satisfy the requirements with respect to such item under this clause (2); and

(3) promptly after the occurrence of any acquisition, disposition or restructuring that is material to the Parent and its Restricted Subsidiaries, taken as a whole, or any senior executive officer changes at the Parent or change in auditors of the Parent or the Issuer or any other material event that the Parent or any of its Restricted Subsidiaries announces publicly, a report containing a description of such event.

All financial statements and *pro forma* financial information will be prepared in accordance with IFRS on a consistent basis for the periods presented; *provided*, *however*, that the reports set forth in clauses (1), (2) and (3) above may, in the event of a change in applicable IFRS, present earlier periods on a basis that applied to such periods, subject to the provisions of the Senior Notes Indenture. Except as provided for above, no report need include separate financial statements for the Subsidiaries of the Parent or any disclosure with respect to the results of operations or any other financial or statistical disclosure not of a type included in this offering memorandum. For purposes of this covenant, IFRS shall be deemed to be IFRS as in effect from time to time, without giving effect to the proviso in the definition thereof.

Contemporaneously with the furnishing of each such report discussed above, the Parent will post such report on its or the Issuer's website. In the event that the Parent becomes subject to the reporting requirements of Section 13(a) or 15(d) of the Exchange Act, or elects to comply with such provisions, the Issuer will, for so long as it continues to file the reports required by Section 13(a) or 15(d) with the Commission, make available to the Trustee the annual reports, information, documents and other reports that the Parent is required to file with the Commission pursuant to such Section 13(a) or 15(d). Upon complying with the foregoing requirement, the Parent will be deemed to have complied with the provisions contained in the preceding three paragraphs.

The Senior Notes Indenture will also provide that, so long as any of the Senior Notes remain outstanding, the Parent will make available to any prospective purchaser of Senior Notes or beneficial owner of Senior Notes in connection with any sale thereof the information required by Rule 144A(d)(4) under the Securities Act. The Parent and the Issuer will also make any of the foregoing information available during normal business hours on any business day at the offices of each Paying Agent if and so long as the Senior Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market thereof and the rules of the stock exchange so require.

Listing

Each of the Parent and the Issuer will use its commercially reasonable efforts to obtain on or prior to the first interest payment date a listing of the Senior Notes on the Official List of the Luxembourg Stock Exchange and the admission of the Senior Notes to trading on the Euro MTF Market of the Luxembourg Stock Exchange, and use its commercially reasonable efforts to maintain such listing for so long as such Senior Notes are outstanding; *provided* that if at any time the Issuer determines that it will not seek or maintain such listing, it will use commercially reasonable efforts to obtain, prior to the first interest payment date or prior to the delisting of the Senior Notes from the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF Market of the Luxembourg Stock Exchange, a listing of such Senior Notes on another "recognised stock exchange" as defined in section 1005 of the United Kingdom Income Tax Act 2007 (the "**ITA**") for the purposes of section 987 of the ITA or, on admission to trading on a "multilateral trading facility" operated by a "regulated recognized stock exchange" (within the meaning of section 987 of the ITA).

Suspension of Covenants and Release of Guarantees on Achievement of Investment Grade Status

If on any date following the Issue Date, the Senior Notes have achieved Investment Grade Status and no Default or Event of Default has occurred and is continuing (a "**Suspension Event**"), then, beginning on such date and continuing until such time, if any, at which the Senior Notes cease to have Investment Grade Status,

(a) the provisions of the Senior Notes Indenture summarized under the following captions will not apply to the Senior Notes: "*—Limitation on Indebtedness*," "*—Limitation on Restricted Payments*," "*—Limitation on Sale of Assets*," "*—Limitation on Transactions with Affiliates*," "*—Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries*," "*—Limitation on Unrestricted Subsidiaries*," "*—Limitation on Layered Debt*", the provisions of clause (c) of the covenant described under "*—Consolidation, Merger, Sale of Assets—The Parent*" and any related default provisions of the Senior Notes Indenture will cease to be effective and will not be applicable to the Parent and its Restricted Subsidiaries; *provided* that such covenants (and any related default provisions) will again apply in accordance with their terms from and after the first day on which a Suspension Event ceases to be in effect; *provided*, however, that such covenants (and any related default provisions) will not be of any effect with regard to actions of the Parent or any Restricted Subsidiary properly taken during the continuance of the Suspension Event, and the "*—Limitation on Restricted Payments*" covenant will be interpreted as if it had been in effect since the Issue Date except that no Default will be deemed to have occurred solely by reason of a Restricted Payment made while such covenant was suspended; and

(b) the Parent shall have the right, in its sole discretion, by written notice to the Trustee and the Security Agent, to request the release and discharge of all Guarantees by any Restricted Subsidiary of the Parent (other than the Guarantee of any Restricted Subsidiary that is a parent entity of the Issuer) created under the Senior Notes Indenture or any supplemental indenture to the Senior Notes Indenture, whereupon the Trustee and the Security Agent shall execute and deliver any document reasonably requested by the Parent to effect and evidence the release and discharge of such Guarantees and any related release of Liens pursuant to "*—Brief Description of the Senior Notes, the Guarantees and the Security—Security—Release of Security*"; *provided* that such Guarantee shall not be released and discharged unless, substantially concurrently with such release and discharge, any guarantee by such Restricted Subsidiary in respect of the Existing Credit Facilities, the New Term Loan B Facilities, the Existing Notes and the Senior Secured Notes shall be released and discharged and no other

Indebtedness is at that time guaranteed by the relevant Restricted Subsidiary that would have otherwise given rise to an obligation to guarantee the Senior Notes pursuant to the covenant described under "*Certain Covenants—Limitation on Issuance of Guarantees of Indebtedness by Restricted Subsidiaries*" had the relevant Restricted Subsidiary not already been a Guarantor.

The Parent shall notify the Trustee that the conditions set forth above in this covenant have been satisfied, provided that such notification shall not be a condition for the suspension of the covenants set forth above to be effective, nor shall failure to notify the Trustee thereof constitute a breach of this covenant or default under the Senior Notes Indenture. The Trustee shall be under no obligation to notify the holders of the Senior Notes that the conditions set forth in this covenant have been satisfied.

Additional Covenants

The Senior Notes Indenture will also contain covenants with respect to the following matters: (a) payment of principal, premium, any Additional Amounts and interest; (b) maintenance of certain offices or agencies; and (c) arrangements regarding the handling of money held in trust.

Consolidation, Merger, Sale of Assets

The Parent

Subject to the provisions described under "—*General*" below, the Parent will not, in a single transaction or through a series of related transactions, consolidate with, amalgamate with or merge with or into any other Person (whether or not the Parent is the surviving Person), or sell, assign, convey, transfer, lease or otherwise dispose of its properties and assets (or permit any of its Restricted Subsidiaries to enter into any such transaction or series of transactions) if such transaction or series of transactions, in the aggregate, would result in a sale, assignment, conveyance, transfer, lease or disposition to any other Person or group of Persons of all or substantially all of the properties and assets of the Parent and its Restricted Subsidiaries on a Consolidated basis, unless at the time of the transaction and after giving effect thereto:

(a) either:

(i) the Parent shall be the continuing Person; or

(ii) the Person (if other than the Parent) formed by such consolidation or amalgamation or into which the Parent is merged or the Person which acquires by sale, assignment, conveyance, transfer, lease or other disposition all or substantially all of the properties and assets of the Parent and its Restricted Subsidiaries on a Consolidated basis (the "**Parent Surviving Entity**") shall be a Person duly organized or incorporated, as applicable, and validly existing under the laws of a Permitted Jurisdiction and such Person expressly assumes all the obligations of the Parent under the Senior Notes, the Senior Notes Indenture (including its Guarantee), the Intercreditor Agreement and the Security Documents to which the Parent is a party pursuant to agreements reasonably satisfactory to the Trustee;

(b) immediately after giving effect to such transaction on a *pro forma* basis (and treating any Indebtedness not previously an obligation of the Parent or any of its Restricted Subsidiaries which becomes the obligation of the Parent or any of its Restricted Subsidiaries as a result of such transaction as having been incurred at the time of such transaction), no Default or Event of Default will have occurred and be continuing;

(c) immediately after giving effect to such transaction on a *pro forma* basis (on the assumption that such transaction occurred on the first day of the most recent four-quarter period for which financial statements are available ending immediately prior to the consummation of such transaction, with the appropriate adjustments with respect to such transaction, including treating any obligation incurred by the Parent or any Restricted Subsidiary in connection with or as a result of such transaction as having been incurred by the Parent or such Restricted Subsidiary at the time of such transaction, being included in such *pro forma* calculation), (i) the Parent (or the Surviving Entity if the Parent is not the continuing obligor under the Senior Notes Indenture) could incur €1.00 of additional Indebtedness under paragraph (a) of the covenant described under "—*Limitation on Indebtedness*" or (ii) the

Consolidated Fixed Charge Coverage Ratio for such period would not be less than it would be for such period prior to giving *pro forma* effect to such transaction; and

(d) at the time of such transaction, the Parent or the Parent Surviving Entity, as applicable, will have delivered, or caused to be delivered, to the Trustee, in form and substance reasonably satisfactory to the Trustee, an Officer's Certificate or an opinion of legal counsel, each to the effect that such transaction complies with the Senior Notes Indenture and that all conditions precedent therein provided for relating to such transaction have been complied with; *provided* that in giving an opinion of counsel, counsel may rely on an Officer's Certificate of the Parent or the Parent Surviving Entity as to any matters of fact.

In the event of any transaction (other than a lease) described in and complying with the conditions set forth in the immediately preceding paragraph in which the Parent is not the Parent Surviving Entity, the Parent Surviving Entity will succeed to, and be substituted for, and may exercise every right and power of, the Parent, and the Parent will, subject to the second paragraph of the provisions described under "—*General*", be automatically and unconditionally released and discharged from all obligations and covenants under the Senior Notes Indenture (including its Guarantee) and each of the other Senior Notes Documents to which the Parent is a party.

Issuer

Subject to the provisions described under "—*General*" below, the Issuer will not, in a single transaction or through a series of related transactions, consolidate with, amalgamate with or merge with or into any other Person (whether or not the Issuer is the surviving Person), or sell, assign, convey, transfer, lease or otherwise dispose of its properties and assets (or permit any of its Restricted Subsidiaries to enter into any such transaction or series of transactions) if such transaction or series of transactions, in the aggregate, would result in a sale, assignment, conveyance, transfer, lease or disposition to any other Person or group of Persons of all or substantially all of the properties and assets of the Issuer and its Restricted Subsidiaries on a Consolidated basis, unless at the time of the transaction and after giving effect thereto:

(a) either:

(1) the Issuer will be the continuing Person; or

(2) the Person (if other than the Issuer) formed by such consolidation or amalgamation or into which the Issuer is merged or the Person which acquires by sale, assignment, conveyance, transfer, lease or other disposition all or substantially all of the properties and assets of the Issuer and its Restricted Subsidiaries on a Consolidated basis (the "**Issuer Surviving Entity**") shall be a Person duly organized or incorporated, as applicable, and validly existing under the laws of a Permitted Jurisdiction and such Person expressly assumes all the obligations of the Issuer under the Senior Notes, the Senior Notes Indenture, the Intercreditor Agreement and the Security Documents to which the Issuer is a party pursuant to agreements reasonably satisfactory to the Trustee (and the Guarantees will be confirmed as applying to such Issuer Surviving Entity's obligations);

(b) immediately after giving effect to such transaction on a *pro forma* basis (and treating any Indebtedness not previously an obligation of the Parent or any of its Restricted Subsidiaries which becomes the obligation of the Parent or any of its Restricted Subsidiaries as a result of such transaction as having been incurred at the time of such transaction), no Default or Event of Default will have occurred and be continuing; and

(c) at the time of such transaction, the Issuer or the Issuer Surviving Entity will have delivered, or caused to be delivered, to the Trustee, in form and substance reasonably satisfactory to the Trustee, an Officer's Certificate or an opinion of legal counsel, each to the effect that such transaction complies with the Senior Notes Indenture and that all conditions precedent therein provided for relating to such transaction have been complied with; *provided* that in giving an opinion of counsel, counsel may rely on an Officer's Certificate of the Issuer or the Issuer Surviving Entity as to any matters of fact.

In the event of any transaction (other than a lease) described in and complying with the conditions set forth in the immediately preceding paragraph in which the Issuer is not the Issuer Surviving Entity, the Issuer Surviving Entity will succeed to, and be substituted for, and may exercise every right and power of, the Issuer, and the Issuer will, subject

to the second paragraph of the provisions described under "—*General*", be automatically and unconditionally be released and discharged from all obligations and covenants under the Senior Notes Indenture, the Senior Notes and each of the other Senior Notes Documents to which the Issuer is a party.

Subsidiary Guarantors

Subject to the provisions described under "—*General*" below, a Subsidiary Guarantor (other than a Subsidiary Guarantor whose Guarantee is to be released in accordance with the terms of the Senior Notes Indenture) will not, in a single transaction or through a series of related transactions, consolidate with, amalgamate with or merge with or into any other Person (whether or not such Subsidiary Guarantor is the Guarantor Surviving Entity), or sell, assign, convey, transfer, lease or otherwise dispose of its properties and assets (or permit any of its Restricted Subsidiaries to enter into any such transaction or series of transactions) if such transaction or series of transactions, in the aggregate, would result in a sale, assignment, conveyance, transfer, lease or disposition to any other Person or group of Persons of all or substantially all of the properties and assets of such Subsidiary Guarantor and its Restricted Subsidiaries on a Consolidated basis, unless at the time of the transaction and after giving effect thereto:

(a) either:

(1) such Subsidiary Guarantor will be the continuing Person; or

(2) the Person (if other than such Subsidiary Guarantor) formed by such consolidation or amalgamation or into which such Subsidiary Guarantor is merged or the Person which acquires by sale, assignment, conveyance, transfer, lease or other disposition all or substantially all of the properties and assets of such Subsidiary Guarantor and its Restricted Subsidiaries on a Consolidated basis (the "**Guarantor Surviving Entity**") shall be a Person duly organized or incorporated, as applicable, and validly existing under the laws of any state that was a member of the European Union on the Issue Date, the United Kingdom, Switzerland, the United States of America, any State thereof or the District of Columbia or the laws of any other jurisdiction where one or more Subsidiary Guarantors are organized or incorporated, as applicable, and such Person expressly assumes all the obligations of such Subsidiary Guarantor under the Senior Notes Indenture (including its Guarantee) and the other Senior Notes Documents to which such Subsidiary Guarantor is a party pursuant to agreements reasonably satisfactory to the Trustee (it being agreed that the Guarantee of such Guarantor Surviving Entity may contain limitations set forth in or contemplated by the Senior Notes Indenture or the Security Principles);

(b) immediately after giving effect to such transaction on a *pro forma* basis (and treating any Indebtedness not previously an obligation of the Parent or any of its Restricted Subsidiaries which becomes the obligation of the Parent or any of its Restricted Subsidiaries as a result of such transaction as having been incurred at the time of such transaction), no Default or Event of Default will have occurred and be continuing; and

(c) at the time of such transaction, such Subsidiary Guarantor, the Parent or the Guarantor Surviving Entity will have delivered, or caused to be delivered, to the Trustee, in form and substance reasonably satisfactory to the Trustee, an Officer's Certificate or an opinion of legal counsel, each to the effect that such transaction complies with the Senior Notes Indenture and that all conditions precedent therein provided for relating to such transaction have been complied with; *provided* that in giving an opinion of counsel, counsel may rely on an Officer's Certificate of such Subsidiary Guarantor, the Parent or the Guarantor Surviving Entity as to any matters of fact.

In the event of any transaction (other than a lease) described in and complying with the conditions set forth in the immediately preceding paragraph in which the applicable Subsidiary Guarantor is not the Guarantor Surviving Entity, such Guarantor Surviving Entity shall succeed to, and be substituted for, and may exercise every right and power of, such Subsidiary Guarantor and such Subsidiary Guarantor will, subject to the second paragraph of the provisions described under "—*General*", be automatically and unconditionally released and discharged from all obligations and covenants under the Senior Notes Indenture (including its Guarantee) and the other Senior Notes Documents to which such Subsidiary Guarantor is a party.

General

Notwithstanding anything to the contrary in paragraphs (b) and (c) of the subsection "*—The Parent*", paragraph (b) of the subsection "*—The Issuer*" and paragraph (b) of the subsection "*—Subsidiary Guarantors*" (which shall not apply to transactions referred to in this sentence), (i) any Restricted Subsidiary of the Parent may consolidate or otherwise combine with, amalgamate with, merge with or into or sell, assign, convey, transfer, lease or otherwise dispose of all or any part of its properties and assets to the Parent, the Issuer or any other Restricted Subsidiary and (ii) the Parent or the Issuer may consolidate or otherwise combine with, amalgamate with or merge with or into an Affiliate organized for the primary purpose of changing the legal domicile of the Parent or the Issuer in a Permitted Jurisdiction, reincorporating the Parent or the Issuer in another Permitted Jurisdiction or changing the legal form of the Parent or the Issuer; *provided* that the Parent or the Issuer, or such Affiliate, complies with clause (a) of the first paragraph under the caption "*—The Parent*" or clause (a) of the first paragraph under the caption "*—The Issuer*", as applicable.

Notwithstanding anything to the contrary set forth in the last paragraph under the caption "*—The Parent*", the last paragraph under the caption "*—The Issuer*" or the last paragraph under the caption "*—Subsidiary Guarantors*", upon the succession and substitution of any Guarantor by any Surviving Entity in a sale, assignment, conveyance, transfer, lease or other disposition of properties and assets subject to this covenant, upon the written request of the Parent to the Trustee, such Guarantor shall not be released and discharged from its Guarantee and shall continue to be bound by its obligations and covenants under the Senior Notes Indenture and the other Senior Notes Documents to which it is a party as a Guarantor; *provided* that, in the event such Guarantor is the Parent or the Issuer and to the extent provided in such request, such Guarantor shall continue to be bound by its obligations and covenants under the Senior Notes Indenture and the other Senior Notes Documents solely in its capacity as a Guarantor and shall not be subject to or bound by any of the obligations and covenants applicable to the Parent or the Issuer, as applicable, and only the applicable Surviving Entity shall be subject to and bound by such obligations and covenants.

Notwithstanding anything to the contrary set forth in the Senior Notes Indenture or in any other Senior Notes Document, the Parent and its Restricted Subsidiaries may implement a Permitted Reorganization.

Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the property or assets of a Person.

Events of Default

An Event of Default will occur under the Senior Notes Indenture if:

(a) there shall be a default in the payment of any interest or Additional Amounts on any Senior Note when it becomes due and payable, and such default shall continue for a period of 30 days;

(b) there shall be a default in the payment when due (at maturity, upon redemption or otherwise) of the principal of (or premium, if any, on) any Senior Note;

(c) there shall be a default in the performance, or breach, of any covenant or agreement of the Issuer or any Guarantor under the Senior Notes Indenture or any Guarantee (other than a default in the performance, or breach, of a covenant or agreement which is specifically dealt with in clause (a) or (b) and such default or breach shall continue for a period of 60 days after written notice has been given, by certified mail, (x) to the Issuer by the Trustee or (y) to the Issuer and the Trustee by the holders of at least 30% in aggregate principal amount of the outstanding Senior Notes voting as a single class;

(d) any default in the payment of the principal or premium, if any, on any Indebtedness shall have occurred under any of the agreements, indentures or instruments under which the Issuer, any Guarantor or any Significant Restricted Subsidiary then has outstanding Indebtedness in excess of €50.0 million when the same shall become due and payable in full and such default shall have continued after any applicable grace period and shall not have been cured or waived and, if not already matured at its final maturity in accordance with its terms, the holder of such Indebtedness shall have accelerated such Indebtedness;

(e) any Guarantee by the Parent or a Significant Restricted Subsidiary is held in any judicial proceeding to be unenforceable or invalid or ceases for any reason to be, or shall for any reason be asserted in writing

by any Guarantor or the Issuer not to be, in full force and effect and enforceable in accordance with its terms, except to the extent contemplated by the Senior Notes Indenture and any such Guarantee;

(f) (i) one or more of the Security Documents that, taken as a whole, create Liens on a material portion of the Collateral shall, at any time, cease to be in full force and effect, or shall be declared invalid or unenforceable by a court of competent jurisdiction, other than, in each case, pursuant to limitations on enforceability, validity or effectiveness imposed by applicable law or the terms of such Security Document or except in accordance with the terms of such Security Document, the Intercreditor Agreement or the Senior Notes Indenture, including the release provisions thereof, and such failure to be in full force and effect shall have continued uncured for a period of 15 days after the Parent becomes aware of such failure or (ii) repudiation or disaffirmation by the Issuer or any Guarantor of any of their respective obligations under the Security Documents that, taken as a whole, create Liens on a material portion of the Collateral;

(g) one or more final judgments, orders or decrees of any court or regulatory or administrative agency for the payment of money in excess of €50.0 million, either individually or in the aggregate (to the extent not covered by independent third party insurance), shall be rendered against the Issuer, the Parent or any Significant Restricted Subsidiary or any of their respective properties and shall not be satisfied, vacated, discharged or stayed or bonded pending appeal and there shall have been a period of 60 consecutive days during which a stay of enforcement of such judgment or order, by reason of an appeal or otherwise, shall not be in effect;

(h) [Reserved]; or

(i) certain events of bankruptcy or insolvency described in the Senior Notes Indenture with respect to the Parent, the Issuer or any Significant Restricted Subsidiary shall have occurred.

If an Event of Default (other than as specified in clause (i) of the prior paragraph) shall occur and be continuing with respect to the Senior Notes Indenture, the Trustee or the holders of not less than 30% in aggregate principal amount of the Senior Notes then outstanding may, and the Trustee, at the request of such holders, shall declare all unpaid principal of, premium, if any, any Additional Amounts and accrued interest on all Senior Notes to be due and payable immediately, by a notice in writing to the Parent (and to the Trustee if given by the holders of the Senior Notes) and upon any such declaration, such principal, premium, if any, any Additional Amounts and interest shall become due and payable immediately. If an Event of Default specified in clause (i) of the prior paragraph occurs and is continuing, then all the Senior Notes shall *ipso facto* become and be due and payable immediately in an amount equal to the principal amount of the Senior Notes, together with any Additional Amounts and accrued and unpaid interest, if any, to the date the Senior Notes become due and payable, without any declaration or other act on the part of the Trustee or any holder. Thereupon, the Trustee may, at its discretion, proceed to protect and enforce the rights of the holders of the Senior Notes by appropriate judicial proceedings. In the event of a declaration of acceleration of the Senior Notes because an Event of Default described in clause (d) of the prior paragraph has occurred and is continuing, the declaration of acceleration of the Senior Notes shall be automatically annulled if the event of default or payment default triggering such Event of Default pursuant to clause (d) shall be remedied or cured, or waived by the holders of the Indebtedness that gave rise to such Event of Default, or such Indebtedness shall be discharged in full, within 30 days after the declaration of acceleration with respect thereto and if (1) the annulment of the acceleration of the Senior Notes would not conflict with any judgment or decree of a court of competent jurisdiction and (2) all existing Events of Default, except non-payment of principal, premium or interest on the Senior Notes that became due solely because of the acceleration of the Senior Notes, have been cured or waived.

After a declaration of acceleration, but before a judgment or decree for payment of the money due has been obtained by the Trustee, the holders of a majority in aggregate principal amount of Senior Notes outstanding by written notice to the Issuer and the Trustee may rescind an acceleration and annul such declaration and its consequences under the Senior Notes Indenture if:

(a) the Issuer has paid or deposited with the Trustee a sum sufficient to pay:

(1) all sums paid or advanced by the Trustee under the Senior Notes Indenture and the properly incurred compensation, expenses, disbursements and advances of the Trustee, its agents and counsel,

(2) all overdue interest and Additional Amounts on all Senior Notes then outstanding,

(3) the principal of and premium, if any, on any Senior Notes then outstanding which have become due otherwise than by such declaration of acceleration and interest thereon at the rate borne by the Senior Notes, and

(4) to the extent that payment of such interest is lawful, interest upon overdue interest at the rate borne by the Senior Notes;

(b) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction; and

(c) all Events of Default, other than the non-payment of principal of, premium, if any, and any Additional Amounts and interest on the Senior Notes, which have become due solely by such declaration of acceleration, have been cured or waived as provided in the Senior Notes Indenture. No such rescission shall affect any subsequent default or impair any right consequent thereon.

The holders of not less than a majority in aggregate principal amount of all outstanding Senior Notes may, by written notice to the Trustee, on behalf of the holders of all outstanding Senior Notes, waive any past default under the Senior Notes Indenture and its consequences, except a default in respect of a covenant or provision hereof which under the Senior Notes Indenture cannot be modified or amended without the consent of the holders of not less than 90% of the then outstanding amount of Senior Notes, in which case the consent of the holders of at least 90% of the then outstanding Senior Notes shall be required.

Subject to certain limitations, holders of a majority in aggregate principal amount of the then outstanding Senior Notes may direct the Trustee in its exercise of any trust of power. The Trustee may withhold from holders of the Senior Notes notice of any continuing Default or Event of Default if it determines that withholding notice is in their interest, except a Default or Event of Default relating to the payment of principal, interest or Additional Amounts or premium, if any.

No holder of any of the Senior Notes has any right to institute any proceedings with respect to the Senior Notes Indenture or any remedy thereunder, unless the holders of at least 30% in aggregate principal amount of the outstanding Senior Notes have made written request, and offered satisfactory indemnity and/or security (including by way of pre-funding), to the Trustee to institute such proceeding as the Trustee under the Senior Notes and the Senior Notes Indenture, the Trustee has failed to institute such proceeding within 60 days after receipt of such notice and offer of satisfactory indemnity and/or security (including by way of pre-funding) and the Trustee, during such 60-day period, has not received directions inconsistent with such written request from the holders of a majority in aggregate principal amount of the outstanding Senior Notes. Such limitations do not, however, apply to a suit instituted by a holder of a Senior Note for the enforcement of the payment of the principal of, premium, if any, and any Additional Amounts or interest on such Senior Note on or after the respective due dates expressed in such Senior Note.

The Parent will promptly, and in any event, within 15 Business Days of becoming aware of such Default or Event of Default, notify the Trustee of the occurrence of any Default or Event of Default that is continuing. Except in the case of a Default or an Event of Default in payment of principal of, premium, if any, Additional Amounts or interest on any Senior Notes, the Trustee may withhold the notice to the holders of such Senior Notes if a committee of its trust officers in good faith determines that withholding the notice is in the interests of the holders of the Senior Notes. If a Default or an Event of Default occurs and is continuing and the Trustee is informed in writing, the Trustee will distribute to each holder of the Senior Notes notice of the Default or Event of Default within five Business Days after being notified of its occurrence. The Parent will deliver to the Trustee, on or before a date not more than 120 days after the end of each fiscal year beginning with the fiscal year ending December 31, 2021, a written statement as to compliance with the Senior Notes Indenture, including whether or not any Default has occurred. The Trustee is under no obligation to exercise any of the rights or powers vested in it by the Senior Notes Indenture at the request or direction of any of the holders of the Senior Notes unless such holders offer to the Trustee indemnity and/or security (including by way of pre-funding) satisfactory to the Trustee against the costs, expenses and liabilities which might be incurred thereby.

Defeasance or Covenant Defeasance of Senior Notes Indenture

The Issuer may, at its option and at any time, elect to have all of its obligations terminated with respect to the outstanding Senior Notes and all obligations of the Guarantors discharged with respect to the Guarantees of Senior Notes ("**Legal Defeasance**") and cure all then existing Events of Default with respect to such Senior Notes, except for, among other things, certain obligations, including those relating to the defeasance trust, obligations to transfer or exchange Senior Notes, to pay Additional Amounts, to replace mutilated, destroyed, lost or stolen Senior Notes and to maintain a

paying agent for such Senior Notes, and obligations with respect to the rights, powers, trusts, duties and immunities of the Trustee.

In addition, the Issuer may, at its option and at any time, elect to have its obligations and the obligations of the Guarantors released with respect to certain covenants that are described in the Senior Notes Indenture and the Guarantees ("**Covenant Defeasance**") and thereafter any omission to comply with such obligations shall not constitute a Default or Event of Default with respect to the Senior Notes. In the event Covenant Defeasance occurs, certain events (not including non-payment, and, solely with respect to the Issuer, bankruptcy and insolvency events) described under "*—Events of Default*" will no longer constitute an Event of Default with respect to the Senior Notes.

In order to exercise either Legal Defeasance or Covenant Defeasance:

(a) the Issuer must irrevocably deposit in trust with the Trustee, for the benefit of the holders of the Senior Notes cash in euro or European Government Obligations, or a combination thereof, in such aggregate amounts as will be sufficient to pay the principal of, interest and premium, if any, on the Senior Notes to maturity;

(b) in the case of Legal Defeasance, the Issuer must deliver to the Trustee:

(1) an opinion of United States counsel reasonably acceptable to the Trustee confirming that (A) the Issuer has received from, or there has been published by, the U.S. Internal Revenue Service a ruling or (B) since the Issue Date, there has been a change in the applicable U.S. federal income tax law, in either case to the effect that, and based thereon such opinion of counsel will confirm that, the holders of the outstanding Senior Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred; and

(2) an opinion of counsel in the jurisdiction of incorporation of the Issuer and reasonably acceptable to the Trustee to the effect that the holders of the Senior Notes will not recognize income, gain or loss for tax purposes of such jurisdiction as a result of such Legal Defeasance and will be subject to tax in such jurisdiction on the same amounts and in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred; and

(c) in the case of Covenant Defeasance, the Issuer must deliver to the Trustee:

(1) an opinion of United States counsel reasonably acceptable to the Trustee confirming that the holders of the outstanding Senior Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred; and

(2) an opinion of counsel in the jurisdiction of incorporation of the Issuer and reasonably acceptable to the Trustee to the effect that the holders of the Senior Notes will not recognize income, gain or loss for tax purposes of such jurisdiction as a result of such Covenant Defeasance and will be subject to tax in such jurisdiction on the same amounts and in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred.

Satisfaction and Discharge

The Senior Notes Indenture will be discharged and will cease to be of further effect (except as to transfer or exchange of the Senior Notes as expressly provided for in the Senior Notes Indenture) as to all the outstanding Senior Notes issued under the Senior Notes Indenture when:

(a) either:

(1) all such Senior Notes theretofore authenticated and delivered (except lost, stolen or destroyed Senior Notes which have been replaced or paid or Senior Notes whose payment has been

deposited in trust or segregated and held in trust by the Issuer and thereafter repaid to the Issuer or discharged from such trust as provided for in the Senior Notes Indenture) have been delivered to the Trustee for cancellation, or

(2) all Senior Notes not theretofore delivered to the Trustee for cancellation (A) have become due and payable, (B) will become due and payable at their Stated Maturity within one year, or (C) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Issuer; and the Issuer or any Guarantor has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust an amount euro, European Government Obligations or a combination thereof (in the case of the Euro Senior Notes or any other euro-denominated series) sufficient to pay and discharge the entire indebtedness on the Senior Notes not theretofore delivered to the Trustee for cancellation, including the principal of, premium, if any, any Additional Amounts and accrued interest on, such Senior Notes at such Maturity, Stated Maturity or redemption date;

(b) the Issuer or any Guarantor has paid or caused to be paid all other sums payable under the Senior Notes Indenture with respect to the Senior Notes by the Issuer and any Guarantor; and

(c) the Issuer has delivered to the Trustee an Officer's Certificate and an opinion of independent counsel, in form and substance reasonably satisfactory to the Trustee, each stating that:

(1) all conditions precedent under the Senior Notes Indenture relating to the satisfaction and discharge of the Senior Notes Indenture with respect to the Senior Notes have been complied with; and

(2) such satisfaction and discharge will not result in a breach or violation of, or constitute a default under, the Senior Notes Indenture or any other material agreement or instrument to which the Issuer, any Guarantor or any Subsidiary is a party or by which the Issuer, any Guarantor or any Subsidiary is bound;

provided that any such counsel may rely on any Officer's Certificate as to matters of fact (including as to compliance with this clause (c) and the foregoing clauses (a) and (b)). The Trustee will be entitled to rely conclusively on such Officer's Certificate and opinion of counsel without independent verification.

If requested by the Issuer, the Trustee may distribute any amounts deposited in trust to the holders prior to maturity or the redemption date, as the case may be. In such case, the payment to each holder will equal the amount such holder would have been entitled to receive at the stated maturity or on the relevant redemption date, as the case may be. For the avoidance of doubt, the distribution and payment to holders prior to the maturity or redemption date as set forth above will not include any negative interest, present value adjustment, break cost or any other premium on such amounts.

Modifications and Amendments

Without limiting the Issuer's and the Guarantors' ability to effect modifications or amendments that are expressly permitted under "*—Certain Covenants—Impairment of Security Interest*" or "*—Certain Covenants—Intercreditor Agreement; Additional Intercreditor Agreements*" or are otherwise permitted under this caption "*—Modifications and Amendments*," modifications and amendments of the Senior Notes Indenture, the Senior Notes, any Guarantee, the Intercreditor Agreement, any additional intercreditor agreement and/or the Security Documents may be made by the Issuer, the Guarantors (if applicable), the Parent, the Trustee and the Security Agent (if applicable), in each case, to the extent a party thereto, with the consent of the holders of at least a majority in aggregate principal amount of the Senior Notes then outstanding; *provided*, *however*, that no such modification or amendment may, without the consent of the holders of at least 90% of the then outstanding aggregate principal amount of the Senior Notes:

(a) change the Stated Maturity of the principal of, or any installment of any Additional Amounts or interest on any Senior Note, or change to an earlier date the time at which any Senior Note may be redeemed, or waive a default in the payment of the principal of, premium, if any, any Additional Amounts or interest on, any such Senior Note or reduce the principal amount thereof or the rate of interest thereon or any premium payable upon the redemption thereof, or change the coin or currency in which the principal of any such Senior Note or any premium or any Additional Amounts or the interest thereon is

payable, or impair the right to institute suit for the enforcement of any such payment after the Stated Maturity thereof (or, in the case of redemption, on or after the redemption date);

(b) reduce the percentage in principal amount of such outstanding Senior Notes, the consent of whose holders is required for any such supplemental indenture, or the consent of whose holders is required for any amendment, waiver of or compliance with provisions of the Senior Notes Indenture;

(c) modify any of the provisions relating to any supplemental indentures requiring the consent of holders or relating to the waiver of past defaults or relating to the waiver of certain covenants, except to increase the percentage of such outstanding Senior Notes required for such actions or to provide that certain other provisions of the Senior Notes Indenture cannot be modified or waived without the consent of the holder of each such Senior Note affected thereby;

(d) except as otherwise permitted under "*—Consolidation, Merger, Sale of Assets*" or the definition of the term "Parent" as part of a Permitted Reorganization, assign or transfer any of the rights and obligations under the Senior Notes Indenture of the Issuer or any Guarantor;

(e) release all or substantially all of the Collateral from the Liens created in favor of the Trustee or the Security Agent pursuant to the Security Documents or all or substantially all of the Guarantors from the Guarantees created pursuant to the Senior Notes Indenture or any supplemental indenture thereto except as otherwise permitted by the terms of the Senior Notes Indenture, the Security Documents or the Intercreditor Agreement or any additional intercreditor agreement;

(f) except as permitted by the Senior Notes Indenture or the Intercreditor Agreement (or any additional intercreditor agreement), make any change to any provision of the Senior Notes Indenture or the Intercreditor Agreement affecting the ranking or priority of any Senior Note or Guarantee that would adversely affect the rights of the holders of the Senior Notes in any material respect;

(g) make any change in the provisions of the Senior Notes Indenture described under "*—Payment of Additional Amounts*" that adversely affects the holder's or beneficial owner's entitlement to (x) any exemption, in whole or in part, from withholding Taxes or (y) Additional Amounts, in each case as described thereunder, unless the Issuer agrees to pay Additional Amounts (if any) in respect thereof; or

(h) except as permitted by the Senior Notes Indenture or the Intercreditor Agreement (or any additional intercreditor agreement), release the Guarantee of the Parent.

Notwithstanding the preceding paragraph, the Senior Notes Indenture will provide that certain Guarantees or Liens on the Collateral may be released in connection with sales or other dispositions of property or assets (including Capital Stock) that do not violate the requirements of the covenants described under the caption "*—Certain Covenants—Restricted Payments*" or the "*—Certain Covenants—Limitation on Sale of Assets*", as each such covenant may be amended from time to time.

For the avoidance of doubt, any modifications or amendments to the Indenture with the consent of the holders pursuant to the first paragraph under this caption "*—Modifications and Amendments*" need only be duly authorized and executed by the Issuer, the Parent and the Trustee, unless such modification or amendment adversely affects the legal rights of the Security Agent (such determination to be made by the Parent in good faith following consultation with the Security Agent), in which case such modification or amendment must also be duly authorized and executed by the Security Agent.

For the avoidance of doubt, it shall not be necessary for the consent of the holders of the Senior Notes to approve the particular form of any proposed amendment, waiver or other modification but it shall be sufficient if such consent approves the substance thereof.

In addition to any modifications and amendments that are permitted under, or governed by, the covenants set forth under the captions "*—Certain Covenants—Impairment of Security Interest*", "*—Certain Covenants—Intercreditor Agreement; Additional Intercreditor Agreements*" or the other provisions of this caption "*—Modifications and Amendments*" and not in limitation thereof, without the consent of any holders of the Senior Notes, the Issuer, the Trustee and the Security Agent (if applicable), in each case to the extent a party thereto (without the need for any consent of or authorization or execution by any other party to the Senior Notes Indenture) may modify or amend the Senior Notes

Indenture, the Senior Notes, any Guarantee, the Intercreditor Agreement, any additional intercreditor agreement or any Security Document:

(a) to evidence the succession of another Person to the Issuer or any Guarantor or any other obligor under the Senior Notes and the assumption by any such successor of the covenants of the Issuer or such Guarantor in the Senior Notes Indenture (including any supplemental indenture), the Senior Notes, any Guarantee, the Intercreditor Agreement, any additional intercreditor agreement or any Security Document, as applicable, in accordance with "—*Consolidation, Merger, Sale of Assets*";

(b) to add to the covenants of the Issuer, any Guarantor or any other obligor upon the Senior Notes for the benefit of the holders of the Senior Notes or to surrender any right or power conferred upon the Issuer or any Guarantor or any other obligor upon the Senior Notes, as applicable, in the Senior Notes Indenture (including any supplemental indenture), the Senior Notes, any Guarantee, the Intercreditor Agreement, any additional intercreditor agreement or any Security Document;

(c) to cure any ambiguity, or to correct or supplement any provision in the Senior Notes Indenture (including any supplemental indenture), the Senior Notes, any Guarantee, the Intercreditor Agreement, any additional intercreditor agreement or any Security Document which may be defective (or, for the avoidance of doubt, erroneous) or inconsistent with any other provision in the Senior Notes Indenture (including any supplemental indenture), the Senior Notes, any Guarantee, the Intercreditor Agreement, any additional intercreditor agreement or any Security Document or any disclosure in the Offering Memorandum or to make any other provisions with respect to matters or questions arising under the Senior Notes Indenture (including any supplemental indenture), the Senior Notes, any Guarantee, the Intercreditor Agreement, any additional intercreditor agreement or any Security Document that shall not adversely affect the legal rights of the holders of the Senior Notes in any material respect or that shall improve or increase the rights of the holders of the Senior Notes;

(d) to add a Guarantor under the Senior Notes Indenture and to provide for or confirm the existence of any limitations in any Guarantee authorized under the Senior Notes Indenture;

(e) to evidence and provide the acceptance of the appointment of a successor Trustee under the Senior Notes Indenture;

(f) to mortgage, pledge, hypothecate or grant a security interest in favor of the Security Agent for the benefit of the holders of the Senior Notes as additional security for the payment and performance of the Issuer's or any Guarantor's obligations under the Senior Notes Indenture, in any property, or assets, including any of which are required to be mortgaged, pledged or hypothecated, or in which a security interest is required to be granted to the Security Agent pursuant to the Senior Notes Indenture or otherwise (any such additional security shall be deemed to be Collateral for all purposes under the Senior Notes Indenture);

(g) to provide for the issuance of Additional Senior Notes in accordance with the Senior Notes Indenture;

(h) to conform the text of the Senior Notes Indenture or the Senior Notes to any passage in this "*Description of the Senior Notes*" to the extent that such passage was intended to be a verbatim recitation of a provision of the Senior Notes Indenture or the Senior Notes;

(i) to make, complete or confirm any grant of Collateral permitted or required by the Senior Notes Indenture;

(j) to evidence or provide for the release of any Guarantee or any Lien on any Collateral that is otherwise permitted by the terms of the Senior Notes Indenture, the Security Documents or the Intercreditor Agreement or any additional intercreditor agreement; or

(k) to provide for uncertificated Senior Notes in addition to or in place of certificated Senior Notes (*provided* that the uncertificated Senior Notes are issued in registered form for purposes of Section 163(f) of the Code).

In connection with its execution of any amendment pursuant to the preceding paragraph, the Trustee shall be entitled to request and rely on such evidence as to whether such amendment is authorized by such paragraph as the Trustee may request, which may include an Officer's Certificate and/or an opinion of counsel.

Notwithstanding anything to the contrary in the provisions of the Senior Notes Indenture described under the caption "*—Modifications and Amendments*", (i) in order to effect an amendment authorized by clause (d) in the second immediately preceding paragraph to add a Guarantor under the Senior Notes Indenture, it shall only be necessary for the supplemental indenture providing for the accession of such additional Guarantor to be duly authorized and executed by (a) the Issuer, (b) such additional Guarantor and (c) the Trustee and (ii) the Security Agent shall not be required to authorize or execute any amendment to the Senior Notes Indenture, the Senior Notes or the Guarantees unless such modification or amendment adversely affects the legal rights of the Security Agent. Except as otherwise set forth herein, any amendments permitted by the Senior Notes Indenture need only be duly authorized and executed by the Issuer and the Trustee.

The holders of a majority in aggregate principal amount of the Senior Notes outstanding may waive compliance with the restrictive covenants and provisions of the Senior Notes Indenture.

For the avoidance of doubt, no modification or amendment to, or deletion of, actions taken in compliance with, any of the covenants described under "*—Certain Covenants*", shall be deemed to impair or affect any rights of the holders of the Senior Notes to receive payment of principal of, or premium, if any, or interest on, the Senior Notes.

Listing and General Information

So long as the Senior Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF market of that exchange and the rules and regulations of the Luxembourg Stock Exchange shall so require (in respect to the future financial information, currently no such disclosure is required by the Luxembourg Stock Exchange), copies, current and future, of all of the Parent's annual audited consolidated financial statements, unaudited consolidated interim semi-annual financial statements and quarterly financial information and this offering memorandum may be obtained, free of charge, during normal business hours at the registered office of the Issuer.

Anyone who receives this offering memorandum may, following the Issue Date, obtain a copy of the Senior Notes Indenture, the Senior Notes, the Intercreditor Agreement (including any additional intercreditor agreement) and the Security Documents without charge by writing to the Issuer at Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG.

Governing Law

The Senior Notes Indenture, the Senior Notes and the Guarantees will be governed by, and construed in accordance with, the laws of the State of New York. The Intercreditor Agreement is governed by, and construed in accordance with, the laws of New York. The Security Documents will be governed by applicable local law of the jurisdiction under which Security Interests are granted.

Consent to Jurisdiction and Service

The Senior Notes Indenture will provide that the Issuer and each Guarantor will appoint INEOS Styrolution America LLC, with its registered office at 1209 Orange Street, Wilmington, DE 19801, United States (Attention: Senior Legal Counsel) as its agent for service of process in any suit, action or proceeding with respect to the Senior Notes Indenture, the Senior Notes and the Guarantees and for actions brought in any U.S. federal or New York state court located in the Borough of Manhattan, New York and will submit to such jurisdiction.

Enforceability of Judgments

Since many of the assets of the Issuer and the Guarantors are outside the United States, any judgment obtained in the United States against the Issuer or any Guarantor, including judgments with respect to the payment of principal, premium, interest, Additional Amounts, redemption price and any purchase price with respect to the Senior Notes, may not be collectable within the United States.

No Personal Liability of Directors, Officers, Employees and Shareholders

No director, officer, employee, incorporator, member or shareholder of the Issuer, any Guarantor, any of their respective parent companies or any of their respective Subsidiaries or Affiliates as such, shall have any liability for any obligations of the Issuer under the Senior Notes Indenture (including the Guarantees), the Senior Notes or the Security Documents or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder by accepting a Senior Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Senior Notes. Such waiver may not be effective to waive liabilities under the U.S. federal securities laws and it is the view of the Commission that such a waiver is against public policy.

Prescription

Claims against the Issuer or any Guarantor for the payment of principal, or premium, if any, on the Senior Notes will be prescribed 10 years after the applicable due date for payment thereof. Claims against the Issuer or any Guarantor for the payment of interest on the Senior Notes will be prescribed five years after the applicable due date for payment of interest.

Concerning the Trustee

The Trustee will be permitted to engage in other transactions with the Issuer and its Affiliates and Subsidiaries.

The holders of a majority in principal amount of the then outstanding Senior Notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee, subject to certain exceptions. The Senior Notes Indenture will provide that in case an Event of Default occurs (which has not been cured), the Trustee will be required, in the exercise of its power, to use the degree of care of a prudent man in the conduct of his own affairs. Subject to such provisions, the Trustee will be under no obligation to exercise any of its rights or powers under the Senior Notes Indenture at the request of any holder of Senior Notes unless such holder shall have offered to the Trustee security and indemnity satisfactory (including by way of pre-funding) to it against any loss, liability or expense.

Acknowledgment and Consent to Bail-In

Under this caption "*—Acknowledgment and Consent to Bail-In*":

"**Bail-in Legislation**" means (a) with respect to any EEA Member Country implementing Article 55 of BRRD of the European Parliament and of the Council of the European Union, the implementing law, regulation, rule or requirement for such EEA Member Country from time to time that is described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their Affiliates (other than through liquidation, administration or other insolvency proceedings).

"**BRRD**" means Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms.

"**BRRD Liability**" means a liability in respect of which the relevant write-down and conversion powers in the applicable Bail-in Legislation may be exercised.

"**BRRD Party**" means HSBC Bank PLC, as Registrar, Paying Agent and Transfer Agent with respect to the Euro Senior Notes under the Senior Notes Indenture.

"**Bail-in Powers**" means any write-down and conversion powers as defined in relation to the relevant Bail-in Legislation.

"**EU Bail-in Legislation Schedule**" means the document described as such and published by the Loan Market Association (or any successor person) from time to time.

"**Relevant Resolution Authority**" means the resolution authority with the ability to exercise any Bail-in Powers in relation to the relevant BRRD Party.

Notwithstanding and to the exclusion of any other term of the Senior Notes Indenture or any other agreements, arrangements, or understanding between the parties, each counterparty to a BRRD Party under the Senior Notes Indenture shall acknowledge and accept that a BRRD Liability arising under the Senior Notes Indenture may be subject to the exercise of Bail-in Powers by the Relevant Resolution Authority, and acknowledge, accept, and agree to be bound by:

(a) the effect of the exercise of Bail-in Powers by the Relevant Resolution Authority in relation to any BRRD Liability of any BRRD Party to it under the Senior Notes Indenture, that (without limitation) may include and result in any of the following, or some combination thereof:

(i) the reduction of all, or a portion, of the BRRD Liability or outstanding amounts due thereon;

(ii) the conversion of all, or a portion, of the BRRD Liability into shares, other securities or other obligations of the relevant BRRD Party or another person (and the issue to or conferral on it of such shares, securities or obligations);

(iii) the cancellation of the BRRD Liability; or

(iv) the amendment or alteration of the amounts due in relation to the BRRD Liability, including any interest, if applicable, thereon, the maturity or the dates on which any payments are due, including by suspending payment for a temporary period; and

(b) the variation of the terms of the Senior Notes Indenture, as deemed necessary by the Relevant Resolution Authority, to give effect to the exercise of Bail-in Powers by the Relevant Resolution Authority.

Certain Definitions

"**Acquired Indebtedness**" means Indebtedness of any Person:

(a) existing at the time such Person becomes a Restricted Subsidiary;

(b) assumed in connection with the acquisition of assets from such Person; or

(c) existing at the time such Person merges, consolidates or amalgamates with the Parent or any Restricted Subsidiary;

in each case, other than Indebtedness incurred in connection with, or in contemplation of, such Person becoming a Restricted Subsidiary or such acquisition, merger, consolidation or amalgamation, as the case may be (it being understood and agreed, for the avoidance of doubt, that, so long as the aggregate principal amount of such Indebtedness is not increased thereby, the terms of Acquired Indebtedness may be amended, restated, supplemented or otherwise modified substantially concurrently with such Person becoming a Restricted Subsidiary or such acquisition, merger, consolidation or amalgamation, as the case may be, and such amendment, restatement, supplement or other modification shall not cause such Indebtedness to cease to be Acquired Indebtedness).

Except as otherwise provided herein, Acquired Indebtedness shall be deemed to be incurred on the date such Person becomes a Restricted Subsidiary, on the date of such acquisition of assets from such Person or at the time of such merger, consolidation or amalgamation, as the case may be.

"**Acquisition**" means any acquisition (including pursuant to a merger, consolidation or amalgamation involving the Parent or any Subsidiary) of Capital Stock in, or all or substantially all the assets of (or all or substantially all the assets constituting a business unit, division, product line or line of business of), any Person.

"**Acquisition Indebtedness**" means Indebtedness of a Person incurred to finance any Acquisition, including Indebtedness incurred to refinance existing Indebtedness of any Person that is the subject of such Acquisition.

"**Affiliate**" means, with respect to any specified Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person.

For the purposes of this definition, "control", when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through ownership of Voting Stock, by contract or otherwise; and the terms "controlling" and "controlled" shall have meanings correlative to the foregoing.

"**Applicable Redemption Premium**" means, with respect to any Senior Note on any redemption date, the greater of (a) one percent of the principal amount of the Senior Note and (b) the excess of:

(i) the present value at such redemption date of the redemption price of such Euro Senior Note at January 15, 2023, plus all required interest payments that would otherwise be due to be paid on such Euro Senior Note during the period between the redemption date and January 15, 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

(ii) the principal amount of such Euro Senior Note.

For the avoidance of doubt, calculation of the Applicable Redemption Premium shall not be a duty or obligation of the Trustee or any Paying Agent.

"**Aromatics and Acetyls Businesses**" means the Target Business (as defined in the BP Acquisition Agreement).

"**Asset Sale**" means any sale, issuance, conveyance, transfer, lease or other disposition (including by way of merger, consolidation, amalgamation or sale and leaseback transaction) (collectively, a "**disposition**"), directly or indirectly, in one or a series of related transactions, of:

(a) any Capital Stock of any Restricted Subsidiary (other than directors' qualifying shares and other nominal amounts of Capital Stock that are required to be held by other Persons under applicable law);

(b) all or substantially all of the properties and assets of any division or line of business of the Parent and its Restricted Subsidiaries; or

(c) any other properties or assets of the Parent or any of its Restricted Subsidiaries other than in the ordinary course of business.

Notwithstanding the foregoing, the term "Asset Sale" shall not include any disposition of properties and assets:

(i) that is governed by provisions described under "*—Consolidation, Merger, Sale of Assets*";

(ii) that is by the Parent to any Restricted Subsidiary, or by any Restricted Subsidiary to the Parent or any other Restricted Subsidiary, in accordance with the terms of the Senior Notes Indenture;

(iii) that is a disposition of cash, cash equivalents or Temporary Cash Investments;

(iv) that is a disposition of inventory, trading stock or other assets (A) in the ordinary course of business or (B) pursuant to an inventory financing or similar arrangement that is permitted pursuant to paragraph (b) of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*";

(v) that is a disposition of obsolete, used, surplus or worn-out equipment or other assets or of any assets that are no longer useful or economically practicable to maintain in the conduct of the business of the Parent or any Restricted Subsidiary (including allowing any registrations or any applications for registration of any Intellectual Property Rights to lapse or go abandoned);

(vi) the Fair Market Value of which, in the aggregate, does not exceed €50.0 million in any transaction or series of related transactions;

(vii) that is a Restricted Payment permitted under the covenant described in "*—Certain Covenants—Limitation on Restricted Payments*" or a Permitted Payment or a Permitted Investment or a disposition of Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary;

(viii) that is a disposition as part of any Permitted Reorganization;

(ix) that is a disposition of receivables (and/or related assets, including any credit support or payment instruments relating to receivables) in connection with the compromise, settlement or collection thereof or in the ordinary course of business (including, in each case, pursuant to any "factoring" or similar arrangement) or in insolvency, bankruptcy or similar proceedings;

(x) that is a foreclosure, condemnation or any similar action with respect to any property or assets or a surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind, including the unwinding of Hedging Agreements in accordance with the terms thereof;

(xi) that is a disposition of Receivables Assets in connection with any Permitted Receivables Financing or the conversion or exchange of accounts receivable for notes receivable;

(xii) that is by the Parent or a Restricted Subsidiary by way of lease or license in respect of land to a trading counterparty to which the Parent or such Restricted Subsidiary, as applicable, provides services on that land in the ordinary course of its trading;

(xiii) that is a disposition of assets to a joint venture of the Parent or any of its Restricted Subsidiaries; *provided* that (A) no other party to such joint venture is an Affiliate of the Parent, (B) such disposition must be for fair consideration as determined in good faith by the Board of Directors or senior management of the Parent and (C) the aggregate amount of the dispositions made to joint ventures pursuant to this clause (xiii) since the Issue Date, less the aggregate amount of cash, cash equivalents and Temporary Cash Investments received by the Parent and its Restricted Subsidiaries in exchange for such dispositions, does not exceed the greater of (x) €475.0 million and (y) 5.00% of Total Assets at the time of (but prior to giving effect to) such disposition;

(xiv) that is a disposition of an Investment in any joint venture to the extent required by, or made pursuant to, contractual buy/sell or similar arrangements between the joint venture parties set forth in the agreements relating to such joint venture; *provided* that the relevant agreement resulted from *bona fide* arm's length negotiation at the time it was entered into;

(xv) that is a disposition of Capital Stock of a Restricted Subsidiary pursuant to an agreement or other obligation with or to a Person (other than the Parent or any of its Restricted Subsidiaries) from which such Restricted Subsidiary was acquired, or from which such Restricted Subsidiary acquired its business and assets (having been newly formed in connection with such acquisition), made as part of such acquisition and, in each case, comprising all or part of the consideration in respect of such acquisition;

(xvi) that is a grant of a Lien that is not prohibited by the covenant described in "*—Certain Covenants—Limitation on Liens*" or a disposition in connection with such Lien;

(xvii) that is a grant of licenses to Intellectual Property Rights to third parties on an arm's length basis in the ordinary course of business; or

(xviii) that is a lease, sublease, license, sublicense or other grant of rights to use or exploit, occupancy agreements in respect of or other assignments of, any property, including Intellectual Property Rights, in each case that does not, individually or in the aggregate, materially interfere with the business of the Parent and its Restricted Subsidiaries, taken as a whole, as determined in good faith by the Board of Directors or senior management of the Parent.

In the event that a transaction (or a portion thereof) meets the definition of an Asset Sale or an exclusion from the definition of Asset Sale and would also be a Restricted Payment, Permitted Payment or Permitted Investment permitted under the Senior Notes Indenture, the Parent, in its sole discretion, will be entitled to divide and classify such transaction (or such portion thereof) as an Asset Sale or an exclusion from an Asset Sale and/or one or more of the types of Restricted Payments, Permitted Payments or Permitted Investments, as the case may be, permitted under the Senior Notes Indenture.

"**Asset Sale Offer**" has the meaning provided in clause (c)(1) of the "*—Limitation on Sale of Assets*" covenant.

"**Attributable Debt**" means, with respect to any sale and leaseback transaction at the time of determination, the present value (discounted at the interest rate implicit in the lease determined in accordance with IFRS or, if not known, at the Parent's incremental borrowing rate) of the total obligations of the lessee of the property subject to such lease for rental payments during the remaining term of the lease included in such sale and leaseback transaction, including any period for which such lease has been extended or may, at the option of the lessor, be extended, or until the earliest date on which the lessee may terminate such lease without penalty or upon payment of penalty (in which case the rental payments shall include such penalty), after excluding from such rental payments all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges.

"**Average Life**" means, as of the date of determination with respect to any Indebtedness, the quotient obtained by dividing:

(a) the sum of the products of:

(x) the number of years from the date of determination to the date or dates of each successive scheduled principal payment of such Indebtedness, multiplied by

(y) the amount of each such principal payment, by

(b) the sum of all such principal payments.

"**Belgian Guarantor**" means any Guarantor organized under the laws of Belgium.

"**Board of Directors**" means:

(a) with respect to a corporation, the board of directors (or analogous governing body) of such corporation or any committee thereof duly authorized to act on behalf of such board;

(b) with respect to a partnership, the board of directors (or analogous governing body) of such partnership or of the general partner of such partnership or, in each case, any committee thereof duly authorized to act on behalf of such board;

(c) with respect to a limited liability company (including a public limited company and a private limited company incorporated under the laws of England and Wales), the board of directors (or analogous governing body) of such company or of the managing member or members thereof, or any committee thereof duly authorized to act on behalf of such board, or the managing member or members thereof, or any controlling committee of managing members thereof; and

(d) with respect to any Person, the board or committee of such Person serving a similar function.

"**BP Acquisition**" means the direct or indirect acquisition by the Parent and/or any of its Restricted Subsidiaries of the Aromatics and Acetyls Businesses pursuant to the BP Acquisition Agreement.

"**BP Acquisition Agreement**" means the Sale and Purchase Agreement dated June 29, 2020, as amended by the Amendment and Restatement Agreement dated July 3, 2020, as further amended by the Amendment Agreement dated October 12, 2020 and the Further Amendment and Adherence Agreement dated December 29, 2020, between, among others, BP P.L.C., a company incorporated under the laws of England and Wales, INEOS Holdings AG, a company incorporated in Switzerland, and the Company, together with all schedules, annexes and disclosure letters thereto and the other "Transaction Documents" referred to therein.

"**Bund Rate**" means, as of any redemption date, the greater of (i) 0% and (ii) the rate per annum equal to the equivalent yield to maturity as of such redemption date of the Comparable German Bund Issue, assuming a price for the Comparable German Bund Issue (expressed as a percentage of its principal amount) equal to the Comparable German Bund Price for such relevant date, where:

(a) "**Comparable German Bund Issue**" means the German Bundesanleihe security selected by any Reference German Bund Dealer as having a fixed maturity most nearly equal to the period from such redemption date to January 15, 2023, and that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of Euro-denominated corporate debt securities in a principal amount approximately equal to the then outstanding principal amount of

the Senior Notes and of a maturity most nearly equal to January 15, 2023, *provided*, *however*, that, if the period from such redemption date to January 15, 2023, is less than one year, a fixed maturity of one year shall be used;

(b) "**Comparable German Bund Price**" means, with respect to any relevant date, the average of all Reference German Bund Dealer Quotations for such date (which, in any event, must include at least two such quotations), after excluding the highest and lowest such Reference German Bund Dealer Quotations, or if the Issuer obtains fewer than four such Reference German Bund Dealer Quotations, the average of all such quotations;

(c) "**Reference German Bund Dealer**" means any dealer of German Bundesanleihe securities appointed by the Issuer in good faith; and

(d) "**Reference German Bund Dealer Quotations**" means, with respect to each Reference German Bund Dealer and any relevant date, the average as determined by the Issuer of the bid and offered prices for the Comparable German Bund Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Issuer by such Reference German Bund Dealer at 3:30 p.m. Frankfurt am Main, Germany time on the third business day in Germany preceding the relevant date.

"**Business Day**" means any day excluding Saturday, Sunday and any other day on which banking institutions in Frankfurt, London or New York City are authorized by law or other governmental actions to remain closed; *provided, however,* that for any payments to be made in Euro under the Senior Notes Indenture, such day shall also be a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer ("TARGET") payment system is open for the settlement of payments.

"**Capital Expenditure**" means any expenditure or obligations of the Group in respect of expenditure (including any obligation in respect of the capital element of any finance lease) for the acquisition of equipment, fixed assets, real property, intangible assets and other assets of a capital nature, or for the replacements or substitutions therefor or additions or improvements thereto, that in any such case have a useful life of more than one year, together, in any case, with costs incurred in connection therewith all as accounted for as capital expenditure, excluding any Capital Expenditures that are financed with the proceeds of any Asset Sale applied in accordance with clause (1) of paragraph (b) of the covenant described under "*—Certain Covenants—Limitation on Sale of Assets*".

"**Capital Stock**" of any Person means any and all shares, interests, limited liability company interests, participations, rights in or other equivalents (however designated) of such Person's capital stock, partnership interests (whether general or limited), other equity interests and any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, such Person and any rights (other than debt securities or other Indebtedness exchangeable or convertible into Capital Stock prior to the exchange or conversion thereof), warrants or options exchangeable for or convertible into such Capital Stock.

"**Cash Management Arrangements**" means (a) any cash management, cash pooling or netting or setting off arrangements, any arrangement for the honoring of checks, drafts or similar instruments and any other treasury, depositary or similar services, including services with respect to commercial credit cards, stored value cards, purchasing cards, treasury management, check drawing and automated payment services (including depositary, overdraft, controlled disbursement, ACH transactions, return items, interstate depositary network services, Society for Worldwide Interbank Financial Telecommunication transfers, cash pooling and operational foreign exchange management), dealer incentive, supplier finance or similar programs, current account facilities and arrangements or services similar to any of the foregoing and (b) any Metals Arrangement that, in accordance with the definition of such term, the Parent elected to constitute a Cash Management Arrangement.

"**Cash Management Provider**" shall have the meaning provided in the Intercreditor Agreement.

"**Change of Control**" means the occurrence of any of the following events:

(a) prior to the consummation of an initial Public Equity Offering, the Permitted Holders cease to be the "beneficial owners" (as defined in Rules 13d-3 and 13d-5 under the U.S. Exchange Act), directly or indirectly, of at least 50% of the total voting power represented by the outstanding Voting Stock of the Parent;

(b) on and after the consummation of an initial Public Equity Offering, any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the U.S. Exchange Act), other than the Permitted Holders, is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the U.S. Exchange Act), directly or indirectly, of more than 50% of the total voting power represented by the outstanding Voting Stock of the Parent; *provided* that any Voting Stock of which any Permitted Holder is the "beneficial owner" (other than deemed beneficial ownership derived from membership in a "group") shall not be included in any Voting Stock of which any other "person" or "group" is the "beneficial owner", unless such "person" or "group" is not an Affiliate of a Permitted Holder and has the sole voting power with respect to such Voting Stock; or

(c) the Parent consolidates with or merges with or into any Person or sells, assigns, conveys, transfers, leases or otherwise disposes of all or substantially all of its Consolidated assets to any Person (other than any Restricted Subsidiary), or any Person consolidates with or merges into or with the Parent, in any such event pursuant to a transaction in which the outstanding Voting Stock of the Parent is converted into or exchanged for cash, securities or other property, other than any such transaction where (i) the outstanding Voting Stock of the Parent is converted into or exchanged for Voting Stock of the surviving Person and (ii) immediately after such transaction, no "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the U.S. Exchange Act), other than the Permitted Holders, is the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the U.S. Exchange Act), directly or indirectly, of more than 50% of the total voting power represented by the outstanding Voting Stock of the surviving Person; *provided* that any Voting Stock of which any Permitted Holder is the "beneficial owner" (other than deemed beneficial ownership derived from membership in a "group") shall not be included in any Voting Stock of which any other "person" or "group" is the "beneficial owner", unless such "person" or "group" is not an Affiliate of a Permitted Holder and has the sole voting power with respect to such Voting Stock.

For purposes of this definition, any transfer of Capital Stock of an entity that was formed for the purpose of acquiring Voting Stock of the Parent will be deemed to be a transfer of such portion of such Voting Stock as corresponds to the portion of the Capital Stock of such entity that has been so transferred.

"**Clearstream**" means Clearstream Banking, *société anonyme*.

"**Code**" means the Internal Revenue Code of 1986, as amended from time to time.

"**Collateral**" means (a) the Senior Notes Proceeds Loan Note and the Capital Stock in the Company and (b) all other rights, property and assets in which a security interest is granted or purported to be granted pursuant to any Security Document to secure the Senior Notes or any Guarantee.

"**Commission**" means the U.S. Securities and Exchange Commission, as from time to time constituted, created under the Exchange Act, or if at any time after the execution of the Senior Notes Indenture, the U.S. Securities and Exchange Commission is not existing and performing the duties now assigned to it under the Securities Act and the Exchange Act, then the body performing such duties at such time.

"**Commodity Hedging Agreement**" means (a) any forward contract, commodity swap, commodity option or other similar financial agreement or arrangement relating to, or the value of which is dependent upon, fluctuations in commodity prices and (b) any Metals Arrangement that, in accordance with the definition of such term, the Parent elected to constitute a Commodity Hedging Agreement.

"**Company**" means INEOS Quattro Financing Limited.

"**Consolidated Adjusted EBITDA**" of any Person means, for any period, (a) Consolidated Net Income (Loss) for such period of such Person and its Restricted Subsidiaries, *plus* (b) the sum of, in each case to the extent deducted in computing Consolidated Net Income (Loss) for such period, Consolidated Interest Expense, Consolidated Income Tax Expense and Consolidated Non-Cash Charges for such period of such Person and its Restricted Subsidiaries, all determined in accordance with IFRS, *plus* (c) a *pro forma* adjustment for the amount of any "run rate" cost savings, operating expense reductions, synergies and operating improvements (including "run rate" operating improvements arising from any acquisition, construction, development or improvement of any plant, facility or other assets used or to be used in the business of the Parent and its Restricted Subsidiaries) (collectively, "**Run Rate Adjustment**") (such adjustment to be calculated on a pro forma basis as though such cost savings, operating expense reductions, synergies and operating improvements had been realized on the first day of such period, but net of the actual amounts realized)

relating to Asset Sales, Acquisitions, Investments, dispositions, Capital Expenditures, restructurings, cost saving initiatives, business optimization initiatives and similar initiatives that are projected by the Parent in good faith to be realized by the Group within 18 months after the consummation, adoption or implementation of the applicable transaction, events or initiatives.

"**Consolidated First Lien Net Leverage Ratio**" means, as at any date of determination, the ratio of (a) the Consolidated Senior Secured Net Debt of the Group as of such date to (b) Consolidated Adjusted EBITDA of the Group for the most recent period of four full fiscal quarters ending immediately prior to such date for which financial statements are available, in each case after giving *pro forma* effect to:

(a) the incurrence of the Indebtedness giving rise to the need to make such calculation and (if applicable) the application of the net proceeds therefrom, including to refinance other Indebtedness, as if such Indebtedness was incurred, and the application of such proceeds occurred, on the first day of such period;

(b) the incurrence, repayment or retirement of any other Indebtedness by the Group Companies since the first day of such period as if such Indebtedness was incurred, repaid or retired at the beginning of such period; *provided*, *however*, that the *pro forma* calculation of Consolidated First Lien Net Leverage Ratio shall not give effect to (A) any Indebtedness incurred on the date of determination pursuant to paragraph (b) of "*—Certain Covenants—Limitation on Indebtedness*" (other than clause (1)(D) of such paragraph or, to the extent such Indebtedness is Senior Secured Indebtedness and is incurred in reliance on clause (i) of the definition of Permitted Collateral Liens, clause (14) of such paragraph (b)) and (B) any repayment or retirement of any Indebtedness on the date of determination to the extent such repayment or retirement results from the proceeds of Indebtedness incurred pursuant to paragraph (b) of "*—Certain Covenants—Limitation on Indebtedness*" (other than clause (1)(D) or clause (14) of such paragraph (b)); and

(c) any acquisition or disposition by the Group Companies of any Person or any business or any assets out of the ordinary course of business, whether by merger, consolidation, amalgamation, stock purchase or sale or asset purchase or sale, and any related incurrence or repayment or retirement of Indebtedness, in each case since the first day of such period, assuming such acquisition or disposition had been consummated on the first day of such period.

For purposes of this definition, whenever *pro forma* effect is to be given to any transaction or calculation, the *pro forma* calculations (including in respect of the Run Rate Adjustment) will be as determined in good faith by a responsible financial or accounting officer of the Parent.

"**Consolidated Fixed Charge Coverage Ratio**" of any Person means, for any period, the ratio of (i) the Consolidated Adjusted EBITDA of the Group for such period to (ii) the sum of Consolidated Interest Expense of the Group for such period, plus cash and noncash dividends due (whether or not declared) on any Preferred Stock of any Group Company paid or payable during such period to any Person (other than to a Group Company or to a joint venture partner in such Group Company), in each case after giving *pro forma* effect to:

(a) the incurrence of the Indebtedness giving rise to the need to make such calculation and (if applicable) the application of the net proceeds therefrom, including to refinance other Indebtedness, as if such Indebtedness was incurred, and the application of such proceeds occurred, on the first day of such period;

(b) the incurrence, repayment or retirement of any other Indebtedness by the Group Companies since the first day of such period as if such Indebtedness was incurred, repaid or retired at the beginning of such period; *provided*, *however*, that the *pro forma* calculation of Consolidated Interest Expense shall not give effect to (A) any Indebtedness incurred on the date of determination pursuant to paragraph (b) of "*—Certain Covenants—Limitation on Indebtedness*" (other than clause (14) of such paragraph (b)) and (B) any repayment or retirement of any Indebtedness on the date of determination to the extent such repayment or retirement results from the proceeds of Indebtedness incurred pursuant to paragraph (b) of "*—Certain Covenants—Limitation on Indebtedness*" (other than clause (14) of such paragraph (b)); and

(c) any acquisition or disposition by the Group Companies of any Person or any business or any assets out of the ordinary course of business, whether by merger, consolidation, amalgamation, stock purchase or

sale or asset purchase or sale, and any related incurrence or repayment or retirement of Indebtedness, in each case since the first day of such period, assuming such acquisition or disposition had been consummated on the first day of such period;

provided that, in making any computation under clauses (a), (b) and (c) above, (A) the Consolidated Interest Expense attributable to interest on any Indebtedness computed on a *pro forma* basis and (x) bearing a floating interest rate shall be computed as if the rate in effect on the date of computation had been the applicable rate for the entire period and (y) which was not outstanding during the period for which the computation is being made but which bears, at the option of such Person, a fixed or floating rate of interest, shall be computed by applying at the option of such Person either the fixed or floating rate (in the case of clauses (x) and (y), taking into account any Interest Rate Agreement applicable to such Indebtedness for a period equal to the remaining term of such Interest Rate Agreement) and (B) the Consolidated Interest Expense attributable to interest on any Indebtedness under a revolving credit facility computed on a *pro forma* basis shall be computed based upon the average daily balance of such Indebtedness during the applicable period.

For purposes of this definition, whenever *pro forma* effect is to be given to any transaction or calculation, the *pro forma* calculations (including in respect of the Run Rate Adjustment) will be as determined in good faith by a responsible financial or accounting officer of the Parent.

"**Consolidated Income Tax Expense**" of any Person means, for any period, the provision for federal, national, state and local income taxes of the United States, United Kingdom, Germany or any other jurisdiction of such Person and its Restricted Subsidiaries for such period, on a Consolidated basis determined in accordance with IFRS.

"**Consolidated Interest Expense**" of any Person means, without duplication, for any period, the sum of:

(a) the interest expense (net of interest income) of such Person and its Restricted Subsidiaries for such period, determined on a Consolidated basis in accordance with IFRS, excluding any debt issuance costs and currency translation differences, and in each case any amortization thereof, and any interest expense on employee benefit liabilities, but including (to the extent included in such interest expense):

(1) amortization of debt discount;

(2) the net costs associated with Interest Rate Agreements and, to the extent relating to Indebtedness, Currency Hedging Agreements (but excluding, for the avoidance of doubt, net costs associated with any other Hedging Agreements);

(3) the interest portion of any deferred payment obligation;

(4) all commissions, discounts and other fees and charges owed with respect to letters of credit and bankers acceptance financing; and

(5) accrued interest; *plus*

(b) the interest component of the Finance Lease Obligations accrued by such Person and its Restricted Subsidiaries during such period, determined on a Consolidated basis in accordance with IFRS; *plus*

(c) the interest expense under any Guaranteed Debt of such Person or any of its Restricted Subsidiaries (other than in respect of any Indebtedness of such Person or any of its Restricted Subsidiaries) to the extent not included under clause (a) above (and excluding any debt issuance costs and currency translation differences, and in each case any amortization thereof, and any interest expense on employee benefit liabilities), to the extent paid by such Person or its Restricted Subsidiaries during such period.

"**Consolidated Net Income (Loss)**" of any Person means, for any period, the net income (or loss) of such Person and its Restricted Subsidiaries for such period, determined on a Consolidated basis in accordance with IFRS, adjusted, to the extent included (or, in the case of lost profits referred to in clause (q) below, not included) in calculating such net income (or loss), to exclude (or, in the case of lost profits referred to in clause (q) below, to include), without duplication:

(a) all extraordinary or exceptional gains or charges, losses or expenses, net of taxes;

(b) the portion of net income (or loss) of such Person and its Restricted Subsidiaries on a Consolidated basis attributable to interests in unconsolidated Persons or Unrestricted Subsidiaries, except to the extent that cash dividends or distributions have actually been received by such Person or any of its Restricted Subsidiaries (or, in the case of net loss of any such unconsolidated Person or Unrestricted Subsidiary, to the extent such Person or any of its Restricted Subsidiaries has made during such period a cash investment in such Person or Unrestricted Subsidiary); *provided* that, in the case of any increase in net income (or any decrease in net loss) of such Person and its Restricted Subsidiaries on a Consolidated basis attributable to interests in any unconsolidated Person, this clause (b) shall not apply to the extent the aggregate amount of such increase (or such decrease) attributable to interests in all unconsolidated Persons does not exceed for such period €10,000,000;

(c) net income (or loss) of any Person combined with such Person or any of its Restricted Subsidiaries on a "pooling of interests" basis attributable to any period prior to the date of combination;

(d) (i) any gain or charge, loss or expense, net of taxes, realized upon the termination or modification of any employee benefit plan or (ii) any non-cash interest expense on employee benefit liabilities, net of any non-cash interest income on defined benefit pension plan assets;

(e) (i) any charge, loss or expense attributable to any disposed, divested and/or discontinued operations or (ii) any gain or charge, loss or expense, net of taxes, in respect of dispositions, divestitures or discontinuation of assets or operations other than in the ordinary course of business;

(f) the net income of any Restricted Subsidiary to the extent that the declaration of dividends or similar distributions by such Restricted Subsidiary of that income is not at the time permitted, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to such Restricted Subsidiary or its shareholders, in each case, other than by encumbrances and restrictions which are not prohibited by the covenant described under "*—Certain Covenants—Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries*";

(g) the amount of any deduction attributable to non-controlling interests in any non-wholly owned Restricted Subsidiary of such Person;

(h) any net gain or charge, loss or expense arising from the acquisition of any securities or from early extinguishment of any Indebtedness or early termination of any Hedging Agreement, including any charge, loss or expense with respect to any write-off or amortization of any deferred financing costs and/or premiums paid;

(i) any non-cash compensation charge arising from any grant of stock, stock options or other equity based awards;

(j) any charges, losses or expenses attributable to the undertaking and/or implementation of restructurings, cost savings initiatives, operating improvements, business optimization initiatives and similar initiatives, including (i) charges, losses and expenses in connection with any integration, any reconfiguration of fixed assets for alternative uses, any construction, development or improvement of any assets, any opening, closure or consolidation of any operations, any project startup or any other strategic initiative, (ii) systems implementation costs and (iii) any severance costs and any retention or completion bonuses;

(k) (i) any unrealized foreign currency translation or transaction gains or losses in respect of Indebtedness or other obligations of such Person or any of its Restricted Subsidiaries, (ii) any unrealized foreign currency gains or losses relating to translation of assets and liabilities denominated in foreign currencies and (iii) any unrealized gains or losses arising from changes in the fair value of Hedging Obligations;

(l) the impact of capitalized or accreting or pay-in-kind interest or principal on Subordinated Shareholder Funding;

(m) (i) any non-cash charges, losses or expenses arising from any write-off and/or write-down of assets, including any impairment charge, or any amortization of goodwill or other intangible assets (but not depreciation of fixed assets), or (ii) any non-cash gain on revaluation of assets;

(n) the cumulative effect of a change in accounting principles;

(o) any charge, loss or expense (including non-cash charges) relating to the Transactions;

(p) any charge, loss or expense (including non-cash charges) relating to any Permitted Reorganization, including the amount of incremental amortization or depreciation arising as a result of any adjustments to inventory, equipment and other assets arising as a result of the consummation of, and any other charge, loss or expense arising from other accounting effects of the consummation of, such Permitted Reorganization;

(q) charges, losses, expenses and lost profits (as determined in good faith by the responsible financial or accounting officer of the Parent) to the extent covered by insurance or third party indemnity or similar arrangements, including any indemnification provisions in connection with any Acquisition or any disposition of assets and, in the case of lost profits, any business interruption insurance, in each case, to extent that (i) such amounts are actually reimbursed or (ii) coverage has not been denied in writing by the applicable insurer or indemnitor and the Parent has made a determination that there exists reasonable evidence that such amounts will in fact be reimbursed by the applicable insurer or indemnitor within 365 days of such determination (with a deduction for any amount so added back to the extent not so reimbursed within 365 days); and

(r) (i) any gains or charges, losses or expenses relating to contingent or deferred consideration payable by such Person or its Restricted Subsidiaries in connection with any Acquisition for such period, including any gains or charges, losses or expenses arising from changes in the fair value of such contingent or deferred consideration, (ii) the amount of incremental amortization or depreciation arising as a result of any adjustments to inventory, equipment and other assets arising as a result of the consummation of, and any other expense, loss or other charge arising from other accounting effects of the consummation of, any Acquisition and (iii) any charge, loss or expense that is established, adjusted and/or incurred, as applicable, (A) within 12 months after December 31, 2020 that is required to be established, adjusted or incurred, as applicable, as a result of the Transactions in accordance with IFRS or (B) within 12 months after the closing of any Acquisition that is required to be established, adjusted or incurred, as applicable, as a result of such Acquisition in accordance with IFRS.

"**Consolidated Non-Cash Charges**" of any Person means, for any period, the aggregate depreciation, amortization and other non-cash charges, losses or expenses of such Person and its Restricted Subsidiaries for such period on a Consolidated basis determined in accordance with IFRS (excluding any non-cash charge, loss or expense that represents an accrual or reserve for cash payments in any future period).

"**Consolidated Senior Secured Net Debt**" means, at any time:

(a) the outstanding principal amount of Funded Indebtedness that is Senior Secured Indebtedness of the Group, determined on a Consolidated basis in accordance with IFRS, at such time; *minus*

(b) the aggregate amount of cash, cash equivalents and Temporary Cash Investments (which, in each case, for purposes of this definition shall only include amounts restricted in favor of any such Indebtedness or amounts which are unrestricted, but shall not include proceeds of any incurrence of Indebtedness with respect to which the calculation is then being made) held by the Group at such time.

"**Consolidated Total Net Debt**" means, at any time:

(a) the outstanding principal amount of Funded Indebtedness of the Group, determined on a Consolidated basis in accordance with IFRS, at such time; *minus*

(b) the aggregate amount of cash, cash equivalents and Temporary Cash Investments (which, in each case, for purposes of this definition shall only include amounts restricted in favor of any such Indebtedness or amounts which are unrestricted, but shall not include proceeds of any incurrence of Indebtedness with respect to which the calculation is then being made) held by the Group at such time.

"**Consolidated Total Net Leverage Ratio**" shall mean, as at any date of determination, the ratio of (a) the Consolidated Total Net Debt of the Group as of such date to (b) Consolidated Adjusted EBITDA of the Group for the most recent period of four full fiscal quarters ending immediately prior to such date for which financial statements are available, in each case after giving *pro forma* effect to:

(a) the incurrence of any Indebtedness incurred in connection with a transaction giving rise to the need to make such calculation and (if applicable) the application of the net proceeds therefrom, including to refinance other Indebtedness, as if such Indebtedness was incurred, and the application of such proceeds occurred, on the first day of such period;

(b) the incurrence, repayment or retirement of any other Indebtedness by the Group Companies since the first day of such period as if such Indebtedness was incurred, repaid or retired at the beginning of such period; and

(c) any acquisition or disposition by the Group Companies of any Person or any business or any assets out of the ordinary course of business, whether by merger, consolidation, amalgamation, stock purchase or sale or asset purchase or sale and any related incurrence or repayment or retirement of Indebtedness, in each case since the first day of such period, assuming such acquisition or disposition had been consummated on the first day of such period.

For purposes of this definition, whenever *pro forma* effect is to be given to any transaction or calculation, the *pro forma* calculations (including with respect to the Run Rate Adjustment) will be as determined in good faith by a responsible financial or accounting officer of the Parent.

"**Consolidation**" shall mean, with respect to any Person, the consolidation of the accounts of such Person and each of its Subsidiaries (or, to the extent specified herein, its Restricted Subsidiaries) if and to the extent the accounts of such Subsidiary would be required to be consolidated with those of such Person in accordance with IFRS. The term "**Consolidated**" shall have a similar meaning.

"**Credit Facilities**" means one or more debt facilities (including debt facilities made available under, or in accordance with, the Existing Term Loan B Facilities Agreement and the Term Loan and Revolving Credit Facility Agreement) or commercial paper facilities, credit facility agreements, notes, bonds, debentures, indentures, trust deeds, fiscal agency agreements, note purchase agreements, debt instruments or arrangements with banks, insurance companies or other institutional lenders or investors providing for revolving credit loans, term loans, receivables financing (including through the sale or factoring of receivables to such lenders or investors or to special purpose entities formed to borrow from or issue securities to such lenders against such receivables), letters of credit or other forms of guarantees and assurances, notes, bonds, debentures, indentures, trust deeds, fiscal agency agreements, note purchase agreements, debt instruments or other indebtedness, including overdrafts, in each case, as amended, restated, modified, renewed, refunded, replaced, refinanced, increased or extended in whole or in part from time to time, and whether or not with the original administrative agent and lenders or another administrative agent or agents or trustee or trustees or fiscal agents or agents or other banks or other institutional lenders or investors and whether provided under the Existing Term Loan B Facilities Agreement, the Term Loan and Revolving Credit Facility Agreement, the Existing Indenture or one or more other credit agreements or financing agreements or indentures or trust deeds or fiscal agency agreements or note purchase agreements or other debt instruments and in each case including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including any notes, bonds, debentures and letters of credit issued pursuant thereto and any guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term "**Credit Facility**" shall include any agreement or instrument (a) changing the maturity of any Indebtedness incurred thereunder or contemplated thereby, (b) adding Subsidiaries of the Parent as additional borrowers or guarantors thereunder, (c) increasing the amount of Indebtedness incurred thereunder or available to be borrowed thereunder or (d) otherwise altering the terms and conditions thereof.

"**Currency Hedging Agreements**" means any foreign exchange contracts, currency swap agreements or other similar agreements or arrangements designed to protect against fluctuations in currency values.

"**Declined Proceeds**" means the share of any mandatory prepayment required to be made under the Existing Term Loan B Facilities Agreement or the Term Loan and Revolving Credit Facility Agreement rejected by any lenders thereunder pursuant to the terms thereof.

"**Default**" means any event, act or condition that with notice or lapse of time, or both, would constitute an Event of Default.

"**Designated Non-Cash Consideration**" means the Fair Market Value of non-cash consideration received by the Parent or any of its Restricted Subsidiaries in connection with an Asset Sale that is designated as "Designated Non-Cash Consideration" pursuant to an Officer's Certificate of the Parent delivered to the Trustee, which certificate shall set forth the basis of such valuation, less the amount of cash, cash equivalents or Temporary Cash Investments received in connection with a subsequent payment, redemption, retirement, sale or other disposition of such Designated Non-Cash Consideration. A particular item of Designated Non-Cash Consideration will no longer be considered to be outstanding when and to the extent it has been paid, redeemed, retired, sold or otherwise disposed of in compliance with the covenant described under "*—Limitation on Sale of Assets*".

"**Designation**" has the meaning provided under the "*—Limitation on Unrestricted Subsidiaries*" covenant.

"**Designation Amount**" has the meaning provided under the "*—Limitation on Unrestricted Subsidiaries*" covenant.

"**Disinterested Director**" means, with respect to any transaction or series of related transactions, a member of the Board of Directors of the Parent who does not have any material direct or indirect financial interest in or with respect to such transaction or series of related transactions. A member of the Board of Directors of the Parent shall not be deemed to have such a financial interest by reason of such member's holding Capital Stock of the Parent or any Parent Holdco or Financing Subsidiary or any options, warrants or other rights in respect of such Capital Stock.

"**Enterprise Business**" means INOVYN Limited's legacy salt, sulphur chemicals, biofuels and esters businesses, but excluding its brine and water business, which was divested as part of the creation of the INOVYN joint venture between an Affiliate of INEOS and an Affiliate of Solvay SA, a *société anonyme* organized under the laws of Belgium, and any successor thereto.

"**Escrow Indebtedness**" means Indebtedness that is initially incurred by a Person that is not the Parent or a Restricted Subsidiary of the Parent and the proceeds of which are initially funded and held in escrow pending such Person becoming a Restricted Subsidiary of the Parent or transferring its assets to, or merging, consolidating or amalgamating with, the Parent or a Restricted Subsidiary of the Parent.

"**Escrowed Proceeds**" means the proceeds from the issuance of any debt securities or incurrence of any other Indebtedness paid into any escrow account on the date of the applicable issuance or incurrence pursuant to escrow arrangements that permit the release of amounts on deposit in such escrow account upon satisfaction of certain conditions or the occurrence of certain events, together with any cash, cash equivalents or Temporary Cash Investments paid into such escrow account to prefund the payment of interest, premiums, make-whole amounts, fees, costs or other expenses on such debt securities or such other Indebtedness. The term "**Escrowed Proceeds**" shall include any such escrow account and all funds, securities, interest, dividends, distributions and other property and payments deposited into or credited to such escrow account.

"**Euro**" or "**€**" shall mean the single currency of Participating Member States of the European Union.

"**Euro Equivalent**" means, (a) with respect to any amount in Euro, such amount and (b) with respect to any amount in a currency other than Euro, as of any date, the equivalent of such amount in Euro to be determined at the rate of exchange quoted by the Reuters World Currency Page for such currency other than Euro (or by reference to such other publicly available service for displaying exchange rates as may be selected by the Parent) on or about the date of determination of such Euro Equivalent.

"**Euroclear**" means Euroclear Bank SA/NV.

"**European Government Obligations**" means direct obligations (or certificates representing an ownership interest in such obligations) of a member state of the European Union (including any agent or instrumentality thereof) for the payment of which the full faith and credit of such government is given.

"**Event of Default**" has the meaning provided under the caption "*—Events of Default*."

"**Exchange Act**" means the U.S. Securities Exchange Act of 1934, as amended, or any successor statute, and the rules and regulations promulgated by the Commission thereunder.

"**Excluded Jurisdiction**" means China (excluding Hong Kong), India, Indonesia, Jordan, Malaysia, Taiwan, Trinidad and Tobago and Turkey.

"**Excess Proceeds**" has the meaning provided under the "*—Limitation on Sale of Assets*" covenant.

"**Excluded Property**" has the meaning provided under clause (a)(e) of "*—Brief Description of the Senior Notes, the Guarantees and the Security—Security—The Security Principles*".

"**Existing Credit Facilities**" means the Term Loan A Facilities, the Revolving Credit Facility and the Existing Term Loan B Facility.

"**Existing Indenture**" means the indenture dated as of January 31, 2020, among INEOS Styrolution Group GmbH, as the issuer, the guarantors named therein, The Bank of New York Mellon, London Branch, as trustee and principal paying agent, The Bank of New York Mellon SA/NV, Luxembourg Branch, as registrar, Luxembourg transfer agent and paying agent and Barclays Bank PLC, as security agent, as it may from time to time be supplemented or amended by one or more indentures supplemental thereto entered into pursuant to the applicable provisions thereof.

"**Existing Notes**" means the €600,000,000 aggregate principal amount of $2^{1}/_{4}$% Senior Secured Notes due January 16, 2027, issued by INEOS Styrolution Group GmbH on January 31, 2020.

"**Existing Term Loan B Facilities**" means the term loan facilities made available to INEOS Styrolution US Holding LLC and INEOS Styrolution Group GmbH pursuant to the Existing Term Loan B Facilities Agreement.

"**Existing Term Loan B Facilities Agreement**" means the credit agreement dated as of November 7, 2014 between, among others, INEOS Styrolution Group GmbH and INEOS Styrolution US Holding LLC as borrowers and guarantors, the other guarantors from time to time party thereto and Barclays Bank PLC as Administrative Agent and Security Agent, as amended and restated as of March 30, 2017 and as further amended and restated as of November 22, 2017, as further amended and restated as of January 31, 2020, as further amended on or prior to the Issue Date.

"**Fair Market Value**" as used in the Senior Notes Indenture (except in relation to an enforcement action or distressed disposal pursuant to the Intercreditor Agreement and except as otherwise specifically provided in the Senior Notes Indenture) shall be determined by the Board of Directors of the Parent in good faith, and may be conclusively established by means of an Officer's Certificate or a resolution of the Board of Directors of the Parent delivered to the Trustee, in each case, setting forth such fair market value as so determined.

"**Finance Lease Obligation**" of any Person shall mean any obligation of such Person under any lease of (or other agreement conveying the right to use) real or personal property which, in accordance with IFRS, is required to be accounted for as a finance lease. The amount of such obligation shall be the capitalized amount thereof determined in accordance with IFRS.

"**Financing Subsidiary**" means a financing Subsidiary of any Parent Holdco that is not the Parent or a Restricted Subsidiary of the Parent.

"**Fitch**" means Fitch Ratings, and any successor to its rating agency business.

"**French Guarantor**" means any Guarantor organized under the laws of France.

"**Fund**" means any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or investing in commercial loans and similar extensions of credit in the ordinary course.

"**Funded Indebtedness**" means Indebtedness of the type referred to in clauses (a), (b), (c) (solely with respect to Indebtedness in respect of drawings under letters of credit that have not been reimbursed), (d), (e), (g) and (j) of the definition of such term; *provided* that, to the extent otherwise included therein, Funded Indebtedness shall not include any Indebtedness in respect of any Cash Management Arrangements or any Hedging Agreements; *provided further* that Indebtedness of the type referred to in clauses (d) and (e) of the definition of such term shall constitute Funded Indebtedness only if such Indebtedness would be reflected as financial indebtedness (or a similar line item) on the Parent's Consolidated balance sheet prepared in accordance with IFRS.

"**German Guarantor**" means any Guarantor organized under the laws of Germany.

"**Governmental Authority**" means any nation, sovereign or government, any state, province, territory or other political subdivision thereof, and any entity or authority exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including a central bank or stock exchange.

"**Guarantee**" means the guarantee by any Guarantor of the Senior Notes.

"**Guaranteed Debt**" of any Person means, without duplication, all Indebtedness of any other Person (the "**debtor**") guaranteed directly or indirectly in any manner by such Person, or in effect guaranteed directly or indirectly by such Person through an agreement:

(a) to pay or purchase such Indebtedness or to advance or supply funds for the payment or purchase of such Indebtedness;

(b) to purchase property or services primarily for the purpose of enabling the debtor to make payment of such Indebtedness or to assure the holder of such Indebtedness against loss;

(c) to supply funds to, or in any other manner invest in, the debtor (including any agreement to pay for property or services without requiring that such property be received or such services be rendered);

(d) to maintain working capital or equity capital of the debtor, or otherwise to maintain the net worth, solvency or other financial condition of the debtor or to cause such debtor to achieve certain levels of financial performance; or

(e) otherwise to assure the holder of such Indebtedness against loss;

provided that the term "**Guaranteed Debt**" shall not include (i) endorsements for collection or deposit, in either case in the ordinary course of business, or (ii) any liability owing to customers or suppliers in respect of volume offtake, transportation or capacity reservation arrangements (including pursuant to take-or-pay arrangements) or forward purchase arrangements.

"**Guaranteed Hedging and Cash Management Obligations**" means all obligations, of whatever nature and whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired, of any Group Company arising in respect of

(a) any Hedging Agreement that, in each case, is permitted under the Senior Notes Indenture and the obligations under which are designated as "Guaranteed Hedging and Cash Management Obligations" by written notice from the Parent to the Trustee; and

(b) any Cash Management Arrangements where such Cash Management Arrangements are provided pursuant to an agreement or agreements the obligations under which are designated as "Guaranteed Hedging and Cash Management Obligations" by written notice from the Parent to the Trustee;

provided that the Parent may terminate any such designation with respect to any such obligations under any Hedging Agreement or any such other agreement, in each case, by providing a written notice thereof from the Parent to the Trustee and an Officer's Certificate to the effect that at the time of such termination no obligations of any Group Company are outstanding thereunder.

"**Guarantors**" means (i) the Initial Guarantors, (ii) the Subsequent Guarantors and (iii) any other Person that is required after the Issue Date to provide a Guarantee of the Senior Notes pursuant to "*—Certain Covenants—Limitation on Issuance of Guarantees of Indebtedness by Restricted Subsidiaries*" or that otherwise provides a Guarantee of the Senior Notes after the Issue Date, in each case until (x) the Guarantee of such Person has been released in accordance with the provisions of the Senior Notes Indenture or (y) a successor replaces such Person pursuant to the applicable provisions of the Senior Notes Indenture and, thereafter (until the Guarantee of such successor has been so released), shall mean such successor.

"**Guarantor Surviving Entity**" has the meaning provided in clause (a)(2) of "*—Consolidation, Merger, Sale of Assets—Subsidiary Guarantors*".

"**Group**" means the Parent and its Restricted Subsidiaries from time to time.

"**Group Company**" means a member of the Group.

"**Hedge Counterparty**" has the meaning set forth in the Intercreditor Agreement.

"**Hedging Agreements**" means any Interest Rate Agreements, Currency Hedging Agreements or Commodity Hedging Agreements.

"**Hedging Obligations**" means, with respect to any Person, the obligations of such Person under any Hedging Agreement.

"**IFRS**" means the accounting standards issued by the International Accounting Standards Board and its predecessors, as adopted by the European Union or the United Kingdom, as in effect from time to time; *provided* that if the Parent, by written notice to the Trustee, shall request an amendment to any provision of the Senior Notes Indenture to eliminate the effect of any change occurring after July 31, 2020 in IFRS or in the application thereof on the operation of such provision, regardless of whether any such notice is given before or after such change in IFRS or in the application thereof, then such provision shall be interpreted on the basis of IFRS as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance with the Senior Notes Indenture and therewith. At any time, the Parent may elect to apply generally accepted accounting principles in the United States ("**U.S. GAAP**") in lieu of IFRS and, upon any such election, references herein to IFRS shall thereafter be construed to mean U.S. GAAP as in effect from time to time; *provided* that any such election, once made, shall be irrevocable and that upon first reporting its fiscal year results under U.S. GAAP, the Parent shall restate its financial statements on the basis of U.S. GAAP for the fiscal year ending immediately prior to the first fiscal year for which financial statements have been prepared on the basis of U.S. GAAP. The Parent shall give notice of any such election to the Trustee.

"**Immaterial Subsidiary**" means a Subsidiary which has not traded or has ceased trading and which does not own assets or have liabilities, in either case, with an aggregate value greater than €200,000 (or its equivalent); *provided* that any asset or liability which consists solely of a claim by a Subsidiary upon another Subsidiary where but for that asset or liability, both Subsidiaries would be Immaterial Subsidiaries under this definition shall be disregarded.

"**incur**" has the meaning provided in paragraph (a) of "*—Certain Covenants—Limitation on Indebtedness*".

"**Indebtedness**" means, with respect to any Person, without duplication:

(a) the principal amount of all indebtedness of such Person for borrowed money;

(b) the principal amount of all obligations of such Person evidenced by bonds, notes, debentures or other similar instruments;

(c) all obligations, contingent or otherwise, of such Person in respect of any letters of credit issued under letter of credit facilities, acceptance facilities or other similar facilities (including reimbursement obligations with respect thereto, except to the extent such reimbursement obligations relate to a trade payable and such obligation is satisfied within 30 days of incurrence);

(d) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business (it being agreed that the amount of Indebtedness under this clause (d) will be the lesser of (i) the Fair Market Value of such property at the date of determination and (ii) the amount of such indebtedness);

(e) the principal component of all obligations of such Person to pay the deferred purchase price of property or services, excluding (x) any obligations owing to customers or suppliers in respect of volume offtake, transportation or capacity reservation arrangements (including pursuant to take-or-pay arrangements) or forward purchase arrangements and any trade payables or other accrued current liabilities arising in the ordinary course of business and (y) any guarantees of any obligations referred to in clause (i);

(f) all obligations under Hedging Agreements of such Person (excluding any Metals Arrangement to the extent constituting a Hedging Agreement solely as a result of clause (b) of the definition of "Commodity Hedging Agreement") (the amount of any such obligations to be equal at any time to the

termination value of the applicable Hedging Agreement giving rise to such obligation that would be payable by such Person at such time, giving effect to any netting arrangements);

(g) all Finance Lease Obligations of such Person;

(h) all obligations referred to in clauses (a) through (g) above of other Persons (but only to the extent such obligations constitute Indebtedness) the payment of which is secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on any property (including accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Indebtedness (it being agreed that the amount of Indebtedness under this clause (h) will be the lesser of (i) the Fair Market Value of such property at the date of determination and (ii) the amount of such Indebtedness of such other Person);

(i) all Guaranteed Debt of such Person; and

(j) all Attributable Debt of such Person.

Notwithstanding the foregoing and, when applicable, for the avoidance of doubt, the term "**Indebtedness**" shall not include:

(i) Subordinated Shareholder Funding;

(ii) [Reserved];

(iii) contingent obligations incurred in the ordinary course of business;

(iv) in connection with any Acquisition by the Parent or any of its Restricted Subsidiaries, any earnout, indemnity or other contingent obligation or any purchase price adjustment, in each case, until such obligation (A) becomes fixed and determined and (B) has not been paid within 30 days after becoming due and payable;

(v) deferred compensation payable to directors, officers, employees or consultants and any obligations in respect of workers' compensation claims, early retirement obligations, pension fund obligations or contributions or social security or wage Taxes;

(vi) any obligations under any Profit Pooling Agreement;

(vii) deferred or prepaid revenues;

(viii) prepayments or deposits received from clients or customers in the ordinary course of business;

(ix) obligations under any license, permit or other approval (or guarantees given in respect of such obligations) incurred in the ordinary course of business;

(x) accrued expenses and trade payables (including non-interest bearing installment obligations and accrued liabilities (or forward purchase agreements) incurred in the ordinary course of business that are not more than 120 days past due);

(xi) obligations in respect of performance, completion, surety, Tax, appeal, judgment, advance payment, customs or VAT bonds, guarantees or similar instruments provided by the Parent or any of its Restricted Subsidiaries in the ordinary course of business;

(xii) obligations in respect of letters of credit and bank guarantees provided by the Parent or any of its Restricted Subsidiaries in the ordinary course of business, to the extent such letters of credit or bank guarantees are not drawn upon or, if and to the extent drawn upon, are reimbursed no later than the fifth Business Day following receipt by such Person of a demand for reimbursement following such drawing; or

(xiii) indebtedness incurred by the Parent or any of its Restricted Subsidiaries in connection with a transaction where (A) such indebtedness is borrowed from a bank or trust company, having a combined

capital and surplus and undivided profits of not less than €250.0 million and whose debt has a rating immediately prior to the time such transaction is entered into of at least BBB− or the equivalent thereof by S&P and Baa3 or the equivalent thereof by Moody's and (B) a substantially concurrent Investment is made by the Parent or any of its Restricted Subsidiaries in the form of cash deposited with the lender of such indebtedness, or a Subsidiary or Affiliate thereof, in an amount equal to such indebtedness.

"**INEOS**" means INEOS AG, a company registered in Switzerland, and any successor thereto.

"**INEOS Capital**" means the Permitted Holders and any Person controlled by any of them that controls the Parent.

"**INEOS Quattro Financing Limited**" means INEOS Quattro Financing Limited (formerly, INEOS Styrolution Financing Limited), a limited liability company incorporated under the laws of England and Wales with registered number 09922303 and having its registered office at Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG.

"**INEOS Quattro Holdings Limited**" means INEOS Quattro Holdings Limited (formerly, INEOS Styrolution Holding Limited), a limited liability company incorporated under the laws of England and Wales with registered number 09922632 and having its registered office at Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG.

"**INEOS Styrolution Group GmbH**" means INEOS Styrolution Group GmbH (formerly known as Styrolution Group GmbH), a limited liability company (*Gesellschaft mit beschränkter Haftung*) incorporated under the laws of Germany.

"**Initial Guarantors**" means INEOS 226 Limited; INEOS Acetyls UK Limited; INEOS Styrolution America LLC; INEOS Styrolution Europe GmbH; INEOS Styrolution Group GmbH; INEOS Styrolution Holding GmbH; INEOS Styrolution Investment GmbH; INEOS Styrolution Köln GmbH; INEOS Styrolution Ludwigshafen GmbH; INEOS Styrolution US Holding LLC; INEOS US Petrochem LLC; the Senior Secured Notes Issuer; the Company; and the Parent.

"**Initial Purchasers**" means Barclays Bank PLC; Barclays Capital, Inc.; BNP Paribas; Citigroup Global Markets Inc.; Citigroup Global Markets Limited; Goldman Sachs Bank Europe SE; HSBC Bank PLC; J.P. Morgan Securities PLC; ABN AMRO Bank N.V.; Banco Santander, S.A.; BofA Securities, Inc.; Commerzbank Aktiengesellschaft; Commerz Markets LLC; Crédit Agricole Corporate and Investment Bank; Credit Suisse Securities (Europe) Limited; Deutsche Bank AG, London Branch; Fifth Third Securities, Inc.; ICBC Standard Bank Plc; ING Bank N.V., London Branch; Intesa Sanpaolo S.p.A.; KBC Bank NV; Lloyds Bank Corporate Markets plc; Merrill Lynch International; Mizuho International plc; Mizuho Securities USA LLC; Morgan Stanley & Co. International plc; MUFG Securities EMEA plc; MUFG Securities Americas Inc.; NatWest Markets Plc; and NatWest Markets Securities Inc.

"**INOVYN Contribution**" means (a) the transfer of 94.9% of the issued and outstanding Capital Stock in INOVYN Limited to the Parent in consideration of an issuance by the Parent of Qualified Capital Stock in the Parent and (b) the transfer of 94.9% of the issued and outstanding Capital Stock in INOVYN Limited by the Parent to the Company in consideration of an issuance by the Company of Qualified Capital Stock in the Company to the Parent, with INOVYN Limited and its Subsidiaries becoming Subsidiaries of the Company as a result of such transfers.

"**INOVYN Credit Agreement**" means the Credit Agreement dated as of May 13, 2016, as amended and restated as of March 9, 2020, among INOVYN Finance plc, INOVYN Limited, the other guarantors from time to time party thereto, the lenders from time to time party thereto, J.P. Morgan Europe Limited, as administrative agent, and The Bank of New York Mellon, London Branch, as security agent.

"**INOVYN Credit Agreement Loans**" means any loans made under the INOVYN Credit Agreement.

"**INOVYN Entity**" means INOVYN Limited or any Subsidiary thereof.

"**INOVYN Finance plc**" shall mean INOVYN Finance plc, a public limited company incorporated under the laws of England and Wales with registered number 07027513.

"**INOVYN Limited**" shall mean INOVYN Limited, a company incorporated under the laws of England and Wales with registered number 08696245.

"**INOVYN Securitization Program**" shall mean the trade receivables securitization, entered into on November 28, 2008, by INOVYN Group Treasury Limited (formerly INEOS Norway SPV Limited) and certain other Subsidiaries of INOVYN Finance plc as receivables sellers, as amended, supplemented, varied, novated, extended or replaced from time to time.

"**Intellectual Property**" means the Intellectual Property Rights owned or used by any Group Company throughout the world or the interests of any Group Company in any such Intellectual Property Rights, together with the benefit of all agreements entered into or the benefit of which is enjoyed by any Group Company relating to the use or exploitation of any such Intellectual Property Rights.

"**Intellectual Property Rights**" means all patents and patent applications, trade and service marks and trade and service mark applications (and all goodwill associated with any such registrations and applications), all brand and trade names, all copyrights and rights in the nature of copyright, all design rights, all registered designs and applications for registered designs, all inventions, all trade secrets, all know-how and all other intellectual property rights throughout the world.

"**Intercreditor Agreement**" means the Intercreditor Agreement dated November 7, 2014, as amended and restated as of January 31, 2020, among, *inter alios*, the Company, the Parent, Barclays Bank PLC, as administrative agent under the Existing Term Loan B Facilities Agreement and the Security Agent, and, to the extent applicable, any other intercreditor agreement entered into that is permitted under "*—Certain Covenants—Intercreditor Agreement; Additional Intercreditor Agreement*" and to which the Trustee will accede on the Issue Date.

"**Interest Rate Agreements**" means any interest rate protection agreements (including interest rate swaps, caps, floors, collars and similar agreements) and any interest rate hedging agreements of any other type.

"**Investment**" means, with respect to any Person, directly or indirectly, any advance, loan or other extension of credit (including guarantees) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or any purchase or acquisition by such Person of any Capital Stock, bonds, notes, debentures or other securities issued by any other Person; *provided* that:

(a) Hedging Obligations entered into for bona fide business purposes (including any commodity trading or commodity risk management business) and not for speculative purposes, as determined in good faith by the Board of Directors or senior management of the Parent;

(b) endorsements of negotiable instruments and documents in the ordinary course of business;

(c) any advances, loans or other extensions of credit to customers or suppliers in the ordinary course of business; and

(d) any liability owing to customers or suppliers in respect of volume offtake, transportation or capacity reservation arrangements (including pursuant to take-or-pay arrangements) or forward purchase arrangements;

shall in each case be deemed not to be an Investment.

For purposes of "*—Certain Covenants—Limitation on Restricted Payments*":

(a) Investment will include the Designation Amount as and to the extent set forth in the third paragraph of the covenant under the caption "*—Certain Covenants—Limitation on Unrestricted Subsidiaries*"; *provided*, *however*, that upon a Redesignation of any Unrestricted Subsidiary as a Restricted Subsidiary of the Parent, the Parent will be deemed to continue to have a permanent "Investment" in such Unrestricted Subsidiary in an amount (if positive) equal to (i) the Parent's "Investment" in such Subsidiary at the time of such Redesignation less (ii) the portion (proportionate to the Parent's equity interest in such Subsidiary) of the Fair Market Value of the net assets of such Unrestricted Subsidiary at the time that such Unrestricted Subsidiary is so Redesignated as a Restricted Subsidiary of the Parent; and

(b) any property transferred to or from an Unrestricted Subsidiary will be valued at its Fair Market Value at the time of such transfer.

The amount of any Investment outstanding at any time shall be the original cost of such Investment plus the cost of all additional Investments therein by the Parent or any of its Restricted Subsidiaries, without any adjustments for increases or decreases in value, or write-ups, write-downs or write-offs with respect to such Investment, reduced (at the Parent's option) by any dividend, distribution, interest payment, return of capital, repayment or other amount or value received in respect of such Investment.

"**Investment Grade Rating**" shall mean, with respect to any Rating Agency:

(a) in the case of S&P, a rating of "BBB−" or higher;

(b) in the case of Moody's, a rating of "Baa3" or higher;

(c) in the case of Fitch, a rating of "BBB−" or higher; or

(d) in the case of any other Rating Agency, the equivalent of any such rating by such Rating Agency.

"**Investment Grade Status**" shall occur if the Senior Notes shall have an Investment Grade Rating from at least two Ratings Agencies.

"**Italian Guarantor**" means any Guarantor organized under the laws of Italy.

"**Italian Security Document**" means any Security Document that is governed by the laws of Italy

"**Item**" has the meaning provided in paragraph (c) of "*Certain Calculations*".

"**Issue Date**" means the original issue date of the Senior Notes under the Senior Notes Indenture.

"**Issuer Surviving Entity**" has the meaning provided in clause (a)(2) of "*—Certain Covenants—Consolidation, Merger, Sale of Assets—Issuer*".

"**LC Account Party**" means any Restricted Subsidiary of the Parent that is an account party, borrower or guarantor in respect of any LC Facility; *provided* that immediately prior to becoming an account party, borrower or guarantor in respect of any LC Facility, such Restricted Subsidiary would constitute an Immaterial Subsidiary and thereafter does not carry on any business other than being an account party, borrower or guarantor in respect of (a) such LC Facility or any other LC Facility, (b) any letters of credit issued in the ordinary course of business with respect to trade payables, (c) any other letters of credit, bank guarantees, surety, performance, completion, Tax, appeal, judgment, advance payment, customs or VAT bonds, guarantees or similar instruments, in each case issued in the ordinary course of business and not in connection with the borrowing of money, including letters of credit, bank guarantees or similar instruments in respect of self-insurance and workers compensation obligations, or (d) any Cash Management Arrangements.

"**LC Facility**" means (a) for so long as INOVYN Limited is a Restricted Subsidiary of the Parent, (i) the on-demand letter of credit facility entered into on October 12, 2015, as amended on October 30, 2015, between INOVYN Group Treasury Limited as the borrower and Barclays Bank PLC as the issuing bank, or (ii) the on-demand letter of credit facility entered into on October 30, 2015, as amended on March 22, 2017 and May 24, 2018, between INOVYN Group Treasury Limited as the borrower and ING Bank N.V. as the issuing bank or (b) any other letter of credit, bank guarantee, performance bonds or similar working capital facility; *provided* that the aggregate outstanding principal amount of Indebtedness under all LC Facilities shall not exceed €300.0 million (or its equivalent) at any time.

"**Lien**" means any mortgage or deed of trust, charge, pledge, lien (statutory or otherwise), privilege (including "*voorrecht/privilège*"), security interest, assignment or transfer for security purposes, easement, hypothecation, claim, preference, priority, mandate ("*mandaat/mandat*") to create a mortgage or pledge over business assets or other encumbrance upon or with respect to any property of any kind (including any conditional sale or other title retention agreement or any Finance Lease Obligation), real or personal, movable or immovable, now owned or hereafter acquired. A Person will be deemed to own subject to a Lien any property which it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement or other title retention agreement or any Finance Lease Obligation.

"**Limited Condition Transaction**" means any Acquisition, Investment, disposition, Restricted Payment or Permitted Payment.

"**Long-Term Indebtedness**" shall mean any Indebtedness that, in accordance with IFRS, constitutes (or, when incurred, constituted) a long-term liability.

"**Management Advances**" means loans or advances made to, or guarantees with respect to loans or advances made to, directors, officers, employees or consultants of any Parent Holdco, the Parent or any Restricted Subsidiary:

(a) in respect of travel, entertainment or moving related expenses incurred in the ordinary course of business;

(b) in respect of moving related expenses incurred in connection with any closing or consolidation of any facility or office; or

(c) in the ordinary course of business and (in the case of this clause (c)) not exceeding €20.0 million in the aggregate outstanding at any time.

"**Material Real Property**" means (a) any real property owned by the Issuer or any Guarantor in fee that constitutes Collateral as of the Issue Date and (b) any other real property owned by the Issuer or any Guarantor in fee and that, as of the Issue Date or as of the time of the acquisition thereof by the Issuer or such Guarantor, has a Fair Market Value in excess of €20.0 million.

"**Maturity**" means, when used with respect to the Senior Notes, the date on which the principal of the Senior Notes becomes due and payable as therein provided or as provided in the Senior Notes Indenture, whether at Stated Maturity, the Offer Date or the redemption date and whether by declaration of acceleration, offer in respect of Excess Proceeds, Change of Control Offer in respect of a Change of Control, call for redemption or otherwise.

"**Metals Arrangements**" means any lease or sublease (for a term not to exceed one year, subject to renewals), consignment or other arrangement with respect to precious, semi-precious or other metals entered into by the Parent or any Restricted Subsidiary in the ordinary course of business. Any Metals Arrangement may constitute a Cash Management Arrangement or a Commodity Hedging Agreement, as elected by the Parent in its sole discretion.

"**Mexican Subsidiary**" means INEOS Styrolution Mexicana, S.A. de C.V.

"**Moody's**" means Moody's Investors Service, Inc. or any successor to its rating business.

"**Net Cash Proceeds**" means:

(a) with respect to any Asset Sale by any Person, the proceeds thereof (without duplication in respect of all Asset Sales) in the form of cash, cash equivalents or Temporary Cash Investments, including payments in respect of deferred payment obligations or purchase price adjustments when received in the form of, or stock or other assets or any Designated Non-Cash Consideration when disposed of for, cash, cash equivalents or Temporary Cash Investments, but only as and when received and excluding any other consideration received in the form of assumption by the acquiring Person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Sale (in each case, except to the extent that the proceeds of such Asset Sale are financed by, or the properties or assets that are the subject of such Asset Sale are disposed with recourse to, the Parent or any Restricted Subsidiary), net of:

(1) brokerage commissions and other reasonable fees and expenses (including fees and expenses of counsel and investment bankers) related to such Asset Sale;

(2) provisions for all Taxes payable as a result of such Asset Sale;

(3) provisions for payments made in respect of earn-out obligations and purchase price adjustments, including in respect of working capital items;

(4) payments made to retire Indebtedness where such Indebtedness is secured by the assets or properties the subject of such Asset Sale (but excluding assets or properties that are subject to Liens created by the Security Documents);

(5) amounts required to be paid to any Person (other than the Parent or any Restricted Subsidiary) owning a beneficial interest in the assets subject to such Asset Sale; and

(6) appropriate amounts to be provided by the Parent or any Restricted Subsidiary, as the case may be, as a reserve, in accordance with IFRS, against any liabilities associated with such Asset Sale and retained by the Parent or any Restricted Subsidiary, as the case may be, after such Asset Sale, including pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, all as reflected in an Officer's Certificate delivered to the Trustee; and

(b) with respect to any capital contributions, issuance or sale or exercise (as applicable) of Capital Stock or options, warrants or rights to purchase Capital Stock, or debt securities or Capital Stock that have been converted into or exchanged for Capital Stock as referred to under "*—Certain Covenants—Limitation on Restricted Payments*", the proceeds thereof in the form of cash, cash equivalents or Temporary Cash Investments, including payments in respect of deferred payment obligations when received in the form of, or stock or other assets when disposed of for, cash, cash equivalents or Temporary Cash Investments (in each case, except to the extent that the proceeds of such contribution, issuance, sale or exercise are financed by the Parent or any Restricted Subsidiary), net of attorney's fees, accountant's fees and brokerage, consultation, underwriting and other fees (including placement agents' fees, listing fees, or other discounts and commissions) and expenses actually incurred in connection therewith and net of Taxes paid or payable as a result thereof.

"**New Term Loan B Facilities**" means (i) the $2,000.0 million term loan facility to be made available to INEOS US Petrochem LLC on or about the Issue Date pursuant to the Term Loan and Revolving Credit Facility Agreement and (ii) the €1,500.0 million term loan facility to be made available to INEOS 226 Limited on or about the Issue Date pursuant to the Term Loan and Revolving Credit Facility Agreement, collectively.

"**Offer Date**" has the meaning provided in clause (c)(3) of the "*—Limitation on Sale of Assets*" covenant.

"**Offered Price**" has the meaning provided in clause (c)(3) of the "*—Limitation on Sale of Assets*" covenant".

"**Officer's Certificate**" means a certificate signed (without personal liability) by an officer of the Parent, the Company, the Issuer, or any other Guarantor or a Surviving Entity, as the case may be, and delivered to the Trustee.

"**Parent**" means

(a) INEOS Quattro Holdings Limited, until any designation is made in accordance with clause (b) below; or

(b) any other Person that guarantees (or, substantially concurrently with such designation, will guarantee, including as a result of the assumption of obligations referred to in clause (ii) below) the Senior Notes and is designated, as part of any Permitted Reorganization, by the then current Parent to be the "Parent" by written notice to the Trustee, *provided* that (i) the Issuer is a wholly owned direct or indirect Subsidiary of such other Person and (ii) such other Person expressly assumes the obligations of the Parent under the Senior Notes Indenture, the Intercreditor Agreement and the other Senior Notes Documents to which the Parent is a party pursuant to agreements reasonably satisfactory to the Trustee;

in each case, until a successor replaces such Person pursuant to "*—Certain Covenants—Consolidation, Merger, Sale of Assets—The Parent*", and thereafter (unless another Person is designated in accordance with clause (b) of this definition), shall mean such successor. It is understood and agreed that any designation under clause (b) of this definition may be made concurrently with any designation under clause (b) of the definition of the Parent, in which case the satisfaction of the requirements set forth in clause (b) of this definition shall be determined on a *pro forma* basis immediately after giving effect to each such designation.

In the event any other Person is designated as the "Parent" pursuant to and in accordance with the provisions of clause (b) above, upon the effectiveness of such designation the Person that was the Parent immediately prior thereto shall cease to be the "Parent" for all purposes of the Senior Notes Indenture and the other Senior Notes Documents.

"**Parent Surviving Entity**" has the meaning provided in clause (a)(ii) of "*—Certain Covenants—Consolidation, Merger, Sale of Assets—The Parent*".

"**Parent Holdco**" means any Person (other than a natural person) of which the Parent is or becomes a direct or indirect Subsidiary; *provided* that the primary purpose of such Person is to serve as a direct or indirect holding company of the Parent.

"**Parent Intermediate Holdco**" means any Subsidiary of the Parent of which the Issuer is a direct or indirect Subsidiary.

"***Pari Passu* Debt Amount**" has the meaning provided in clause (c)(2) of the "*—Limitation on Sale of Assets*" covenant.

"***Pari Passu* Indebtedness**" means (a) any Indebtedness of the Issuer that is *pari passu* in right of payment to the Senior Notes and (b) any Indebtedness (including any Guarantee) of the Parent or any Subsidiary Guarantor that is *pari passu* in right of payment to the Guarantee of the Parent or such Subsidiary Guarantor.

"***Pari Passu* Offer**" has the meaning provided in clause (c)(2) of the "*—Limitation on Sale of Assets*" covenant.

"**Participating Member State**" means any member state of the European Union that has the Euro as its lawful currency in accordance with legislation of the European Union relating to Economic and Monetary Union.

"**Paying Agent**" means any Person authorized by the Parent or the Issuer to pay the principal of (and premium, if any), or interest on any Senior Note on behalf of the Issuer.

"**Permitted Asset Swap**" means the concurrent purchase and sale or exchange of assets used or useful in a business, service or activity relating to the business of the Parent and its Restricted Subsidiaries or a combination of such assets and cash, cash equivalents or Temporary Cash Investments between the Parent or any of its Restricted Subsidiaries and another Person; *provided* that any cash, cash equivalents and Temporary Cash Investments received in excess of the value of any cash, cash equivalents and Temporary Cash Investments sold or exchanged shall, to the extent constituting Net Cash Proceeds, be applied in accordance with the provisions of the covenant described under "*—Certain Covenants—Limitation on Sale of Assets*".

"**Permitted Collateral Liens**" means

(a) Liens to secure any Indebtedness of the Parent or any Restricted Subsidiary that is permitted to be incurred under clause (b)(1), (b)(2)(B) or (b)(2)(C) of "*—Certain Covenants—Limitation on Indebtedness*" (or, in the case of Liens on any property or assets of any Parent Holdco, any guarantee of any such Indebtedness);

(b) Liens to secure the Senior Notes issued on the Issue Date and any related Guarantees (whether provided on or after the Issue Date);

(c) Liens to secure any Indebtedness of the Parent or any Restricted Subsidiary that is permitted to be incurred under clause (b)(6)(to the extent such guarantee is in respect of Indebtedness otherwise permitted to be secured and specified in this definition of Permitted Collateral Liens), (b)(8) or (b)(19) of "*—Certain Covenants—Limitation on Indebtedness*" (or, in the case of Liens on any property or assets of any Parent Holdco, any guarantee of any such Indebtedness);

(d) Liens to secure any Indebtedness of the Parent or any Restricted Subsidiary that is permitted to be incurred under paragraph (a) of "*—Certain Covenants—Limitation on Indebtedness*" (or, in the case of Liens on any property or assets of the Parent or any Parent Intermediate Holdco, any guarantee of any such Indebtedness);

(e) Liens to secure Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to refinance, (i) any Indebtedness which is secured by a Lien pursuant to clause (a) (in the case of Indebtedness incurred in reliance on sub-clause (D) of clause (b)(1) of "*—Certain Covenants—Limitation on Indebtedness*" or in reliance on sub-clause (B) or (C) of clause (b)(2) of "*—Certain Covenants—Limitation on Indebtedness*"), clause (b) and (d) above, clause (g) (in the case of Indebtedness incurred in reliance on clause (b)(14) of "*—Certain Covenants—Limitation on*

Indebtedness"), clause (i) below or this clause (e) (or, in the case of Liens on any property or assets of the Parent or any Parent Intermediate Holdco, any guarantee of any such Permitted Refinancing Indebtedness) or (ii) any Indebtedness incurred in reliance on sub-clause (A) of clause (b)(2) of "—*Certain Covenants—Limitation on Indebtedness*";

(f) Liens securing obligations of the Parent or any Restricted Subsidiary in respect of Hedging Agreements entered into in accordance with clause (b)(7) of "—*Certain Covenants—Limitation on Indebtedness*" or obligations in respect of Cash Management Arrangements entered into in the ordinary course of business (or, in the case of Liens on any property or assets of the Parent or any Parent Intermediate Holdco, any guarantee of any such obligations);

(g) Liens that are described in one or more of clauses (b), (d), (e), (f), (i), (j), (k), (l), (n), (o), (p), (q), (r), (s), (u), (v), (y), (dd), (ee), (ff) and (gg) (or in clause (hh) to the extent relating to any of the foregoing clauses) of the definition of Permitted Liens, it being understood that, except to the extent doing so would not be consistent with the applicable clause, any holder of such Lien (or a representative acting on its behalf) may, but shall not be required, to enter into the Intercreditor Agreement (or any additional intercreditor agreement) in the applicable capacity (determined based on whether the obligations secured by such Lien constitute *Pari Passu* Indebtedness or Subordinated Indebtedness);

(h) Liens securing obligations of the Parent or any Restricted Subsidiary, as a primary obligor or as a guarantor, in respect of Proceeds Loans between the Parent or any Restricted Subsidiary, as borrower, and the Parent or any other Restricted Subsidiary, as lender, of the proceeds received from the issuance, incurrence or offering of any Indebtedness under any Credit Facilities and other Indebtedness permitted by "—*Certain Covenants—Limitation on Indebtedness*" to the extent such Proceeds Loans constitute Collateral; *provided* that such Indebtedness is or could be, at the time of creation of such Liens, secured by Permitted Collateral Liens under any of clauses (a) through (g) above or clause (i) below;

(i) Liens to secure any Indebtedness that is permitted to be incurred under clause (b)(14) of "—*Certain Covenants—Limitation on Indebtedness*" (or, in the case of Liens on any property or assets of the Parent or any Parent Intermediate Holdco, any guarantee of any such Indebtedness);

(j) Liens to secure any Indebtedness of any Parent Holdco or Financing Subsidiary or any Indebtedness of the Issuer or any Guarantor (including guarantees of any Indebtedness of any Parent Holdco or Financing Subsidiary); *provided* that, in the case of any Lien on any Collateral under this clause (j), such Lien shall rank junior to the Liens on such Collateral securing the Senior Notes;

(k) any Additional Senior Notes and any Guarantees thereof;

(l) any *Pari Passu* Indebtedness or Subordinated Indebtedness of the Parent, the Issuer or any Guarantor and any guarantees thereof; *provided* that, in the case of any Lien on any Collateral under this clause (l), (x) if such Indebtedness is *Pari Passu* Indebtedness, such Lien shall rank *pari passu* with or junior to the Liens on such Collateral securing the Senior Notes and (y) if such Indebtedness is Subordinated Indebtedness, such Lien shall rank junior to the Liens on such Collateral securing the Senior Notes; and

(m) Liens securing the obligations owed to agents and other representatives of creditors, in their capacity as such, under Indebtedness referred to under any of clauses (a) through (l) above.

"**Permitted Holders**" means each and any of:

(a) James A. Ratcliffe, John Reece and Andrew Currie and any Affiliate of any of the foregoing;

(b) any person having a relationship with James A. Ratcliffe, John Reece or Andrew Currie by blood, marriage or adoption not more remote than first cousin;

(c) any heir of James A. Ratcliffe, John Reece or Andrew Currie and any beneficiary of their respective estates;

(d) any trust or similar arrangement established solely for the benefit of James A. Ratcliffe, John Reece or Andrew Currie or any Person mentioned in clause (b) or (c) above; provided that James A. Ratcliffe,

John Reece or Andrew Currie or any such Person retains sole control over the voting rights of the Capital Stock held by such trust or arrangement;

(e) any Person that is directly or indirectly owned solely by one or more Permitted Holders described under clause (a), (b), (c) or (d) of this definition; and

(f) any Person or group, together with its Affiliates, whose acquisition of beneficial ownership of the Voting Stock of the Parent constitutes a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of the Senior Notes Indenture.

"**Permitted Indebtedness**" has the meaning provided in paragraph (b) of "*—Certain Covenants—Limitation on Indebtedness*".

"**Permitted Investment**" means:

(a) Investments in (i) the Parent, (ii) any Restricted Subsidiary of the Parent (including the purchase of Capital Stock of any Restricted Subsidiary) or (iii) any Person which, as a result of such Investment, (A) becomes a Restricted Subsidiary of the Parent or (B) is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Parent or any Restricted Subsidiary of the Parent;

(b) Indebtedness of the Parent or a Restricted Subsidiary described under clauses (b)(3), (b)(4) and (b)(6) of "*—Certain Covenants—Limitation on Indebtedness*";

(c) Investments in (i) any of the term loans outstanding under the Existing Credit Facilities or the New Term Loan B Facilities; *provided* that such term loans are cancelled upon the making of such Investment, (ii) any Senior Secured Notes, Senior Notes or Existing Notes, (iii) any Proceeds Loans or (iv) any other Senior Secured Indebtedness or Senior Indebtedness (including, in each case, any guarantees in respect thereof);

(d) Investments in cash, cash equivalents and Temporary Cash Investments;

(e) Investments acquired by the Parent or any Restricted Subsidiary in connection with an Asset Sale permitted under "*—Certain Covenants—Limitation on Sale of Assets*" to the extent such Investments are non-cash proceeds or deemed cash proceeds as permitted under such covenant, and Investments acquired by the Parent or any Restricted Subsidiary in connection with a sale or other disposition that is specifically excluded from the definition of "Asset Sale" pursuant to clause (13) of such definition;

(f) (i) Investments in existence (or made pursuant to, and as required under, legally binding agreements that exist) on the Issue Date and (ii) Investments consisting of any modification, replacement, renewal, reinvestment or extension of any of the foregoing (including, for the avoidance of doubt, modifications in the form of interposing one or more Restricted Subsidiaries to directly or indirectly hold such Investments or any other internal reorganization); *provided* that the amount of any Investment permitted pursuant to this clause (ii) is not increased from the amount of such Investment in existence on (or the amount thereof required under legally binding agreements that exist on) the Issue Date except pursuant to the terms of such Investment as of the Issue Date or as otherwise permitted under "*—Certain Covenants—Limitation on Restricted Payments*" ;

(g) receivables owing to the Parent or any Restricted Subsidiary created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms; *provided*, *however*, that such trade terms may include such concessionary trade terms as the Parent or any such Restricted Subsidiary deems reasonable under the circumstances;

(h) payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;

(i) loans or advances to directors, officers, employees and consultants of any Parent Holdco, the Parent or any of its Restricted Subsidiaries made in the ordinary course of business not to exceed €20.0 million in the aggregate at any one time outstanding;

(j) Investments received in satisfaction of judgments or pursuant to any plan of reorganization, compromise or similar arrangement upon the bankruptcy or insolvency of a debtor, or in settlement of delinquent obligations of, or other disputes with, customers and suppliers or upon the foreclosure with respect to any secured Investment or other transfer of title with respect to any secured Investment;

(k) Hedging Obligations incurred in compliance with "*—Certain Covenants—Limitation on Indebtedness*";

(l) any Investment required by any agreement in respect of any Permitted Joint Venture or any other joint venture of the Parent or any Restricted Subsidiary so long as the aggregate outstanding amount of such Investments, together with the aggregate outstanding principal amount of any Indebtedness incurred under clause (b)(17) of "*—Certain Covenants—Limitation on Indebtedness*" (without duplication to the extent proceeds of any such Indebtedness are used to make any such Investment), does not exceed (after giving *pro forma* effect thereto and the use of proceeds thereof) at the time of such Investment the sum of (i) the greater of (x) €500.0 million and (y) 4.50% of Total Assets *plus* (ii) the aggregate amount of fees (including original issue discount), underwriting discounts, premiums and other costs and expenses incurred in connection with any refinancing of any Indebtedness permitted under clause (b)(17) of "*—Certain Covenants—Limitation on Indebtedness*";

(m) (i) Investments of any Person referred to in clause (a)(iii) of this definition of "Permitted Investment" that exist (or are made pursuant to, and as required under, legally binding agreements that exist) on the date such Person becomes a Restricted Subsidiary or is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Parent or any Restricted Subsidiary (for the avoidance of doubt, in any case including (A) any Investments in the joint ventures of the Aromatics and Acetyls Businesses that exist (or are made pursuant to, and as required under, legally binding agreements that exist) on December 31, 2020 and (B) any such Investments even if they are acquired or made by the Parent or any Restricted Subsidiary after (but only if such Investments are acquired or made pursuant to legally binding agreements that exist at the time of) such Person becoming a Restricted Subsidiary or the consummation of the applicable merger, consolidation, amalgamation, transfer, conveyance or liquidation); *provided* that such Investment was not acquired or made (for the avoidance of doubt, other than as part of an internal reorganization) in contemplation of such Person becoming a Restricted Subsidiary or such merger, consolidation, amalgamation, transfer, conveyance or liquidation; and (ii) Investments consisting of any modification, replacement, renewal, reinvestment or extension of any of the foregoing (including, for the avoidance of doubt, modifications in the form of interposing one or more Restricted Subsidiaries to directly or indirectly hold such Investments or any other internal reorganization); *provided* that the amount of any Investment permitted pursuant to this clause (ii) is not increased from the amount of such Investment in existence on (or the amount thereof required under legally binding agreements that exist on) the date referred to in clause (i) above except pursuant to the terms of such Investment as of such date or as otherwise permitted under "*—Certain Covenants—Limitation on Restricted Payments*";

(n) (i) loans or other Investments required to be entered into in connection with a Permitted Receivables Financing and (ii) Investments that may be deemed to exist as a result of the terms of any inventory financing or similar arrangement to the extent permitted under the terms of the Senior Notes Indenture;

(o) guarantees not prohibited by "*—Certain Covenants—Limitation on Indebtedness*";

(p) any Investment by the Parent or any Restricted Subsidiary that, together with the aggregate outstanding amount of all other Investments under this clause (p), does not exceed (after giving *pro forma* effect thereto and the use of proceeds thereof) at the time of such Investment the greater of (i) €500.0 million and (ii) 4.50% of Total Assets;

(q) loans or advances to directors, officers, employees or consultants of the Parent or any of its Restricted Subsidiaries to fund the purchase of Capital Stock of any Parent Holdco not to exceed €10.0 million in any calendar year (with unused amounts in any calendar year (less any amount carried forward to such calendar year) being carried forward to either of the immediately subsequent two calendar years);

(r) Investments (or increases in Investments) that result solely from the receipt by the Parent or any of its Restricted Subsidiaries of a dividend, distribution or other payment in respect of Investments held by the Parent or any of its Restricted Subsidiaries of the type that would constitute a Restricted Payment or

a Permitted Payment if undertaken by the Parent or a Restricted Subsidiary in the form of Capital Stock, evidences of Indebtedness or other securities (but not any additions thereto made after the date of the receipt thereof unless such additions involve no additional cost or liability to the Parent or any Restricted Subsidiary);

(s) deposits and progress or similar payments made in the ordinary course of business with respect to capital equipment and construction projects;

(t) the BP Acquisition and INOVYN Contribution, including (i) any Investments acquired in connection therewith or as a result thereof (including Investments in any of China American Petrochemical Company Ltd., INEOS Runcorn (TPS) Holdings Limited and INEOS Runcorn (TPS) Limited) and (ii) any Investment with the proceeds of any indemnity, reimbursement or similar payments received by the Parent or any Restricted Subsidiary pursuant to the BP Acquisition Agreement to the extent such Investment is made in connection to the matter to which such indemnity, reimbursement or similar payment relates; and

(u) any Investment resulting from the designation as an Unrestricted Subsidiary of any of the following joint ventures acquired in connection with the BP Acquisition: Akra Polyester, S.A. de C.V.; Atlas Methanol Company Unlimited; BP Petronas Acetyls Sdn. Bhd. (Malaysia); BP YPC Acetyls Company (Nanjing) Limited 南京扬子石化碧辟乙酰有限 责任公司; China American Petrochemical Company Ltd.; Formosa BP Chemicals Corporation; Lotte BP Chemical Co., Ltd.; Tereftalatos Mexicanos, S.A. de C.V.; Tricoya Technologies Limited; Tricoya Ventures UK Limited; and Yangtze River Acetyls Co. Ltd. ( ).

In connection with any assets or property contributed or transferred to any Person as an Investment, such property and assets shall be equal to the Fair Market Value at the time of Investment. For the avoidance of doubt, if an Investment is made pursuant to any clause of this definition in a Person that is not a Restricted Subsidiary at the date of the making of such Investment and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to "*—Certain Covenants—Limitation on Unrestricted Subsidiaries*", such Investment may thereafter be deemed to have been made under clauses (a)(ii) or (a)(iii) above and not such other clause of this definition.

"**Permitted Joint Venture**" means:

(a) (i) each of the joint ventures of the Parent and any of its Restricted Subsidiaries existing on the Issue Date, (ii) each of the joint ventures of IndustriEl AS, INEOS Runcorn (TPS) Limited, INOVYN Olefines France SAS, Runcorn MCP Limited and TTE Training Limited and (iii) each of the joint ventures acquired in connection with the BP Acquisition), or any successor entity to any of the foregoing joint ventures;

(b) any Person in which the Parent or any of its Restricted Subsidiaries owns, directly or indirectly, not more than 50.0% of the total voting power represented by the outstanding Voting Stock of such Person and which is in a business relating, incidental or complementary to the business of the Parent and its Restricted Subsidiaries; and

(c) any Unrestricted Subsidiary.

"**Permitted Jurisdiction**" means (a) any state of the United States (or the District of Columbia), Luxembourg, Canada, the Netherlands, Germany or England and Wales, or (b) any other jurisdiction if the organization of the relevant Person in such other jurisdiction is not, in the good faith determination of the Parent, materially adverse to the interests of the holders of the Senior Notes with respect to the Guarantees or the Collateral as compared to a jurisdiction referred to in clause (a) (it being agreed, without limiting the generality of the foregoing, that the organization of the relevant Person in any jurisdiction the laws of which provide for a moratorium, an automatic stay or similar restrictions on the enforcement of the Liens on any Collateral in the form of Capital Stock in the Parent shall be deemed to be materially adverse to such interests of the holders of the Senior Notes).

"**Permitted Lien**" means:

(a) any Lien existing on the Issue Date;

(b) any Lien arising by reason of:

(1) any judgment, decree or order of any court and any Liens that are required to protect or enforce any rights in any administrative, arbitration or other court proceedings in the ordinary course of business;

(2) Taxes, assessments or other governmental charges not yet delinquent or which are being contested in good faith by appropriate proceedings and, to the extent required by IFRS, for which reserves have been established in accordance with IFRS;

(3) security for payment of workers' compensation or other insurance (including general liability exposure of the Parent and its Restricted Subsidiaries);

(4) security for tenders, bids, leases and contracts (other than contracts for the payment of money);

(5) zoning restrictions, building codes, land use laws, easements, licenses, reservations, limitations, appropriations, title defects, statutory exceptions to title, conditions revealed by an accurate survey or a physical inspection of real property, rights of others for rights of way, utilities, sewers, electric lines, telephone or telegraph lines, and other similar purposes, provisions, covenants, conditions, waivers, restrictions on the use of real property or minor irregularities of title (and with respect to leasehold interests, mortgages, obligations, liens, easements and other encumbrances incurred, created, assumed or permitted to exist and arising by, through or under a landlord or owner of the leased property, with or without consent of the lessee), none of which materially impairs the use of any parcel of real property material to the operation of the business of the Parent or any Restricted Subsidiary or the value of such property for the purpose of such business;

(6) security for public or statutory obligations, or in lieu of surety or appeal bonds;

(7) operation of law or any inchoate Lien, including any Lien imposed pursuant to applicable Canadian federal or provincial pension benefits standards legislation for amounts required to be remitted but not yet due, or in favor of mechanics, carriers, warehousemen, landlords, materialmen, laborers, contractors, subcontractors, employees, suppliers or similar Persons, incurred in the ordinary course of business for sums which are not yet overdue for a period of more than 60 days or are being contested in good faith by negotiations or by appropriate proceedings which suspend the collection thereof;

(8) compliance with the requirements of section 8a of the German Act on Partial Retirement (*Altersteilzeitgesetz*) or similar arrangements under applicable law or sections 7b and 7e of the German Social Security Code IV (*Sozialgesetzbuch IV*);

(9) operation of law (sections 22, 204 of the German Transformation Act (*Umwandlungsgesetz*)) in favor of creditors as a consequence of a merger or conversion permitted under the Senior Notes Indenture; or

(10) operation of law in favor of social security bodies or administrators;

(c) any Lien securing Hedging Obligations;

(d) any Lien securing Acquired Indebtedness created prior to (and not created in connection with, or in contemplation of) the incurrence of such Indebtedness by the Parent or any Restricted Subsidiary; *provided* that such Lien does not extend to any property or assets of the Parent or any Restricted Subsidiary other than the assets acquired in connection with the incurrence of such Acquired Indebtedness by the Parent or any Restricted Subsidiary (or, pursuant to the terms of such Acquired Indebtedness as then in effect, required to be subject thereto) and additions and accessions thereto and proceeds therefrom;

(e) any Lien to secure the performance of bids, trade contracts, leases (including statutory and common law landlord's liens), statutory obligations, performance, completion surety, Tax, appeal, judgment,

customs or VAT bonds, guarantees or similar instruments, letters of credit (including obligations under any LC Facility) and other obligations of a like nature incurred in the ordinary course of business of the Parent or any Restricted Subsidiary;

(f) any Lien securing Finance Lease Obligations, Purchase Money Obligations or other Indebtedness that is incurred in connection with the financing of all or any part of the purchase price, lease expense or cost of development, construction or improvement of real or personal, moveable or immovable property (including Capital Stock) used or to be used in the business of the Parent, any of its Restricted Subsidiaries or a Permitted Joint Venture, or any Indebtedness refinancing any such Indebtedness; *provided* that such Lien shall only extend to such acquired, leased, developed, constructed or improved property (and any rights relating thereto) and additions and accessions thereto and proceeds therefrom, such Lien shall secure Indebtedness in an amount not in excess of the original purchase price or the original cost (or if greater, the Fair Market Value) of any such property or any such development, construction or improvement (or such Indebtedness shall be with recourse solely to such property (including such related rights), additions and accessions thereto and any proceeds therefrom) and the incurrence of such Indebtedness is permitted by "*—Certain Covenants—Limitation on Indebtedness*";

(g) Liens on Capital Stock in or assets of any Restricted Subsidiary that is not a Guarantor securing Indebtedness of any Restricted Subsidiary that is not a Guarantor;

(h) Liens in favor of the Parent or any of its Restricted Subsidiaries;

(i) banker's liens, rights of set-off or similar rights and remedies as to deposit accounts, securities accounts or other funds maintained with a depositary institution or securities intermediary or Liens arising under the general terms and conditions of banks or savings and loans or other financial institutions (*Allgemeine Geschäftsbedingungen der Banken oder Sparkassen*); *provided* that such deposit account or securities account is not intended by the Parent or any Restricted Subsidiary to provide collateral to the depositary institution or securities intermediary;

(j) "precautionary" or purported Liens regarding operating leases or any sale, transfer or other disposition of any receivables (and/or any related assets, including any credit support or payment instruments relating to receivables), including filings of Uniform Commercial Code financing statements (or the equivalent in any other jurisdiction) and any other "precautionary" Liens;

(k) (i) mortgages, liens, security interests, restrictions, easements, encumbrances or any other matters that have been placed by any developer, landlord or other third party on property over which the Parent or any Restricted Subsidiary has easement rights or on any real property leased by the Parent or any Restricted Subsidiary and subordination or similar agreements relating thereto, (ii) easements, restrictions, rights of way, operating agreements and other similar matters with or for the benefit of any public utility provider or with or for the benefit of any developer or other third party purchaser on any real property conveyed by the Parent or any Restricted Subsidiary to such developer or third party purchaser in accordance with "*—Certain Covenants—Limitation on Sale of Assets*" or otherwise permitted under the Senior Notes Indenture, and (iii) any condemnation or eminent domain proceedings or compulsory purchase order affecting real property;

(l) any provision for the retention of title to any asset by the vendor or transferor of such asset which asset is acquired by the Parent or any Restricted Subsidiary in a transaction entered into in the ordinary course of business of the Parent or such Restricted Subsidiary and for which kind of transaction it is normal market practice for such retention of title provision to be included;

(m) other Liens; *provided* that, immediately after giving effect to the creation, incurrence or assumption of any such Lien, the aggregate outstanding principal amount of all Indebtedness secured pursuant to this clause (m) (after giving *pro forma* effect to the incurrence of such Indebtedness and the use of proceeds thereof, including, in the case of any Escrow Indebtedness, upon the release of such Indebtedness from escrow) does not exceed, at the time such Lien is created, incurred or assumed, the greater of (x) €550.0 million and (y) 7.50% of Total Assets;

(n) leases (including operating leases), licenses, subleases and sublicenses of assets (including real property and Intellectual Property Rights), in each case entered into in the ordinary course of business, including, for the avoidance of doubt, (i) ground leases entered into by any Group Company in

connection with any development, construction, operation or improvement of assets on any real property owned by any Group Company (and any Liens created by the lessee (in the case of any lessee that is a Group Company, only if such Liens are otherwise permitted under the Senior Notes Indenture) in connection with any such ground lease, including easements and rights of way, or on any of its assets located on the real property subject to such ground lease), and (ii) leases, licenses, subleases and sublicenses in respect of real property to any trading counterparty to which any Group Company provides services on such real property in the ordinary course of its trading;

(o) Liens on property or assets under construction (and related rights) in favor of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets;

(p) Liens on Receivables Assets created or incurred in connection with any Permitted Receivables Financing;

(q) Liens on Capital Stock in or assets of a Receivables Subsidiary to secure Indebtedness or other obligations incurred in connection with any Permitted Receivables Financing;

(r) Liens securing or arising by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities;

(s) Liens on Capital Stock in or other securities of any Unrestricted Subsidiary that secure Indebtedness of any Unrestricted Subsidiary;

(t) any limited recourse Lien to secure Indebtedness incurred in connection with any project financing; *provided* that the assets or revenues which are subject to that Lien are:

(i) assets which are the subject of the applicable project; or

(ii) claims, revenues or proceeds which arise from the use or operation, failure to meet specifications, failure to complete, expropriation, sale, or loss of or damage to those assets;

(u) pledges of goods, the related documents of title and/or other related documents arising or created in the ordinary course of the Parent's or any Restricted Subsidiary's business or operations as Liens only for Indebtedness to a bank or financial institution directly relating to the goods or documents on or over which that pledge exists;

(v) Liens created on any asset acquired by the Parent or a Restricted Subsidiary or developed by the Parent or a Restricted Subsidiary after the Issue Date for the sole purpose of financing or refinancing such acquisition or development and securing not more than 100% of the cost of acquisition or development; *provided* that (i) such Lien is released within 6 months of such acquisition or completion of such development or (ii) such Lien shall only extend to such acquired or developed asset (and any rights relating thereto, including Capital Stock) and additions and accessions thereto and any proceeds therefrom;

(w) Liens (other than floating charges) constituting finance leases over the assets leased pursuant to such permitted finance leases;

(x) Liens on any escrow account, and all funds, securities, interest, dividends, distributions and other property and payments deposited into or credited to such escrow account, pursuant to any purchase price retention arrangement as part of any permitted disposition by the Parent or a Restricted Subsidiary; *provided* that the cash paid into such escrow account in relation to a disposition does not represent more than 15% of the net proceeds of such disposition;

(y) Liens on the Capital Stock in or assets of joint ventures securing obligations of joint ventures; provided that the incurrence of the liability secured by such Lien is not prohibited by "*—Certain Covenants—Limitation on Indebtedness*";

(z) Permitted Collateral Liens (for the avoidance of doubt, whether such Liens are on Collateral or other assets);

(aa) Liens on any Proceeds Loans made by the Parent or any Restricted Subsidiary in connection with any incurrence of Indebtedness (other than any Indebtedness of the type referred to in the proviso to clause (h) of the definition of Permitted Collateral Liens secured by Permitted Collateral Liens) permitted under the Senior Notes Indenture and securing that Indebtedness (without any requirement to secure the Senior Notes or Guarantees with a Lien on such Proceeds Loans);

(bb) Liens incurred to secure Cash Management Arrangements or to implement cash pooling arrangements or to cash collateralize letters of credit, bank guarantees or similar instruments in the ordinary course of business, and Liens incurred by any LC Account Party to secure obligations under any LC Facility;

(cc) Liens on cash, cash equivalents and Temporary Cash Investments made to defease or satisfy and discharge any Indebtedness;

(dd) Liens on Escrowed Proceeds for the benefit of the related holders of debt securities or other Indebtedness (or the underwriters or arrangers thereof);

(ee) Liens arising in connection with Indebtedness incurred pursuant to clause (b)(5) of "*—Certain Covenants—Limitation on Indebtedness*";

(ff) Liens on any property or assets acquired in connection with the BP Acquisition to the extent such Liens are permitted to remain outstanding following the BP Acquisition pursuant to the BP Acquisition Agreement (and remain outstanding on December 31, 2020); *provided* that such Liens shall only extend to such property or assets (*plus* improvements or accessions thereto or proceeds therefrom);

(gg) Liens securing Senior Indebtedness of any Guarantor or Senior Indebtedness of the Issuer that is a guarantee of Senior Indebtedness of any Guarantor; and

(hh) any extension, renewal, refinancing or replacement, in whole or in part, of any Lien described in the foregoing clauses (a) through (gg); *provided* that any such Lien is limited to all or part of the same property or assets (plus improvements or accessions thereto or proceeds therefrom) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Indebtedness being refinanced or is in respect of property that is the security for a Permitted Lien under the Senior Notes Indenture.

"**Permitted Payment**" has the meaning provided in clause (c) of the "*—Limitation on Restricted Payments*" covenant.

"**Permitted Receivables Financing**" means (a) the Styrolution Securitization Programs, (b) for so long as INOVYN Limited is a Restricted Subsidiary of the Parent, the INOVYN Securitization Program and (c) any other financing pursuant to which the Parent or any of its Restricted Subsidiaries may sell, convey or otherwise transfer to any other Person, and grant a security interest in, any receivables (and related assets, including any credit support relating to such receivables) of the Parent or any of its Restricted Subsidiaries; *provided* that, in each case, (i) the covenants, events of default and other provisions applicable to such financing shall be customary for such transactions and shall be on market terms (as determined in good faith by the Board of Directors or senior management of the Parent) at the time such financing is entered into and (ii) such financing shall be non-recourse to the Parent or any of its Restricted Subsidiaries (other than a Receivables Subsidiary) except to a limited extent customary for such transactions. The amount of any Permitted Receivables Financing shall be deemed for the purposes hereof, at any time, to be the amount that would be required to repay, discharge or satisfy all obligations owing to lenders or other third party investors that have made loans or extended credit in respect of such Permitted Receivables Financing, if such Permitted Receivables Financing were to be terminated at such time. For the avoidance of doubt, a "factoring" or similar arrangement shall not constitute a Permitted Receivables Financing.

"**Permitted Refinancing Indebtedness**" means any Indebtedness that refinances any Indebtedness, including any successive refinancings, so long as:

(a) such Indebtedness is in an aggregate principal or commitment amount (or if incurred with original issue discount, an aggregate issue price) not in excess of the sum of (i) the aggregate principal or commitment amount then outstanding or in effect, respectively, of the Indebtedness being refinanced and (ii) an amount necessary to pay any fees and expenses, including premiums and defeasance costs, related to such refinancing; and

(b) (i) the Average Life of such Indebtedness is equal to or greater than the Average Life of the Indebtedness being refinanced, (ii) the final Stated Maturity of such Indebtedness is no earlier than the final Stated Maturity of the Indebtedness being refinanced, (iii) in the case of a refinancing of Subordinated Indebtedness, such Indebtedness is subordinated to the Senior Notes and the Guarantees on substantially the same terms (or on terms (taken as a whole) that are not materially less favorable to the holders of the Senior Notes) as provided in such Subordinated Indebtedness or any applicable intercreditor agreement, as determined by the Parent in good faith and (iv) in the case of a refinancing of Subordinated Lien Indebtedness, the Liens securing such Indebtedness are subordinated to the Liens securing the Senior Notes and the Guarantees on substantially the same terms (or on terms (taken as a whole) that are not materially less favorable to the holders of the Senior Notes) as set forth in such Subordinated Lien Indebtedness or any applicable intercreditor agreement, as determined by the Parent in good faith; *provided* that the requirements of clauses (i) and (ii) above shall not apply to any refinancings of Indebtedness under, or with Indebtedness under, any revolving credit, working capital, commercial paper or letter of credit facilities or any receivables financing;

provided that Permitted Refinancing Indebtedness shall not include (i) Indebtedness of the Parent or a Restricted Subsidiary that refinances Indebtedness of an Unrestricted Subsidiary or (ii) Indebtedness of a Person other than the Issuer or a Guarantor that refinances Indebtedness of the Issuer or a Guarantor.

"**Permitted Reorganization**" means any reorganization or corporate restructuring, on a solvent basis, involving one or more of the then current Parent or any of its Restricted Subsidiaries (any such reorganization or corporate restructuring, a "**Reorganization**"), whether or not such Reorganization also involves any other Person, including any merger, demerger, consolidation or amalgamation, any sale or other disposition of any assets or properties and any voluntary liquidation or winding up on a solvent basis, in each case, that is consummated as part of such Reorganization; *provided* that, in the case of any Reorganization and after giving effect to any related designations of a new Parent as contemplated by the definition of such term, (a) all the business and assets of the then current Parent and its Restricted Subsidiaries (as in effect prior to such Reorganization) shall remain within the Parent and its Restricted Subsidiaries (other than for such period, not in excess of 10 Business Days, as may be reasonably required, in the good faith determination of the Parent, to effect such Reorganization or for such longer period as may be reasonably acceptable to the Trustee), (b) the Parent shall be organized or incorporated, as applicable, under the laws of a Permitted Jurisdiction, (c) any Capital Stock or other assets that constitute Collateral and that are subject to any sale or other disposition as part of such Reorganization shall remain (other than for such period, not in excess of 10 Business Days, as may be reasonably required, in the good faith determination of the Parent, to effect such Reorganization or for such longer period as may be reasonably acceptable to the Trustee) Collateral (including as a result of Liens thereon granted by the new owner thereof), subject to Liens thereon securing the Senior Notes and the Guarantees that are valid and enforceable substantially to the same extent as the Liens thereon were prior to such sale or other disposition, in each case, as determined by the Parent in good faith, it being understood and agreed that, in connection with any Reorganization, Liens on any Collateral may be released and re-taken in a manner consistent with releases and re-takings permitted by clause (vi) of the second paragraph of "*—Certain Covenants—Impairment of Security Interest*", (d) the Parent (if the Parent is not the Issuer) and each Subsidiary of the Parent of which the Issuer is a Subsidiary shall, in each case, be a Guarantor or, substantially concurrently with or promptly upon completion of such Reorganization shall guarantee the Senior Notes on a senior basis and (e) in the event of a sale, assignment, conveyance, transfer, lease or other disposition of all or substantially all of the assets of, or a consolidation, amalgamation or merger with or into, the then current Parent, the then current Company, the Issuer or any Subsidiary Guarantor, the Surviving Entity thereof (if not the Parent, the Issuer or a Subsidiary Guarantor) shall assume the obligations of the Parent, the Issuer or such Subsidiary Guarantor, as applicable, in a manner consistent with "*—Consolidation, Merger, Sale of Assets*", as applicable. Nothing in this definition shall be deemed to restrict any merger, demerger, consolidation, amalgamation, sale or other disposition, voluntary liquidation, winding up or other transaction, or any release of any Collateral or any Guarantee, in each case, that is permitted pursuant to the provisions of the Senior Notes Indenture other than those provisions expressly relating to a Permitted Reorganization.

"**Person**" means any individual, corporation, limited liability company (including, a public limited company and a private limited company incorporated under the laws of England and Wales), partnership, joint venture, association, joint stock company, trust, unincorporated organization or Governmental Authority.

"**Preferred Stock**" means, with respect to any Person, any Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends or distributions, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over the Capital Stock of any other class in such Person.

"**Proceeds Loans**" means any proceeds loan or other Indebtedness, in each case, arising from the lending of proceeds of any Indebtedness of any Parent Holdco, any Financing Subsidiary, the Issuer or any other Group Company to any Group Company.

"**Proceeds Loans Agreements**" means each loan agreement or any other agreement (a) by and among members of the Group or (b) by and among members of the Group, on the one hand, and any Parent Holdco or any Financing Subsidiary, on the other, evidencing or governing any Proceeds Loan, in each case, as amended, supplemented, restated or substituted from time to time.

"**Proceeds Loans Documents**" means the Proceeds Loans Agreements and any documents that provide a guarantee by any Guarantor of, or create a Lien over any Collateral or other assets of any Guarantor as security for, any Proceeds Loan, in each case, as amended, supplemented, restated or substituted from time to time.

"**Profit Pooling Agreement**" means any profit and loss transfer agreement (*Gewinnabführungsvertrag*) between any two Restricted Subsidiaries of the Parent, as the same may be amended, supplemented, waived or otherwise modified from time to time in accordance with the terms thereof, and any arrangements or transactions made between the parties to such Profit Pooling Agreement to satisfy the obligations arising under any such Profit Pooling Agreement (including, for the avoidance of doubt, distributions for purposes of compensating accounting losses in relation to a profit and loss pooling agreement and/or upstream loans to any Parent Holdco to enable any Parent Holdco to compensate the Parent or such Subsidiary for losses incurred which may need to be compensated by a Parent Holdco under any Profit Pooling Agreement).

"**Project Finance Subsidiary**" means

(a) any Restricted Subsidiary formed by the Parent for the purpose of acquiring (or constructing or developing) and operating any plant, facility or other fixed assets or any business and incurring Indebtedness in connection therewith, *provided* that such Restricted Subsidiary does not own any material assets other than

  (i) the plant, facility, other fixed assets or businesses so acquired, constructed or developed, any additions and accessions thereto and proceeds therefrom (and any rights relating thereto),

  (ii) assets relating to any of the foregoing (including contractual rights) or its activities in respect thereof (including to the operation thereof) or to its existence, and

  (iii) cash, cash equivalents and Temporary Cash Investments and items of Indebtedness, and

(b) any Restricted Subsidiary that does not own any material assets other than the Capital Stock of a Restricted Subsidiary described in clause (a) above and assets relating thereto (including contractual rights) or to its existence, including cash, cash equivalents and Temporary Cash Investments and items of Indebtedness.

"**Public Debt**" means any Indebtedness consisting of bonds, debentures, notes or other similar debt securities issued in (a) a public offering registered under the Securities Act or (b) a private placement to institutional investors whether or not it is underwritten for resale in accordance with Rule 144A or Regulation S, and whether or not it includes registration rights entitling the holders of such debt securities to registration thereof with the SEC.

"**Public Equity Offering**" means an underwritten public offering of ordinary shares (other than Redeemable Capital Stock) of the Parent or a Parent Holdco (which shall include an offering pursuant to Rule 144A and/or Regulation S under the Securities Act to professional market investors or similar Persons) and, with respect to an offering by a Parent Holdco, the Net Cash Proceeds of which are contributed to the Parent in the form of a subscription for, or a capital contribution in respect of, Qualified Capital Stock or as Subordinated Shareholder Funding.

"**Purchase Money Obligation**" means any Indebtedness secured by a Lien on assets related to the business of the Parent and its Restricted Subsidiaries (and any additions and accessions thereto and proceeds therefrom) which are purchased, acquired, constructed, developed or improved by the Parent or any Restricted Subsidiary at any time after the Issue Date; *provided* that:

(a) the security agreement or conditional sales or other title retention contract pursuant to which the Lien on such assets is created (collectively, a "**Purchase Money Security Agreement**") shall be entered

into within 270 days after the purchase or acquisition or substantial completion of the construction, development or improvement of such assets and shall at all times be confined solely to such assets (and any rights relating thereto), any additions and accessions thereto and any proceeds therefrom; and

(b) either (i) the aggregate outstanding principal amount of Indebtedness secured thereby shall not at the time such Purchase Money Security Agreement is entered into exceed 100% of the purchase or acquisition price, or the cost of such construction, development or improvement, to the Parent or any Restricted Subsidiary of the assets subject thereto or (ii) the Indebtedness secured thereby shall be with recourse solely to such assets (including such related rights), any additions and accessions thereto and any proceeds therefrom.

"**Qualified Capital Stock**" of any Person means any and all Capital Stock of such Person other than Redeemable Capital Stock.

"**Rating Agency**" means any of S&P, Moody's, Fitch or any other "nationally recognized statistical ratings organization" (within the meaning of Rule 436 under the Securities Act).

"**Receivables Asset**s" means any assets that are or will be the subject of a Permitted Receivables Financing.

"**Receivables Fees**" means distributions or payments made directly or by means of discounts with respect to any participation interest issued or sold in connection with, and other fees paid to a Person that is not the Parent or a Restricted Subsidiary in connection with, any Permitted Receivables Financing.

"**Receivables Repurchase Obligation**" means any obligation of a seller of Receivables Assets in a Permitted Receivables Financing to repurchase any Receivables Assets arising as a result of a breach of a representation, warranty or covenant or otherwise, including as a result of any receivable or portion thereof becoming subject to any asserted defense, dispute, off-set or counterclaim of any kind as a result of any action taken by, any failure to take action by or any other event relating to the seller.

"**Receivables Subsidiary**" means any Subsidiary of the Parent that engages in no activities other than in connection with a Permitted Receivables Financing; *provided* that:

(a) no portion of the Indebtedness or any other obligations (contingent or otherwise) of such Subsidiary:

(1) is guaranteed by the Parent or any Restricted Subsidiary (excluding guarantees of obligations (other than the principal of, and interest on, Indebtedness) pursuant to representations, warranties, covenants, and indemnities entered into in the ordinary course of business in connection with a Permitted Receivables Financing);

(2) is recourse to or obligates the Parent or any Restricted Subsidiary in any way other than pursuant to representations, warranties, covenants and indemnities entered into in the ordinary course of business in connection with a Permitted Receivables Financing; or

(3) subjects any property or asset of the Parent or any Restricted Subsidiary (other than receivables and related assets as provided in the definition of Permitted Receivables Financing and the Capital Stock of such Subsidiary), directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to representations, warranties, covenants and indemnities entered into in the ordinary course of business in connection with a Permitted Receivables Financing;

(b) neither the Parent nor any Restricted Subsidiary has any material contract, agreement, arrangement or understanding with such Subsidiary other than on terms no less favorable to the Parent or such Restricted Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of the Parent, other than fees payable in the ordinary course of business in connection with servicing accounts receivable; and

(c) neither the Parent nor any Restricted Subsidiary has any obligation to maintain or preserve such Subsidiary's financial condition or cause such Subsidiary to achieve a certain level of operating results.

"**Redeemable Capital Stock**" means any Capital Stock that, either by its terms or by the terms of any security into which it is convertible or exchangeable or otherwise, is or upon the happening of an event or passage of time would be, required to be redeemed prior to the final Stated Maturity as of the time of the issuance thereof or is redeemable at the option of the holder thereof at any time prior to such final Stated Maturity (other than upon a change of control or an asset sale (howsoever defined) in circumstances where the holders of the Senior Notes would have similar rights), or is convertible into or exchangeable for debt securities at any time prior to such final Stated Maturity at the option of the holder thereof; *provided* that (a) only the portion of Capital Stock which so matures or is mandatorily redeemable, is so convertible or exchangeable or is so redeemable at the option of the holder thereof prior to such date will be deemed to be Redeemable Capital Stock and (b) any Capital Stock that would constitute Redeemable Capital Stock solely because the holders thereof have the right to require the Parent to repurchase such Capital Stock upon the occurrence of a change of control or an asset sale (howsoever defined or referred to) shall not constitute Redeemable Capital Stock if any such redemption or repurchase obligation is subject to compliance by the relevant Person with "*—Certain Covenants—Limitation on Restricted Payments*".

"**Redesignation**" has the meaning provided in the "*—Limitation on Unrestricted Subsidiaries*" covenant.

"**refinances**" shall mean renews, extends, repays, substitutes, refinances or replaces; "**refinanced**" and "**refinancing**" shall have correlative meanings.

"**Regulation S-X**" means Regulation S-X under the Exchange Act as from time to time in effect.

"**Remedy Entity**" means Runcorn MCP Limited, its successors and each of their respective Subsidiaries.

"**Rental Payments**" means rental payments made by the Parent and its Restricted Subsidiaries under leases and sub-leases on reasonable commercial terms (as determined in good faith by the Parent) in respect of the headquarters or other offices or facilities used by the Parent and/or its Restricted Subsidiaries.

"**Restricted Payment**" has the meaning provided in clause (a) of the "*—Limitation on Restricted Payments*" covenant.

"**Restricted Subsidiary**" means any Subsidiary of the Parent other than an Unrestricted Subsidiary.

"**Revolving Credit Facility**" means the $300 million revolving credit facility made available under the Term Loan and Revolving Credit Facility Agreement.

"**RPI**" means the index entitled "General Index of Retail Prices" prepared by the Office for National Statistics from time to time (or, if that index ceases to be so prepared, such other comparable index as is generally accepted).

"**Run Rate Adjustment**" has the meaning provided in the definition of Consolidated Adjusted EBITDA.

"**S&P**" means S&P Global Ratings, a division of S&P Global Inc., or any successor to its rating business.

"**Second Lien Debt Obligations**" has the meaning given to such term in the Intercreditor Agreement.

"**Securities Act**" means the U.S. Securities Act of 1933, as amended, or any successor statute, and the rules and regulations promulgated by the Commission thereunder.

"**Security Agent**" means Barclays Bank PLC, in its capacity as security agent under the Security Documents, or any successor security agent pursuant to the Intercreditor Agreement.

"**Security Documents**" means each document that provides for a Lien in favor of the Security Agent, for the benefit of the Trustee and the holders of the Senior Notes, over any Collateral, in each case, as amended, supplemented, restated and/or substituted from time to time.

"**Security Interests**" means the security interests that secure the obligations under the Senior Notes and the Guarantees created by the Security Documents.

"**Security Principles**" means the Security Principles set forth in the Senior Notes Indenture (or a schedule thereto), as applied reasonably and in good faith by the Parent. For the avoidance of doubt, any requirement set forth in

the Senior Notes Indenture with respect to the granting of a Lien or Guarantee under the Senior Notes Indenture shall be subject to the Security Principles.

"**Senior Indebtedness**" means with respect to any Person:

(1) all Indebtedness of such Person, whether outstanding on the Issue Date or thereafter incurred; and

(2) all other obligations of such Person (including interest accruing on or after the filing of any petition in bankruptcy or for reorganization relating to such Person whether or not post-filing interest is allowed in such proceeding) in respect of any Indebtedness of such Person,

unless, in the case of clauses (1) and (2) above, in the instrument creating or evidencing the same or pursuant to which the same is outstanding, it is provided that such Indebtedness or other obligations are subordinate in right of payment to the Senior Notes or subordinate or (other than in the case of the Guarantee of the Parent) *pari passu* in right of payment to the Guarantee of such Person, as the case may be; *provided*, *however*, that Senior Indebtedness shall not include:

(i) any obligation of such Person to the Parent or any of its Subsidiaries, other than, in each case, in their capacities as Primary Creditors (as defined in the Intercreditor Agreement);

(ii) any liability for national, state, local or other taxes owed or owing by such Person;

(iii) any accounts payable or other liability to trade creditors arising in the ordinary course of business (including guarantees thereof or instruments evidencing such liabilities);

(iv) any Indebtedness or other obligation of such Person which is subordinate or junior in right of payment to any other Indebtedness or other obligation of such Person; *provided* that unsecured Indebtedness is not deemed to be subordinate or junior to secured Indebtedness merely because it is unsecured, and Indebtedness that is not guaranteed by a particular Person is not deemed to be subordinate or junior to Indebtedness that is so guaranteed merely because it is not so guaranteed; *provided further* that junior liens, second liens and other contractual arrangements that provide for priorities among holders of the same or different issues of indebtedness with respect to any collateral or the proceeds of collateral or tranching of debt under a Credit Facility shall not constitute subordination in right of payment;

(v) that portion of any Indebtedness which at the time of incurrence is incurred in violation of the Senior Notes Indenture; and

(vi) any Capital Stock of such Person.

"**Senior Notes**" means the €500.0 aggregate principal amount $3^{3}/_{4}$% Senior Notes due 2026 issued on the Issue Date by INEOS Quattro Finance 1 Plc.

"**Senior Notes Documents**" means the Senior Notes (including Additional Secured Notes), the Senior Notes Indenture, the Security Documents and the Intercreditor Agreement.

"**Senior Notes Indenture**" means the indenture dated as of the Issue Date, among the Parent, INEOS Quattro Finance 1 Plc, the guarantors named therein, HSBC Corporate Trustee Company (UK) Limited, as trustee, HSBC Bank PLC, as registrar, paying agent and transfer agent for the Euro Senior Notes and Barclays Bank PLC, as security agent, as it may from time to time be supplemented or amended by one or more indentures supplemental thereto entered into pursuant to the applicable provisions thereof.

"**Senior Notes Proceeds Loan Note**" means the loan note in the amount of the gross proceeds of the Euro Senior Notes issued on the Issue Date by and among the Company, as borrower, and INEOS Quattro Finance 1 Plc, as lender, and all loans directly or indirectly replacing or refinancing such loan or any portion thereof.

"**Senior Secured Indebtedness**" means (a) Senior Secured Obligations (as defined in the Intercreditor Agreement) (excluding, for the avoidance of doubt, the Senior Notes and any other Second Lien Debt Obligations (as defined in the Intercreditor Agreement)) and (b) the Indebtedness under the Styrolution Securitization Programs and any other Permitted Receivables Financing.

"**Senior Secured Notes**" means the $500.0 million aggregate principal amount $3^{3}/_{8}$% Senior Secured Notes due 2026 and the €800.0 million aggregate principal amount $2^{1}/_{2}$% Senior Secured Notes due 2026 issued on the Issue Date by INEOS Quattro Finance 2 Plc.

"**Senior Secured Notes Indenture**" means the indenture dated as of the Issue Date, among the Parent, INEOS Quattro Finance 2 Plc, the guarantors named therein, HSBC Corporate Trustee Company (UK) Limited, as trustee, HSBC Bank PLC, as registrar, paying agent and transfer agent for the Senior Secured Notes denominated in euro, HSBC Bank USA, National Association, as registrar, paying agent and transfer agent for the Senior Secured Notes denominated in U.S. dollars and Barclays Bank PLC, as security agent, as it may from time to time be supplemented or amended by one or more indentures supplemental thereto entered into pursuant to the applicable provisions thereof.

"**Significant Restricted Subsidiary**" means, at the date of determination, (x) if the Issuer is not the Parent, the Issuer and any Parent Intermediate Holdco and (y) any other Restricted Subsidiary of the Parent that, on a Consolidated basis with its Restricted Subsidiaries, (a) for the most recent fiscal year for which audited consolidated financial statements of the Parent shall have been delivered pursuant to paragraph (1) under "*—Certain Covenants—Provision of Financial Statements*", accounted for more than 10% of the Consolidated revenues of the Parent or (b) as of the end of the most recent fiscal quarter for which consolidated financial statements of the Parent shall have been delivered pursuant to paragraph (1) or (2) under "*—Certain Covenants—Provision of Financial Statements*", was the owner of more than 10% of the Consolidated assets of the Parent.

"**Specified Affiliate Payments**" means:

(a) the purchase of (and any dividend, distribution, loan or other payment to any Parent Holdco, Affiliate or employee trust or similar entity to effect the purchase of) (i) any Capital Stock of the Parent, any Restricted Subsidiary or any Parent Holdco or (ii) any employee loan stock of the Parent, any Restricted Subsidiary or any Parent Holdco, in each case held by any future, present or former employee, director, officer or consultant of any Parent Holdco, the Parent or any of its Restricted Subsidiaries (or their estates or beneficiaries under their estates) pursuant to any management equity subscription agreement, stock option agreement, put agreement, consulting agreement, stockholder agreement or similar agreement or employee loan stock scheme that may be in effect from time to time; *provided* that the aggregate price paid for all such purchased Capital Stock and employee loan stock shall not exceed €10.0 million in any calendar year (with unused amounts in any calendar year (beginning with 2020) being carried over to succeeding calendar years subject to a maximum amount of purchases pursuant to this clause (a) of €20.0 million in any calendar year);

(b) transactions with customers, clients, suppliers and distributors, and other purchases or sales of goods or services, in each case in the ordinary course of business and otherwise in compliance with the terms of the Senior Notes Indenture, which when taken together are fair to the Parent and its Restricted Subsidiaries, as determined in good faith by the Board of Directors or senior management of the Parent, or are on terms not less favorable than might have been obtained in a comparable transaction at such time on an arm's length basis from a Person that is not an Affiliate, as determined in good faith by the Board of Directors or senior management of the Parent;

(c) dividends, distributions, loans or other amounts paid to or on behalf of any Parent Holdco in amounts equal to amounts required for such Person to pay (i) audit fees and expenses, (ii) directors' fees, remuneration and expenses (including customary indemnification obligations and director and officer insurance premia), (iii) corporate overhead and salary or other compensation to existing and future employees allocable to the Parent and its Restricted Subsidiaries, (iv) other ordinary course expenses required to maintain its corporate existence, (v) amounts required in relation to public reporting and registration and on-going administration of any securities or other Indebtedness and the Intercreditor Agreement and (vi) payments of fees under management agreements to INEOS Capital pursuant to agreements in effect on the Issue Date and any amendment or modifications thereof; *provided* that any amendments or modifications to the terms thereof are not more disadvantageous to the holders of the Senior Notes in any material respect than such agreements as in effect on the Issue Date;

(d) dividends, distributions, loans or other amounts paid to or on behalf of any Parent Holdco in amounts equal to amounts required by any Parent Holdco to pay income or corporation taxes or VAT, but only to the extent such income or corporation taxes or VAT are attributable to the business of the Parent Holdcos, the Parent or its Restricted Subsidiaries;

(e) the payment of any other amounts; *provided* that the total aggregate amount of Specified Affiliate Payments made under this clause (e) does not exceed in any fiscal year the greater of (x) €125.0 million and (y) 1.12% of Total Assets at the time such payment is made;

(f) the payment of an annual management fee (in whatever form) to any Parent Holdco, any Permitted Holder or any of their respective Affiliates; *provided* that the total amount of Specified Affiliate Payments made under this clause (f) does not exceed in any fiscal year the greater of (x) €75.0 million (adjusted, since November 7, 2014, in accordance with the RPI) and (y) 0.67% of Total Assets at the time such payment is made; and

(g) Rental Payments.

"**Sponsor Purchasers**" means any of the Permitted Holders and any of their Affiliates (other than the Parent and its Subsidiaries).

"**Stated Maturity**" means, when used with respect to any Indebtedness or any installment of interest thereon, the dates specified in such Indebtedness as the fixed date on which the principal of such Indebtedness or such installment of interest, as the case may be, is due and payable. For the avoidance of doubt, references to the "final Stated Maturity" of any Indebtedness shall mean the final scheduled repayment in respect of such Indebtedness, and in determining such final scheduled repayment date for any Indebtedness incurred in the form of a bridge or other interim credit facility intended to be extended, renewed or refinanced with Long-Term Indebtedness, the initial maturity date or rollover date (however denominated) thereof shall be disregarded so long as such credit facility includes customary "rollover" provisions that are subject to no conditions precedent other than (a) the occurrence of the date specified for the "rollover" and (b) that no payment, bankruptcy or insolvency event of default shall have occurred and be continuing.

"**Styrolution Securitization Programs**" means (a) the trade receivables securitization program established on May 6, 2011, by INEOS Styrolution Receivables Finance DAC (Designated Activity Company) (formerly known as Styrolution Receivables Finance Limited) (as purchaser and borrower) and INEOS Styrolution Group GmbH (as master servicer, seller agent and subordinated lender) with, among others, HSBC Bank PLC (as facility agent and conduit support lender) and The Law Debenture Trust Corporation PLC (as security trustee) and (b) the trade receivables program which was established under a Mexican Trust Agreement number F/1787 among INEOS Styrolution Mexicana S.A. de C.V., as Initial Trustor; Deutsche Bank Mexico S.A., Institución de Banca Múltiple, División Fiduciaria (currently CI Banco, S.A. Institución de Banca Múltiple, as successor), as the Trustee; and INEOS Styrolution Receivables Finance DAC (Designated Activity Company), as the First Beneficiary; and under a Mexican Factoring Agreement among INEOS Styrolution Mexicana S.A. de C.V., as the Mexican Seller; Deutsche Bank México, S.A., Institución de Banca Múltiple, División Fiduciaria (currently CI Banco, S.A. Institución de Banca Múltiple, as successor), as the Mexican Trustee; INEOS Styrolution Receivables Finance DAC (Designated Activity Company), as the Trust Beneficiary; INEOS Styrolution Group GmbH, as the Master Servicer; HSBC Bank PLC as Facility Agent; and The Law Debenture Trust Corporation PLC, as the Security Trustee (as such programs may be amended, supplemented, varied, novated, extended or replaced from time to time and including without limitation any further receivables purchase agreements and other documents evidencing the accession of further receivables sellers to such programs and any additional security from time to time created by or in connection with any additional sellers).

"**Subordinated Indebtedness**" means Indebtedness of the Issuer or any Guarantor that is subordinated in right of payment to the Senior Notes or a Guarantee of such Guarantor, as applicable; *provided* that, for the avoidance of doubt, no Senior Indebtedness held by any Sponsor Purchaser shall constitute Subordinated Indebtedness.

"**Subordinated Lien Indebtedness**" means Indebtedness of the Issuer or any Guarantor secured by a Lien on the Collateral that is contractually junior to the Liens on the Collateral securing the Senior Notes or a Guarantee of such Guarantor, as applicable, other than any such Indebtedness owing to the Parent or any Restricted Subsidiary.

"**Subordinated Shareholder Funding**" means Subordinated Indebtedness of the Parent issued to any Permitted Holder, any Parent Holdco or any Affiliate thereof (other than any Restricted Subsidiary of the Parent):

(a) which, by its terms or pursuant to the terms of any subordination agreement to which it is subject:

(i) does not (including upon the happening of any event) mature (other than upon acceleration of its maturity permitted by clause (a)(iii) below) or require any amortization and is not (including upon the happening of any event) mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder, in whole or in part,

and does not include any provision requiring repurchase by the Parent or any Restricted Subsidiary (including upon the happening of any event), in each case, prior to the first anniversary of the final Stated Maturity of the Senior Notes as of the date of the incurrence thereof;

(ii) does not (including upon the happening of any event) require the payment of interest (in cash or otherwise, except any interest in the form of the issuance of additional Subordinated Shareholder Funding), cash withholding amounts or other cash gross ups or any other cash amounts prior to its final Stated Maturity (*provided* that interest may accrete while such Subordinated Indebtedness is outstanding and accreted interest may become due upon acceleration of maturity as permitted by clause (a)(iii) below);

(iii) contains no change of control or similar provisions, has no right to declare a default or event of default, does not provide (including upon the happening of any event) for the acceleration of its maturity (other than any default, event of default or acceleration of its maturity upon the happening of any events described in clause (b)(ii) below, so long as the subordination requirements of such clause are satisfied), the ability to take any enforcement action or the exercise of remedies, in each case, prior to the date on which the Senior Notes mature and are repaid;

(iv) is not required to be, and is not, secured by, a Lien on any assets of the Parent or any Restricted Subsidiary and is not guaranteed by any Restricted Subsidiary of the Parent;

(v) does not (including upon the happening of any event) restrict the payment of amounts due in respect of the Senior Notes or compliance by the Issuer with its obligations under the Senior Notes Documents; and

(vi) is not (including upon the happening of any event) mandatorily convertible or exchangeable, or convertible or exchangeable at the option of the holder, in whole or in part, prior to the final Stated Maturity of the Senior Notes as of the date of the incurrence thereof other than into or for Capital Stock (other than Redeemable Capital Stock) of the Parent; and

(b) which is contractually subordinated and junior (by its terms in favor of, or pursuant to an agreement with, the Trustee) in right of payment to the prior payment in full in cash of all obligations (including principal, interest, premium (if any) and Additional Amounts (if any)) of the Parent under the relevant Guarantee of the Senior Notes and the Senior Notes Indenture (other than contingent indemnity, expense reimbursement, tax gross-up or other yield protection obligations, in each case, for which a claim has not been made) such that:

(i) the Parent shall not make any payment in respect of such Subordinated Indebtedness (whether in cash, securities or otherwise, except as permitted by clause (a)(ii) or (a)(iii) above) and may not acquire such Subordinated Indebtedness, in each case, except as permitted by the Senior Notes Indenture until the prior payment in full in cash of all obligations under the relevant Guarantee of the Senior Notes and the Senior Notes Indenture (other than contingent indemnity, expense reimbursement, tax gross-up or other yield protection obligations for which a claim has not been made);

(ii) upon any total or partial liquidation, dissolution or winding up of the Parent or in a bankruptcy, reorganization, insolvency, receivership or similar proceeding relating to the Parent or its property, the holders of the Senior Notes will be entitled to receive payment in full in cash of all obligations under the relevant Guarantee of the Senior Notes and the Senior Notes Indenture (other than contingent indemnity, expense reimbursement, tax gross-up or other yield protection obligations for which a claim has not been made) before the holders of such Subordinated Indebtedness will be entitled to receive any payment in respect of such Subordinated Indebtedness;

(iii) such Subordinated Indebtedness may not be amended such that it would cease to qualify as Subordinated Shareholder Funding until a date that is after the prior payment in full in cash of all obligations under the relevant Guarantee of the Senior Notes and the Senior Notes

Indenture (other than contingent indemnity, expense reimbursement, tax gross-up or other yield protection obligations for which a claim has not been made);

(iv) the holders of such Subordinated Indebtedness shall assign any rights to vote, including by way of proxy, in a bankruptcy, insolvency or similar proceeding to the Trustee to the extent necessary to give effect to the priority and subordination provisions described in this definition; and

(v) the holders of such Subordinated Indebtedness shall agree that, in the event any payment on such Subordinated Indebtedness is received by such holder in contravention of the terms of the Senior Notes Indenture and any applicable subordination agreement, then such payment shall be held in trust for the benefit of, and shall be paid over or delivered to, the Trustee, on behalf of the holders of the Senior Notes;

provided that any event or circumstance that results in such Subordinated Indebtedness ceasing to qualify as Subordinated Shareholder Funding shall (A) constitute an incurrence of such Indebtedness by the Parent and (B) reduce the amount described in clause (3)(B) of paragraph (b) under "*—Certain Covenants—Limitation on Restricted Payments*" by an amount equal to the amount by which the amount in such clause (3)(B) had been previously increased on account of such Subordinated Shareholder Funding, and any and all Restricted Payments made since the date of the original issuance of such Subordinated Shareholder Funding shall constitute new Restricted Payments that must satisfy "*—Certain Covenants—Limitation on Restricted Payments*" at a time on or after the date of the original issuance of such Subordinated Shareholder Funding after giving effect to the reduction referred to above in clause (B) above. It is understood and agreed that the requirements of clause (b) above shall be deemed to be satisfied by the terms and conditions of the Intercreditor Agreement applicable to "Subordinated Creditors" or "Subordinated Obligations" (each such term as defined therein). Notwithstanding clause (i) of the second sentence of the definition of Indebtedness, "Subordinated Indebtedness", as used in this definition, shall not exclude Subordinated Shareholder Funding.

"**Subsequent Guarantor**" or "**Subsequent Guarantors**" means (i) BP America Chembel Holding LLC; BP Amoco Chemical Company; INEOS Aromatics Holding Company; BP Amoco Chemical Indonesia Limited; BP Asia Limited; INEOS Aromatics Holdings Limited; BP Chembel NV; INEOS Acetyls Investments Limited; INEOS Acetyls (Korea) Limited (formerly, BP Chemicals (Korea) Limited); INEOS Aromatics Limited (formerly, BP Aromatics Limited); INEOS World-Wide Technical Services Limited (formerly, BP World-Wide Technical Services Limited); INEOS Acetyls Americas Limited (formerly, Exploration Service Company Limited); INEOS Styrolution APAC Pte. Ltd.; INEOS Styrolution Belgium NV; INEOS Styrolution Canada Ltd.; INEOS Styrolution Mexicana, S.A. de C.V.; INEOS Styrolution Switzerland SA; INEOS Acetyls International Limited, INOVYN Belgium SA; INOVYN ChlorVinyls Holdings Limited; INOVYN ChlorVinyls Limited; INOVYN Deutschland GmbH; INOVYN Enterprises Limited; INOVYN Europe Limited; INOVYN Finance PLC; INOVYN France SAS; INOVYN Group Treasury Limited; INOVYN Limited; INOVYN Manufacturing Belgium SA; INOVYN Newco 2 Limited; INOVYN Norge AS; INOVYN Olefines France SAS; INOVYN Sverige AB; INOVYN Trade Services SA; Kerling Newco 1 Limited; and Kerling Newco 2 Limited and (ii) the Korean Subsidiary, which will guarantee the obligations of the Issuer under the Senior Notes only if the Bank of Korea accepts the report to be filed with it by the Korean Subsidiary.

"**Subsidiary**" of any Person means (a) any corporation more than 50% of the total voting power of the outstanding Voting Stock of which is owned or controlled, directly or indirectly, by such Person or by one or more other Subsidiaries of such Person, or by such Person and one or more other Subsidiaries thereof, (b) any limited partnership of which such Person or any Subsidiary of such Person is a general partner, (c) any other Person in which such Person, or one or more other Subsidiaries of such Person, or such Person and one or more other Subsidiaries, directly or indirectly, owns more than 50% of the outstanding equity value or partnership or similar interests or has the power, by contract or otherwise, to direct or cause the direction of the policies, management and affairs thereof and (d) any Subsidiary within the meaning of Section 17 of the German Stock Corporation Act (*Aktiengesetz*). Unless otherwise expressly provided, all references herein to a "Subsidiary" shall mean a Subsidiary of the Parent.

"**Subsidiary Guarantor**" means each Restricted Subsidiary of the Parent that is a Guarantor of the Senior Notes.

"**Surviving Entity**" means a Parent Surviving Entity, an Issuer Surviving Entity or a Guarantor Surviving Entity, as the context requires.

"**Swedish Security Document**" means any Security Document that is governed by the laws of Sweden.

"**Tax Sharing Agreement**" means any tax sharing or tax payment agreement with customary terms and any arrangement in respect of the surrender of group relief or the allocation of disallowances of deductions for financing purposes, in each case, entered into with any Parent Holdco, as the same may be amended, supplemented, waived or otherwise modified from time to time in accordance with the terms thereof and of the Senior Notes Indenture.

"**Taxes**" means all present and future taxes, levies, assessments, imposts, deductions, charges, duties, withholdings (including backup withholding), or fees imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

"**Temporary Cash Investments**" means

(a) any evidence of Indebtedness, maturing not more than one year after the date of acquisition, issued by the United States of America, Canada, Norway, Switzerland, the United Kingdom or any state that was a member state of the European Union on December 31, 2003 (or any state, territory, political subdivision or taxing authority of any of the foregoing) or an instrumentality or agency thereof, and guaranteed fully as to principal, premium, if any, and interest by any of the foregoing;

(b) any certificate of deposit, maturing not more than one year after the date of acquisition, issued by, or time deposit of, a commercial banking institution that is a member of the U.S. Federal Reserve System or a bank or trust company organized in the United States of America, Canada, Norway, Switzerland, the United Kingdom or any state that was a member state of the European Union on December 31, 2003 (or any state, territory, political subdivision or taxing authority of any of the foregoing) and that has combined capital and surplus and undivided profits of not less than US$500.0 million and whose debt has a rating, at the time as of which any investment therein is made, of "P-2" (or higher) according to Moody's or any successor rating agency or "A-2" (or higher) according to S&P or any successor rating agency;

(c) commercial paper, maturing not more than one year after the date of acquisition, issued by a corporation (other than an Affiliate or Subsidiary of the Parent) organized and existing under the laws of the United States of America, Canada, Norway, Switzerland, the United Kingdom or any state that was a member state of the European Union on December 31, 2003 (or any state, territory, political subdivision or taxing authority of any of the foregoing) with a rating, at the time as of which any investment therein is made, of "P-2" (or higher) according to Moody's or any successor rating agency or "A-2" (or higher) according to S&P or any successor rating agency;

(d) any money market deposit accounts issued or offered by a commercial bank organized in the United States of America, Canada, Norway, Switzerland, the United Kingdom or any state that was a member state of the European Union on December 31, 2003 (or any state, territory, political subdivision or taxing authority of any of the foregoing) having capital and surplus in excess of US$500.0 million; *provided* that the short term debt of such commercial bank has a rating, at the time as of which any investment therein is made, of "P-2" (or higher) according to Moody's or any successor rating agency or "A-2" (or higher) according to S&P or any successor rating agency;

(e) repurchase obligations with a term of not more than 30 days for underlying obligations of the types described in clauses (a) and (b) above entered into with any bank meeting the qualifications specified in clause (b) above;

(f) interests in any investment company or money market fund which invests 95% or more of its assets in instruments of the type specified in clauses (a) through (e) above; and

(g) other short-term investments utilized by Restricted Subsidiaries of the Parent in accordance with normal investment practices for cash management (as determined by the Parent in good faith) in the jurisdiction of organization or operation of such Restricted Subsidiary.

"**Term Loan A Facilities**" refers collectively to (i) $350 million term loan facilities made available to INEOS 226 Limited pursuant to the Term Loan and Revolving Credit Facility Agreement and (i) the €300 million term loan facility made available to INEOS Quattro Financing Limited pursuant to the Term Loan and Revolving Credit Facility Agreement, €180 million outstanding amount of which will be repaid in connection with the Transactions.

"**Term Loan and Revolving Credit Facility Agreement**" refers to the credit agreement dated as of July 31, 2020, among, inter alios, INEOS 226 Limited and INEOS Quattro Financing Limited (formerly INEOS Styrolution Financing Limited), as borrowers, and Barclays Bank plc, Citigroup Global Markets Limited and J.P. Morgan Securities plc, as joint global coordinators, joint lead arrangers and joint bookrunners, as amended by an incremental facility agreement dated on or about the Issue Date, and as the same may be further amended from time to time.

"**Treasury Rate**" means the greater of (a) the yield to maturity at the time of computation of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) which has become publicly available at least two Business Days (but not more than five Business Days) prior to the redemption date (or, if such statistical release is not so published or available, any publicly available source of similar market date selected by the Issuer in good faith)) most nearly equal to the period from the redemption date to January 15, 2023; *provided*, *however*, that if the period from the redemption date to January 15, 2023 is not equal to the constant maturity of a United States Treasury security for which a weekly average yield is given, the Treasury Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of United States Treasury securities for which such yields are given, except that if the period from the redemption date to January 15, 2023 is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year shall be used and (b) 0%.

"**Total Assets**" means the Consolidated total assets of the Parent and its Restricted Subsidiaries, as shown on the most recent balance sheet of the Parent.

"**Transactions**" means, collectively, (a) the incurrence of indebtedness under, and the other transactions contemplated by, the Term Loan and Revolving Credit Facility Agreement, (b) the transactions contemplated by the other Senior Notes Documents, (c) the incurrence of the loans under the Bridge Facility (as defined in the Term Loan and Revolving Credit Facility Agreement as in effect immediately prior to the Issue Date) and the use of the proceeds thereof, (d) the Deposit Facility Refinancing (as defined in the Term Loan and Revolving Credit Facility Agreement as in effect immediately prior to the Issue Date), (e) the BP Acquisition and the related transactions, (f) the INOVYN Contribution, (g) the issuance and sale of the Senior Secured Notes and the Senior Notes and (h) the payment of fees and expenses in connection with any of the foregoing.

"**Trust Indenture Act**" means the U.S. Trust Indenture Act of 1939, as amended, or any successor statute.

"**United States**" or "**U.S.**" means the United States of America.

"**Unrestricted Subsidiary**" means (a) each of China American Petrochemical Company Ltd., INEOS Runcorn (TPS) Holdings Limited and INEOS Runcorn (TPS) Limited and (b) any Subsidiary of the Parent (other than the Issuer) that is designated as such pursuant to and in compliance with "*—Limitation on Unrestricted Subsidiaries*", in each case unless and until such Subsidiary is redesignated as a Restricted Subsidiary pursuant to a Redesignation as provided in paragraph (d) of such covenant.

"**U.S. Government Obligations**" means direct obligations (or certificates representing an ownership interest in such obligations) of the United States of America (including any agent or instrumentality thereof) for the payment of which its full faith and credit is given.

"**VAT**" means (a) any value added tax imposed by the United Kingdom Value Added Tax Act 1994, (b) any Tax imposed in compliance with the Council Directive of 28 November 2006 on the common system of value added tax (EC Directive 2006/112), and (c) any other Tax of a similar nature, whether imposed in the United Kingdom or in a member state of the European Union in substitution for, or levied in addition to, such Tax referred to in clause (a) or (b), or imposed elsewhere.

"**Voting Stock**" of a Person means Capital Stock of such Person of the class or classes pursuant to which the holders thereof have the general voting power under ordinary circumstances to elect at least a majority of the Board of Directors of such Person, managers or trustees of such Person (irrespective of whether or not at the time Capital Stock of any other class or classes shall have or might have voting power by reason of the happening of any contingency).

"**wholly owned**", when used in reference to a Subsidiary of any Person, means that all the Capital Stock of such Subsidiary (other than directors' qualifying shares and other nominal amounts of Capital Stock that are required to be held by other Persons under applicable law) are owned by such Person, another wholly owned Subsidiary of such Person or any combination thereof.

"**Wholly Owned Restricted Subsidiary**" means a Restricted Subsidiary all the Capital Stock of which (other than directors' qualifying shares and other nominal amounts of Capital Stock that are required to be held by other Persons under applicable law) is owned by the Parent, another Wholly Owned Restricted Subsidiary or any combination thereof.

BOOK-ENTRY, DELIVERY AND FORM

General

The Dollar Senior Secured Notes sold to qualified institutional buyers in reliance on Rule 144A will initially be represented by one or more global notes in registered form without interest coupons attached (the "**Rule 144A Dollar Global Senior Secured Notes**" or the "**Rule 144A Dollar Global Notes**"). The Dollar Senior Secured Notes sold outside the United States to non-U.S. persons in reliance on Regulation S will initially be represented by one or more global notes in registered form without interest coupons attached (the "**Regulation S Dollar Global Senior Secured Notes**" or the "**Regulation S Dollar Global Notes**").

The Euro Senior Secured Notes sold to qualified institutional buyers in reliance on Rule 144A will initially be represented by one or more global notes in registered form without interest coupons attached (the "**Rule 144A Euro Global Senior Secured Notes**"). The Euro Senior Secured Notes sold outside the United States to non-U.S. persons in reliance on Regulation S will initially be represented by one or more global notes in registered form without interest coupons attached (the "**Regulation S Euro Global Senior Secured Notes**").

The Euro Senior Notes sold to qualified institutional buyers in reliance on Rule 144A will initially be represented by one or more global notes in registered form without interest coupons attached (the "**Rule 144A Euro Global Senior Notes**" and, together with the Rule 144A Euro Global Senior Secured Notes, the "**Rule 144A Euro Global Notes**"). The Euro Senior Notes sold outside the United States to non-U.S. persons in reliance on Regulation S will initially be represented by one or more global notes in registered form without interest coupons attached (the "**Regulation S Euro Global Senior Notes**" and, together with the Regulation S Euro Global Senior Secured Notes, the "**Regulation S Euro Global Notes**"). The Rule 144A Dollar Global Notes and the Regulation S Dollar Global Notes are collectively referred to herein as the "**Dollar Global Notes**". The Rule 144A Euro Global Notes and the Regulation S Euro Global Notes are collectively referred to herein as the "Euro Global Notes". The Rule 144A Dollar Global Notes and the Rule 144A Euro Global Notes are collectively referred to as the "**Rule 144A Global Notes**". The Regulation S Dollar Global Notes and the Regulation S Euro Global Notes are collectively referred to as the "**Regulation S Global Notes**". The Rule 144A Global Notes and the Regulation S Global Notes are collectively referred to as the "**Global Notes**".

The Dollar Global Notes will be deposited upon issuance with the custodian for the Depository Trust Company ("**DTC**") and registered in the name of Cede & Co., as nominee of DTC. The Euro Global Notes will be deposited with, or on behalf of, a common depositary (the "**Common Depositary**") for the accounts of Euroclear and Clearstream and registered in the name of the nominee of the Common Depositary.

Ownership of interests in the Rule 144A Global Notes (the "**Rule 144A Book-Entry Interests**") and in the Regulation S Global Notes (the "**Regulation S Book-Entry Interests**" and, collectively with the Rule 144A Book-Entry Interests, the "**Book-Entry Interests**") will be limited to persons that have accounts with DTC, Euroclear and/or Clearstream, as applicable, or persons that hold interests through such participants. Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by DTC, Euroclear and/or Clearstream and their participants. The Book-Entry Interests in the Dollar Global Notes will be issued only in denominations of $200,000 and integral multiples of $1,000 in excess thereof and the Book-Entry Interests in the Euro Global Notes will be issued only in denominations of €100,000 and in integral multiples of €1,000 in excess thereof.

The Book-Entry Interests will not be held in definitive form. Instead, DTC, Euroclear or Clearstream, as applicable, will credit on their respective book-entry registration and transfer systems a participant's account with the interest beneficially owned by such participant. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may impair the ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, holders of Book-Entry Interests will not have the Notes registered in their name, will not have received physical delivery of the Notes in certificated form and will not be considered the registered owners or "holders" of Notes under the applicable Indenture for any purpose.

So long as the Notes are held in global form, DTC, Euroclear or Clearstream (or their respective nominees), as applicable, will be considered the sole holders of the Global Notes for all purposes under the applicable Indenture. As such, participants must rely on the procedures of DTC, Euroclear or Clearstream, as applicable, and indirect participants must rely on the procedures of DTC, Euroclear or Clearstream, as applicable, and the participants through which they own Book-Entry Interests, to transfer their interests or to exercise any rights of holders of Notes under the applicable Indenture.

Neither the Issuers, the Guarantors, the Registrar, the Common Depositary, the nominee of the Common Depositary, HSBC Bank USA, National Association as custodian for DTC, the Trustee under each of the Indentures nor any of their respective agents will have any responsibility or be liable for any aspect of the records relating to the Book-Entry Interests.

Issuance of Definitive Registered Notes

Under the terms of the Indentures, owners of Book-Entry Interests will receive Notes in definitive registered form (the "**Definitive Registered Notes**"):

(1) if DTC (with respect to the Dollar Global Notes) or Euroclear or Clearstream (with respect to the Euro Global Notes) notifies the relevant Issuer that it is unwilling or unable to continue to act as depositary and a successor depositary is not appointed by the relevant Issuer within 120 days; or

(2) if the owner of a Book-Entry Interest requests such exchange in writing delivered through DTC, Euroclear or Clearstream following an event of default under the relevant Indenture.

DTC, Euroclear and Clearstream have advised the Issuers that upon request by an owner of a Book-Entry Interest described in the immediately preceding clause (2), their current procedure is to request that the relevant Issuer issues or causes to be issued Definitive Registered Notes to all owners of Book-Entry Interests and not only to the owner who made the initial request.

In such an event, the Registrar will issue Definitive Registered Notes, registered in the name or names and issued in any approved denominations, requested by or on behalf of DTC, Euroclear or Clearstream, as applicable, or the relevant Issuer, as applicable (in accordance with their respective customary procedures and based upon directions received from participants reflecting the beneficial ownership of Book-Entry Interests), and such Definitive Registered Notes will bear the restrictive legend as provided in the relevant Indenture, unless that legend is not required by the Indenture or applicable law.

Redemption of the Global Notes

In the event any Global Note, or any portion thereof, is redeemed, DTC, Euroclear or Clearstream, as applicable, will distribute the amount received by it in respect of the Global Note so redeemed to the holders of the Book-Entry Interests in such Global Note from the amount received by it in respect of the redemption of such Global Note. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by DTC, Euroclear or Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). The Issuers understand that under existing practices of DTC, Euroclear and Clearstream, if fewer than all of the relevant Notes are to be redeemed at any time, DTC, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions) or by lot or on such other basis as they deem fair and appropriate; *provided*, *however*, that no Book-Entry Interest of less than $200,000, in the case of the Dollar Global Notes or €100,000, in the case of the Euro Global Notes, principal amount at maturity, or less, may be redeemed in part.

Payments on Global Notes

Payments of amounts owing in respect of the Global Notes (including principal, premium, interest, additional interest and additional amounts, if any) will be made by the relevant Issuer to the relevant Paying Agent. The relevant Paying Agent will, in turn, make such payments to DTC or its nominee (in the case of the Dollar Global Notes) and to the Common Depositary for Euroclear and Clearstream (in the case of the Euro Global Notes), which will distribute such payments to participants in accordance with their respective procedures.

Under the terms of the Indentures governing the Notes, the relevant Issuer and the relevant Trustee will treat the registered holder of the Global Notes (for example, DTC, Euroclear or Clearstream (or their respective nominees)) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, neither the Issuers, the Guarantors, the Trustees, the Registrars nor any Paying Agent or any of their respective agents has or will have any responsibility or liability for:

- any aspects of the records of DTC, Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a Book-Entry Interest, for any such payments made by DTC, Euroclear, Clearstream or any participant or indirect participant, or for maintaining, supervising or reviewing the

records of DTC, Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest; or

- payments made by DTC, Euroclear, Clearstream or any participant or indirect participant, or for maintaining, supervising or reviewing the records of DTC, Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a Book-Entry Interest; or

- DTC, Euroclear, Clearstream or any participant or indirect participant.

Payments by participants to owners of Book-Entry Interests held through participants are the responsibility of such participants, as is now the case with securities held for the accounts of subscribers registered in "street name."

Currency of Payment for the Global Notes

The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Dollar Global Notes will be paid to holders of interest in such notes (the "**DTC Holders**") through DTC in dollars. The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Euro Global Notes will be paid to holders of interest in such notes (the "**Euroclear/Clearstream Holders**") through Euroclear or Clearstream, as applicable, in euro.

Action by Owners of Book-Entry Interests

DTC, Euroclear and Clearstream have advised the Issuers that they will take any action permitted to be taken by a holder of Notes (including the presentation of Notes for exchange as described above) only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. DTC, Euroclear and Clearstream will not exercise any discretion in the granting of consents or waivers or the taking of any other action in respect of the Global Notes. However, if there is an event of default under the Notes, each of DTC, Euroclear and Clearstream reserves the right to exchange the Global Notes for Definitive Registered Notes, and to distribute such Definitive Registered Notes to their respective participants.

Transfers

Transfers between participants in Euroclear and/or Clearstream will be effected in accordance with Euroclear and Clearstream's rules and will be settled in immediately available funds. Transfers between participants in DTC will be done in accordance with DTC's rules and will be settled in immediately available funds. If a holder of Notes requires physical delivery of Definitive Registered Notes for any reason, including to sell Notes to persons in states which require physical delivery of such securities or to pledge such securities, such holder of Notes must transfer its interests in the Global Notes in accordance with the normal procedures of Euroclear and Clearstream or DTC, as applicable, and in accordance with the procedures set forth in the relevant Indenture.

The Global Notes will bear a legend to the effect set forth in "*Notice to Investors*." Book-Entry Interests in the Global Notes will be subject to the restrictions on transfer discussed in "*Notice to Investors*."

Through and including the 40th day after the later of the commencement of the Offering of the Notes and the closing of the Offering (the "**40-day Period**"), beneficial interests in a Regulation S Global Note may be transferred to a person who takes delivery in the form of an interest in the Rule 144A Global Note denominated in the same currency only if such transfer is made pursuant to Rule 144A and the transferor first delivers to the relevant Trustee a certificate (in the form provided in the relevant Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "*Notice to Investors*" and in accordance with all applicable securities laws of the states of the United States and other jurisdictions.

After the expiration of the 40-day Period, beneficial interests in a Regulation S Global Note may be transferred to a person who takes delivery in the form of a beneficial interest in the Rule 144A Global Note denominated in the same currency without compliance with these certification requirements.

Beneficial interests in a Rule 144A Global Note may be transferred to a person who takes delivery in the form of a beneficial interest in the Regulation S Global Note denominated in the same currency only upon receipt by the

relevant Trustee of a written certification (in the form provided in the Indenture) from the transferor to the effect that such transfer is being made in accordance with Regulation S or Rule 144 under the Securities Act (if available).

Subject to the foregoing, and as set forth in "*Notice to Investors*," Book-Entry Interests may be transferred and exchanged as described under "*Description of the Senior Secured Notes—Transfer and Exchange*" and "*Description of the Senior Notes—Transfer and Exchange"*. Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in any other Global Note of the same denomination will, upon transfer, cease to be a Book-Entry Interest in the first mentioned Global Note and become a Book-Entry Interest in such other Global Note, and accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it retains such a Book-Entry Interest.

Definitive Registered Notes may be transferred and exchanged for Book- Entry Interests in a Global Note only as described under "*Description of the Senior Secured Notes—Transfer and Exchange*" and "*Description of the Senior Notes—Transfer and Exchange"* and, if required, only if the transferor first delivers to the Trustee a written certificate (in the form provided in the relevant Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such Notes. See "*Notice to Investors*."

Information Concerning DTC, Euroclear and Clearstream

All Book-Entry Interests will be subject to the operations and procedures of DTC, Euroclear and Clearstream, as applicable. The Issuers provide the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of each settlement system are controlled by that settlement system and may be changed at any time. Neither the Issuers nor the Initial Purchasers or their affiliates are responsible for those operations or procedures.

DTC advised the Issuers that it is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the U.S. Exchange Act. DTC holds and provides asset servicing for issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (that DTC's direct participants deposit with DTC). DTC also facilitates the post-trade settlement among direct participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between direct participants' accounts. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("**DTCC**"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly.

Like DTC, Euroclear and Clearstream hold securities for participating organizations. They also facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream interface with domestic securities markets.

Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear and Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear and Clearstream participant, either directly or indirectly.

Because DTC, Euroclear and Clearstream can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the DTC, Euroclear and Clearstream systems, or otherwise take actions in respect of such interest, may be limited by the lack of a definitive certificate for that interest. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such persons may be limited. In addition, owners of beneficial interests through the DTC, Euroclear and Clearstream systems will receive distributions attributable to the Rule 144A Global Notes only through DTC, Euroclear and Clearstream participants.

Global Clearance and Settlement Under the Book-Entry System

The Notes represented by the Global Notes are expected to be admitted to trading on the Euro MTF and listed on the Official List of the Luxembourg Stock Exchange. Transfers of interests in the Global Notes between participants in DTC, Euroclear or Clearstream will be effected in the ordinary way in accordance with their respective system's rules and operating procedures.

Although DTC, Euroclear and Clearstream currently follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in DTC, Euroclear or Clearstream, as the case may be, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. None of the Issuers, any Guarantor, the Trustees, the Registrars or the Paying Agents will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants, of their respective obligations under the rules and procedures governing their operations.

Initial Settlement

Initial settlement for the Dollar Global Notes will be made in dollars and initial settlement for the Euro Global Notes will be made in euro. Book-Entry Interests owned through DTC, Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional Eurobonds in registered form. Book-Entry Interests will be credited to the securities custody accounts of DTC, Euroclear and Clearstream holders on the business day following the settlement date against payment for value on the settlement date.

Secondary Market Trading

The Book-Entry Interests will trade through participants of DTC and Euroclear or Clearstream will settle in same-day funds. Since the purchase determines the place of delivery, it is important to establish at the time of trading of any Book-Entry Interests where both the purchaser's and the seller's accounts are located to ensure that settlement can be made on the desired value date.

Special Timing Considerations

You should be aware that investors will only be able to make and receive deliveries, payments and other communications involving the Notes through DTC, Euroclear or Clearstream on days when those systems are open for business.

Trustee's Powers

In considering the interests of the holders of the Notes, while title to the Notes is registered in the name of a nominee of a clearing system, the relevant Trustee may have regard to, and rely on, any information provided to it by that clearing system as to the identity (either individually or by category) of its account holders with entitlements to Notes and may consider such interests as if such account holders were the holders of the Notes.

Enforcement

For the purposes of enforcement of the provisions of the relevant Indenture by the relevant Trustee, the persons named in a certificate of the holder of the Notes in respect of which a Global Note is issued shall be recognized as the beneficiaries of the trusts set out in the Indenture to the extent of the principal amounts of their interests in the Notes set out in the certificate of the holder, as if they were themselves the holders of the Notes in such principal amounts.

LIMITATIONS ON THE VALIDITY AND ENFORCEABILITY OF THE GUARANTEES AND THE COLLATERAL AND CERTAIN INSOLVENCY CONSIDERATIONS

The following is a brief description of certain limitations on the validity and enforceability of the Guarantees and security interests for the relevant Notes and certain aspects of insolvency law in each of the jurisdictions in which the Issuers, the Guarantors and the providers of security to the relevant Notes are organized or incorporated. In the event that any one or more of the Issuers, the Guarantors and the providers of security to the relevant Notes or any other of the Issuers' subsidiaries experienced financial difficulty, it is not possible to know with certainty in which jurisdiction or jurisdictions bankruptcy, insolvency or similar proceedings would be commenced, or the outcome of such proceedings. Applicable insolvency laws may affect the enforceability of the obligations of the Issuers, the Guarantors and the providers of security to the relevant Notes. The descriptions below are only a summary and do not purport to be complete or discuss all of the limitations or considerations that may affect the Notes, the Guarantees or other security interests. See "*Risk Factors—Risks Relating to the Notes and Our Capital Structure—Your rights as a creditor may not be the same under relevant insolvency laws in Germany and other jurisdictions as under U.S. or other insolvency laws. Corporate benefit, capital maintenance and other limitations on the Guarantees and the security interests may adversely affect the validity and enforceability of the Guarantees of the Notes and the security interests and will limit the amount that can be recovered under the Guarantees and the security interests granted by the Issuers and its subsidiaries*."

European Union

Several of the Guarantors are organized or incorporated under the laws of Member States of the European Union.

Regulation (EU) no. 2015/848 of the European Parliament and of the Council of May 20, 2015 on insolvency proceedings (the "Recast EU Insolvency Regulation") entered into force on June 26, 2017 and is applicable to insolvency proceedings opened on or after that date, replacing Council Regulation (EC) no. 1346/2000 on insolvency proceedings (which continues to apply to insolvency proceedings opened prior to June 26, 2017). Pursuant to the Recast EU Insolvency Regulation, which applies within the European Union (other than Denmark), the court which shall have jurisdiction to open main insolvency proceedings in relation to a company is the court of the Member State where the company has its "centre of main interests" (which, according to Article 3(1) of the Recast EU Insolvency Regulation, is "the place where the debtor conducts the administration of its interests on a regular basis and which is ascertainable by third parties"). The determination of where any such company has its "centre of main interests" is a question of fact on which the courts of the different Member States may have differing and even conflicting views.

The term "centre of main interests" is not a static concept and may change from time to time. Although there is a rebuttable presumption under Article 3(1) of the Recast EU Insolvency Regulation that a company has its "centre of main interests" in the Member State in which it has its registered office, this presumption only applies if the registered office has not been moved to another Member State within the 3-month period prior to the request for the opening of insolvency proceedings.

Further, Preamble 30 of the Recast EU Insolvency Regulation states that "it should be possible to rebut this presumption where the company's central administration is located in a Member State other than that of its registered office, and where a comprehensive assessment of all the relevant factors establishes, in a manner that is ascertainable by third parties, that the company's actual centre of management and supervision and of the management of its interests is located in that other Member State." In that respect, factors such as where board meetings are held, the location where the company conducts the majority of its business and the location where the large majority of the company's creditors are established may all be relevant in the determination of the place where the company has its "centre of main interests." The point at which a company's "centre of main interests" is determined is at the time that the relevant insolvency proceedings are opened.

If the centre of main interests of a company is and will remain located in the Member State (other than Denmark) in which it has its registered office, the main insolvency proceedings in respect of the company under the Recast EU Insolvency Regulation may only be commenced in such jurisdiction, and accordingly a court in such jurisdiction would be entitled to commence the types of insolvency proceedings referred to in Annex A to the Recast EU Insolvency Regulation. Main insolvency proceedings opened in one Member State under the Recast EU Insolvency Regulation are to be recognized in the other Member States (other than Denmark), although secondary proceedings may be opened in another Member State. If the "centre of main interests" of a company is in one Member State (other than Denmark) under Article 3(2) of the Recast EU Insolvency Regulation, the courts of another Member State (other than Denmark) have jurisdiction to open "territorial proceedings" only in the event that such company has an "establishment" in the territory of such other Member State. "Establishment" is defined in Article 2(10) of the Recast EU Insolvency Regulation to mean any place of operations where the company carries out or has carried out in the 3-month period prior

to the request to open main insolvency proceedings a non-transitory economic activity with human means and assets. The effects of those territorial proceedings are restricted to the assets of the company situated in the territory of such other Member State where proceedings were opened. If a company does not have an establishment in any other Member State, no court of any other Member State has jurisdiction to open territorial proceedings in respect of such company under the Recast EU Insolvency Regulation.

Where main insolvency proceedings in the Member State in which a company has its centre of main interests have not yet been opened, territorial insolvency proceedings can be opened in another Member State where the company has an establishment, *provided* either (a) insolvency proceedings cannot be opened in the Member State in which that company's centre of main interests is situated under that Member State's law; or (b) the territorial insolvency proceedings are opened at the request of either (i) a creditor whose claim arises from or is in connection with the operation of the establishment situated within the territory of the Member State where the opening of territorial proceedings is requested or (ii) a public authority which, under the law of the Member State within whose territory the establishment is situated, has the right to request the opening of insolvency proceedings. Irrespective of whether the insolvency proceedings are main or secondary insolvency proceedings, such proceedings will, subject to certain exceptions, be governed by the *lex fori concursus*, i.e., the local insolvency law of the court that has assumed jurisdiction over the insolvency proceedings of the debtor. Furthermore, pursuant to Article 6 of the Recast EU Insolvency Regulation, the courts of the Member State within the territory of which insolvency proceedings have been opened in accordance with its Article 3 shall have jurisdiction for any action that derives directly from the insolvency proceedings and is closely linked with them, such as avoidance actions.

The courts of all Member States (other than Denmark) must recognize the judgment of the court opening the main proceedings and give the same effect to the judgment so long as no secondary proceedings have been opened there. The insolvency practitioner appointed by a court in a Member State (other than Denmark) which has jurisdiction to open main proceedings (because the company's centre of main interests is there) may exercise the powers conferred on him by the law of that Member State in another Member State (other than Denmark), such as to remove assets of the company from that other Member State, subject to certain limitations, so long as no insolvency proceedings have been opened in that other EU member state nor any preservation measure has been taken to the contrary further to a request to open insolvency proceedings in that other EU member state where the company has assets.

Belgium

Insolvency

The Notes will be guaranteed by certain companies which are incorporated under the laws of, and have their statutory seat (*statutaire zetel/siège social*) in, Belgium (each, a "**Belgian Guarantor**"). Consequently, in the event of an insolvency of any Belgian Guarantor, main insolvency proceedings may be initiated in Belgium. Such proceedings would then be governed by Belgian law. Under certain circumstances, Belgian law also allows secondary bankruptcy proceedings to be opened in Belgium over the assets of companies that are not established under Belgian law.

The following is a brief description of certain aspects of Belgian insolvency law.

Belgian insolvency laws provide for two primary insolvency procedures: a judicial reorganization procedure (*gerechtelijke reorganisatie/réorganisation judiciaire*) and a bankruptcy procedure (*faillissement/ faillite*). Both types of insolvency proceedings are governed by Book XX "Insolvency of enterprises" of the Belgian Code of Economic Law. Note that, in addition, Belgian law allows for liquidation in deficit (*deficitaire vereffening/ liquidation déficitaire*). The latter proceeding will not be further discussed.

Judicial reorganization.

A debtor (and in limited circumstances, its creditors, interested third parties or the public prosecutor) may file a petition for judicial reorganization if the continuity of the enterprise is at risk, whether immediately or in the future. The interpretation of this principle is broad and defined by the courts. The fact that the conditions for bankruptcy are met (entailing that the debtor has the obligation to file for bankruptcy pursuant to Book XX of the Belgian Code of Economic Law) does not preclude the debtor from applying for a judicial reorganization. If the net assets of the debtor have fallen below 50% of the debtor's issued capital, the continuity of the enterprise is always presumed to be at risk.

The petition for judicial reorganization, to be filed with the clerk office of the relevant Enterprise Court, must include the contemplated measures and proposals that will be taken or made by the debtor to carry out the reorganization. Further, the petition must be accompanied by a number of documents, including, but not limited to, an interim balance

sheet and income statement, prepared under the supervision of an auditor, an external expert accountant or a certified tax accountant.

As from the filing of the petition with the relevant Enterprise Court overseeing the judicial reorganization and for as long as such court has not issued a judgment on the reorganization petition, the debtor cannot be declared bankrupt or wound up by court order. In addition, during this period between the filing of the petition and the court's decision, subject to certain exceptions, none of the debtor's assets may be disposed of by any of its creditors as a result of the enforcement of any security interests that such creditors may hold with respect to such assets. If the debtor requested the opening of judicial reorganization proceeding less than six months ago and such request was accommodated, the filing of the petition does not have a suspensory effect, except if the court decides otherwise.

Book XX of the Belgian Code of Economic Law provides that, within a period of 15 days as from the filing of the petition, the court will hear the debtor and/or his or her legal counsel on the petition for reorganization and will hear the report from the delegated judge. After such hearing, the court will rule within eight days on the petition for judicial reorganization. If the conditions for judicial reorganization appear to be met, and all required documents have been provided, the court will declare the judicial reorganization procedure open, allowing a temporary moratorium for a maximum period of six months. At the request of the debtor (or of the judicial trustee in case of a procedure of transfer under judicial authority) and pursuant to the report issued by the delegated judge, the moratorium period can thereafter be extended by an additional period of up to six months. In exceptional circumstances (such as due to the size of the business, the complexity of the case or the impact of the procedure on employment), and if the interests of the creditors so allow, the court may order an additional extension of the moratorium period for six months.

The granting of the temporary moratorium operates as a stay on enforcement. No enforcement measures with respect to pre-existing claims in the moratorium can be continued or initiated against any of the debtor's assets from the time that the moratorium is granted until the end of the period, with limited exceptions. Furthermore, during the moratorium, the debtor cannot be declared bankrupt or wound up by court order. During the duration of the moratorium, no attachments can be made with regard to pre-existing claims. Creditors however retain the possibility to be granted legal or contractual security.

Conservatory attachments that existed prior to the opening of the judicial reorganization retain their conservatory character, but the court may order their release, *provided* that such release does not have a material adverse effect on the situation of the creditor concerned. If the date for the forced sale of moveable or immovable property has already been set, such sale may, under certain conditions, be continued.

If receivables are pledged by the debtor in favor of a creditor prior to the opening of the judicial reorganization procedure, such pledge will not be affected by the moratorium, provided that the receivables are pledged specifically to that creditor from the moment when the pledge is created. The holder of such pledged receivables is permitted to take enforcement measures against the estate of the initial counterparty of the debtor (such as the debtor's customers) during the moratorium.

A pledge on financial instruments within the meaning of the Financial Collateral Act of December 15, 2004, as amended from time to time (the "**Belgian Financial Collateral Act**"), such as shares in any Belgian Guarantor, can be enforced notwithstanding the enforcement prohibition imposed by the moratorium (unless considered an abuse of right). In the case of a pledge on bank accounts, the enforcement prohibition applies, save in the event of payment default or if certain other conditions are met. Personal guarantees granted by third parties in favor of the debtor's creditors are not covered by the enforcement prohibition imposed by the moratorium, nor are the debts payable by co-debtors. The moratorium also does not prevent the voluntary payment by the debtor of claims covered by the moratorium to the extent such payment is necessary for the continuity of the enterprise.

During the judicial reorganization procedure, the board of directors and management of the debtor in principle continue to exercise their management functions. However, upon request of the debtor or any other interested party and to the extent it is deemed useful for reaching the aims of the reorganization, the court may appoint, an enterprise mediator (*ondernemingsbemiddelaar/médiateur d'entreprise*) to facilitate the reorganization of all or part of its assets or its activities. The court may also appoint a judicial administrator (*gerechtsmandataris/mandataire de justice*), upon the request of any interested party or the public prosecutor, in the event of manifestly grave shortcomings (*kennelijk grove tekortkomingen/manquements graves et caractérisés*) of the debtor or any of its corporate bodies or if the debtor's economic activities are endangered, insofar as such measure can safeguard the continuity of the debtor. In addition, in the event of manifestly gross negligence (*kennelijk grove fout/faute grave et caractérisée*), the court may, upon the request of any interested party or the public prosecutor, appoint a temporary administrator (*voorlopig bewindvoerder/administrateur provisoire*) replacing the debtor's corporate bodies for the duration of the moratorium and charged with the management of the debtor. Furthermore, upon request of any interested party or upon its own initiative, the court may decide that the

company loses all or part of the management of all or part of its assets or activities in case of important, precise and consistent indications (*gewichtige, bepaalde en met elkaar overeenstemmende aanwijzigingen/indices graves, précis et concordants*) that the conditions for bankruptcy are met.

The delegated judge, appointed by the court to assist the debtor in achieving the goal of the reorganization, has additional powers, including the power to request the court to end the reorganization procedure prematurely if he or she considers that the debtor is clearly not in a state to ensure the continuity of the whole or part of his or her business.

The reorganization procedure aims to preserve the continuity of a company as a going concern. Consequently, the initiation of the judicial reorganization proceedings does not terminate any contracts. Contractual provisions that provide for the early termination or acceleration of the contract upon the initiation or approval of a reorganization procedure, and certain contractual terms such as default interest, may not be enforceable during such a procedure. Subject to certain conditions, such enforcement prohibition does not apply to close-out netting provisions. Book XX of the Belgian Code of Economic Law provides that a creditor may not terminate a contract on the basis of a debtor's default that occurred prior to the reorganization procedure if the debtor remedies such default within a 15-day period following the notification of such default.

As an exception to the general rule of continuity of contracts, the debtor may cease performing a contract during the reorganization procedure, *provided* that the debtor notifies the creditor, and the decision is necessary for the debtor to be able to propose a reorganization plan to its creditors or to transfer all or part of the enterprise or its assets. The exercise of this right does however not prevent the creditor from suspending in turn the performance of its own obligations. The creditor can however not terminate the agreement solely on the ground that the debtor has suspended the performance of its own obligations.

Book XX of the Belgian Code of Economic Law provides for three types of reorganization: (i) an amicable settlement between the debtor and two or more of its creditors; (ii) a collective agreement; or (iii) the transfer of (part of) the activities. The type of reorganization may change during the proceedings and may also depend on the position of the court and/or third parties.

Amicable Settlement

In the case of an amicable settlement as provided by Book XX of the Belgian Code of Economic Law, the debtor can draw up an agreement and joint payment scheme plan with at least two creditors in order to settle its debts. Only the parties thereto will be bound by the terms they have agreed. If an agreement is reached for reorganization purposes, it is submitted to the court and entered into a register. Such an amicable settlement will remain enforceable in the event of a later bankruptcy, subject to certain exceptions.

Collective Agreement

In the case of a judicial reorganization by collective agreement, the creditors agree to a restructuring plan during the reorganization procedure.

The debtor must prepare a reorganization plan in which it includes a list of its creditors and of the amount of their claims against the debtor as recorded in the books of the debtor, as well as of details regarding security interests, if applicable. Creditors with pre-existing claims, as well as any other interested party that claims to be a creditor, can challenge the amounts and the ranking of the secured claims declared by the debtor. The court can determine the disputed amounts and the ranking of such claims on a preliminary basis for the purpose of the reorganization procedure. In addition, the court can, upon the request by the creditor, change the amount and the ranking of the claim initially declared by the debtor at the latest fifteen days before the date on which the creditors will vote on the reorganization plan. If a creditor has not challenged the amount and the ranking of its claim at least one month in advance of the date on which the creditors will vote on the approval of the reorganization plan, the amount of its claim will remain unchanged for voting purposes as well as for the purposes of the reorganization plan.

The debtor must use the moratorium period to complete and finalize a reorganization plan, with the assistance of the court-appointed administrator or enterprise mediator, as the case may be. The plan may include measures such as the reduction or rescheduling of liabilities and interest obligations and the conversion of debt into equity and may be based on a differentiated treatment of certain various categories of liabilities. The maximum duration of the plan is five years. The reorganization plan must be filed with the electronic registry managed by the Belgian bar associations (www.regsol.be) at least 20 days in advance of the date on which the creditors will vote its approval. The court needs to ratify the reorganization plan prior to it taking effect. A reorganization plan approved by a double majority of the

creditors (both in headcount and in principal amount due) and ratified by the court will bind the debtor and all creditors, including those who voted against it or did not vote and whether secured or not. The reorganization plan can bind creditors who have a contractual lien over specific assets, pledgees, mortgagees and the so-called creditor-owners, provided that (i) interest is paid on the principal amount of their outstanding debts, and (ii) their rights are not suspended for more than 24 months as of the ratification of the collective agreement by the court. Subject to certain conditions, this period of 24 months may be extended by another twelve months. No other measures can be imposed on such creditors without their individual agreement. The court may refuse ratification if the conditions of the judicial reorganization proceeding were not met or if the proposed reorganization plan violates public policy.

Transfer of (part of) the activities

A court ordered transfer of all or part of the debtor's enterprise can be requested by the debtor in its petition or at a later stage in the procedure. It can be requested by the public prosecutor, by a creditor or by any party who has an interest in acquiring, in whole or in part, the debtor's enterprise, and the court can order such transfer in specific circumstances. The price of the transferred assets should at least be equal to the liquidation value. In the case of comparable offers, priority will be given to the offer guaranteeing employment by way of a social agreement.

A court-ordered transfer will be organized by one or more judicial administrators (*gerechtsmandataris/mandataire de justice*) appointed by the court. Following the transfer, the recourse of the creditors will be limited to the transfer price, subject to some limited exceptions.

In the case of a court-ordered transfer, co-contractors of ongoing agreements can be forced to continue to perform the agreement without their consent after the transfer (except in case of *intuitu personae* agreements), provided historical debts under such agreement are paid.

Bankruptcy

The Belgian bankruptcy procedure is essentially governed by Book XX of the Belgian Code of Economic Law and by case law.

Bankruptcy proceedings may be initiated by the debtor, by unpaid creditors or upon the initiative of the public prosecutor's office, or the provisional administrator of the debtor's assets or the liquidator of "main insolvency proceedings" opened in another EU member state (other than Denmark) in accordance with the Recast EU Insolvency Regulation.

Conditions for a bankruptcy order (*déclaration de faillite/aangifte van faillissement*) are that the debtor must be in a situation of cessation of payments (*cessation de paiements/staking van betaling*) and be unable to obtain further credit (*ébranlement de crédit/wiens krediet geschokt is*). Cessation of payments is generally considered as the inability of the debtor to pay its debts as they fall due. Such situation must be persistent and not merely temporary. The mere fact that a debtor has more debts than assets does not mean that the bankruptcy conditions are met. Companies in liquidation can be declared bankrupt up to six months after the judgments of the closing of the liquidation. In bankruptcy, the debtor loses all authority and decision rights concerning the management of the bankrupt business. The bankruptcy receiver (*curateur/curator*) becomes responsible for the operation of the business and implements the sale of the debtor's assets, the distribution of the sale proceeds to creditors and the liquidation of the debtor. The rights of creditors in the process are limited to being informed of the course of the bankruptcy proceedings on a regular basis by the bankruptcy receiver. Creditors may oppose the sale of assets by bringing an action before the court, or may request the temporary continued operation of the business.

The bankruptcy receiver must decide whether or not to continue performance of ongoing contracts (i.e., contracts existing before the bankruptcy order). The bankruptcy receiver may decide not to continue the performance of one or several contracts, subject to certain limitations, according to case law. The counterparty to an ongoing contract may summon the bankruptcy receiver to take a decision within fifteen days. If no extension of the 15-day term is agreed upon or if the bankruptcy receiver does not make any decision, the ongoing contract is presumed to be terminated after the expiration of the 15-day term. If the bankruptcy receiver decides not to continue the performance of an ongoing contract or if an ongoing contract is terminated due to the expiration of the fifteen-day term, the counterparty to the contract may make a claim for damages in the bankruptcy, in which case such claim will rank pari passu with the claims of all other unsecured creditors.

The bankruptcy receiver may elect to continue the business of the debtor, provided the bankruptcy receiver obtains the authorization of the court and such continuation does not cause any prejudice to the creditors. Two exceptions apply, however:

(a) the parties to an agreement may contractually agree that the occurrence of a bankruptcy constitutes an automatic early termination or acceleration event; and

(b) *intuitu personae* contracts (*i.e.*, contracts whereby the identity of the other party constitutes an essential element upon the signing of the contract) are automatically terminated as of the bankruptcy judgment, since the debtor is no longer responsible for the management of the company. Parties can agree to continue to perform under such contracts.

As a general rule, the enforcement rights of individual creditors are suspended upon the rendering of the court order opening bankruptcy proceedings, and after such order is made, only the bankruptcy receiver may proceed against the debtor and liquidate its assets. However, such suspension does not apply to a pledge on financial instruments or cash held on account falling within the scope of the Belgian Financial Collateral Act. Further exceptions exist with regard to estate debts (*boedelschulden/dettes de la masse*).

For creditors with claims secured by movable assets, such suspension would normally be limited to the period required for the first report of verification of the claims. At the request of the bankruptcy receiver, the suspension period may be extended for up to one year as from the bankruptcy judgment, provided that such extension is in the interest of the bankruptcy estate and if the further suspension will allow for a realization of the assets which does not prejudice the secured creditors, and provided that those secured creditors have been given the opportunity to be heard by the court.

For creditors with claims secured by immovable assets, the intervention of the bankruptcy receiver is necessary to pursue the sale of the assets, subject to certain exceptions. The bankruptcy receiver will do so upon an order of the court. However, a first-ranking mortgagee will generally be entitled to pursue the enforcement of its mortgage as soon as the first report of claims has been finalized.

If a security interest, such as a pledge, has been granted over assets that, at the time insolvency proceedings are initiated, are located in another EU Member State, the rights the creditor has under such security shall, in accordance with the Recast EU Insolvency Regulation, not be affected by the initiation of such insolvency proceedings.

As from the date of the bankruptcy judgment, no further interest accrues against the bankrupt debtor on its unsecured debt, or debts secured by a general privilege, such as tax debts or social security debts.

The ranking of different types of debt of the bankrupt debtor is determined on the basis of a complex set of rules. The following is a general overview of only the main principles:

(a) Estate debt: Costs and indebtedness incurred by the bankruptcy receiver during the bankruptcy proceedings, the so-called “estate debts,” have a senior priority. In addition, if the bankruptcy receiver has contributed to the realization and enforcement of secured assets, such costs will be paid to the bankruptcy receiver in priority out of the proceeds of the realized assets before distributing the remainder to the secured creditors. Tax and social security claims incurred during the judicial reorganization proceedings will be preferential debts of the estate in a subsequent liquidation or bankruptcy.

(b) Security interests: Creditors that hold a security interest have a priority right over the secured asset (whether by means of appropriation of the asset or on the proceeds upon realization);

(c) Privileges: Creditors may have a particular privilege on certain or all assets (*e.g.*, tax claims, claims for social security premiums, etc.). Privileges on specific assets rank before privileges on all assets of the debtor. Certain privileges prevail over security interests;

(d) Unsecured creditors (*Pari passu*): Once all estate debts and creditors having the benefit of security interests and privileges have been satisfied, the proceeds of the remaining assets will be distributed by the bankruptcy receiver among the unsecured creditors who rank *pari passu* (unless a creditor agreed to be subordinated); and

(e) Subordinated creditors will receive the remainder (if any).

Book XX of the Belgian Code of Economic Law provides that any assets, amounts and sums of distributions (such as income generated by a new activity) received after a bankruptcy are excluded from the bankruptcy estate if their relevant cause dates from after the bankruptcy.

Legislation to Protect Undertakings in Financial Distress Due to the COVID-19 Crisis

On December 20, 2020, the Belgian government adopted a Law concerning various temporary and structural provisions on justice in the context of the fight against the spread of the coronavirus COVID-19 (the "**Law of December 20, 2020**"). Pursuant to the Law of December 20, 2020, all enterprises (i) falling within the scope of Book XX of the Belgian Code of Economic Law, (ii) which are subject to closure measures pursuant to the Ministerial Decree of October 28, 2020 on urgent measures to limit the spread of the coronavirus COVID-19, as amended by the Ministerial Decree of November 1, 2020, (iii) whose continuity is threatened by the spread of the COVID-19 epidemic or pandemic and its consequences, and (iv) which were not in a situation of cessation of payments on March 18, 2020, benefit from a temporary suspension as from December 24, 2020 until January 31, 2021 (unless further extended), as follows:

- except for immovable property, no protective or executory attachment and no means of enforcement may be used or continued on the company's property, for all debts of the company, including those included in a reorganization plan ratified before or after the entry into force of the Law of December 20, 2020. This provision does not apply to the protective attachment of seagoing and inland waterway vessels;

- the company cannot be declared bankrupt on the basis of a writ of summons or, if it is a legal entity, be dissolved by the court, unless at the initiative of the public prosecutor or of the provisional administrator, or with the consent of the debtor. The transfer under judicial authority of all or part of its activities is also limited;

- the payment periods included in a reorganization plan ratified before or after the entry into force of the Law of December 20, 2020 are extended for a period equal to that of the suspension referred to in the Law of December 20, 2020, if necessary with an extension of the maximum period of five years for the execution of the plan; and

- agreements concluded before the entry into force of the Law of December 20, 2020 may not be unilaterally or judicially rescinded on the grounds of non-payment of a sum of money due under the agreement. This provision does not apply to employment contracts.

Any interested party may, by summons, request the president of the competent enterprise court to decide that a company does not fall within the scope of the suspension or to lift the suspension in whole or in part by means of a reasoned decision. The president shall take into account, among other things, whether as a result of the COVID-19 epidemic or pandemic the debtor's turnover or activity has fallen sharply, whether full or partial recourse has been had to economic unemployment and whether the public authorities have ordered the closure of the debtor's business, as well as the interests of the applicant.

The above moratorium is without prejudice to the obligation for a company to pay due debts or to ordinary contractual penalties such as, among other things, the plea of non-performance, set-off and the right of retention. It is furthermore without prejudice to the application of the Belgian Financial Collateral Act and the obligations of employers.

The Law of December 20, 2020 furthermore provides that the obligation to file for bankruptcy of enterprises that are subject to closure measures pursuant to the Ministerial Decree of October 28, 2020, as amended by the Ministerial Decree of November 1, 2020, is suspended for the duration of the above moratorium if the bankruptcy conditions are the result of the COVID-19 epidemic or pandemic and its consequences. This however does not affect the ability of the debtor to file for bankruptcy.

Limitation on Enforcement

The grant of a guarantee or collateral by the Belgian Guarantors for the obligations of another group company must fall within the grantors' legal and corporate purpose and must serve the own corporate benefit of the Belgian Guarantors and comply with any applicable financial assistance rules. Corporate benefit is not a well-defined concept under Belgian law and its interpretation is left to the courts and legal authors. The corporate benefit rules and their application in the context of granting guarantees or collateral for the benefit of a group company are not clearly established under Belgian law and there is only limited case law on this issue.

The question of corporate benefit must be determined on a case-by-case basis by reference to the prevailing factual circumstances. Consideration has to be given to any direct and/or indirect benefit that the relevant Belgian company would derive from the transaction and is particularly relevant for upstream or cross stream guarantees and collateral.

It is generally taught by legal scholars that such benefit should be proportionally greater than the risk for the relevant Belgian company resulting from the granting and/or enforcement of the guarantee concerned. The financial support granted by a Belgian company should not exceed its financial capabilities. Belgian case law does not offer clear guidelines on when a group transaction is within the individual group member's corporate benefit and when aforementioned conditions are met.

Whether or not the corporate benefit requirement is met is a matter of fact to be assessed by the boards of directors of the various Belgian Guarantors. The corporate benefit justifications by the Belgian companies' boards of directors will be subject to only a "marginal review" by the courts; in insolvency situations, however, the courts can be expected to take a more critical view.

If the corporate benefit requirement is not met, the directors of the relevant company may be held liable (i) by the company for negligence in the management of the company and (ii) by third parties in tort. Moreover, the guarantee or collateral could be declared null and void and, under certain circumstances, the creditor that benefits from the guarantee or collateral could be held liable for up to the amount of the guarantee. Alternatively, the guarantee or collateral could be reduced to an amount corresponding to the corporate benefit, or the creditor may be held liable for any guarantee amount in excess of such amount. These rules have been seldom tested under Belgian law, and there is only limited case law on this issue.

In order to enable Belgian subsidiaries to grant a guarantee and collateral to secure liabilities of a direct or indirect parent or sister company without the risk of violating Belgian rules on corporate benefit, it is standard market practice for indentures, credit agreements, guarantees and security documents to contain so-called "limitation language" in relation to subsidiaries incorporated or established in Belgium. Accordingly, the Purchase Agreements, the Indentures and the security documents will contain such limitation language and the security and the Guarantees of the Belgian Guarantors will be so limited. Including such limitation language is, however, not conclusive in determining or upholding the corporate benefit.

Each Indenture will expressly provide, substantially to the effect that, the total liability of each Belgian Guarantor for the obligations under the Debt Documents (as defined in the Intercreditor Agreement) shall at all times be limited to an amount not exceeding the greater of:

(a) 90% of the relevant Belgian Guarantor's net assets (*eigen vermogen/capitaux propres*) as determined in accordance with Article 7:212 of the Belgian Companies and Associations Code and Belgian GAAP, but not taking intra-group debt into account as debt, as calculated on the basis of its most recent audited annual financial statements as approved at its meeting of shareholders;

(b) the aggregate of the amounts, either directly or through one or more other companies of the INEOS Group, made available to the relevant Belgian Guarantor and its subsidiaries (if any) using all or part of the proceeds of the relevant Notes (increased by all interests, commissions, costs, fees, expenses and other sums accruing or payable in connection with such amount), outstanding at the date on which a demand is made under the Debt Documents.

None of the Belgian Guarantors shall be liable for the obligations of any other obligor under the Debt Documents, to the extent that such liability would constitute unlawful financial assistance within the meaning of article 7:227 of the Belgian Companies and Associations Code.

Representative of secured creditors

Since there is no established concept of "trust" or "trustee" under the present Belgian legal system, the nature, effect and enforceability of the duties, rights and powers of a security agent as agent or trustee for holders of the Senior Secured Notes in respect of security interests such as pledges are debated and may not be effective or enforceable under Belgian law. Pursuant to Belgian law, security is an "accessory" which must be granted to the same person to whom the secured debt is owed, except in the case of financial collateral within the meaning of the Belgian Financial Collateral Act or collateral subject to the Belgian Act of July 11, 2013 on in rem security interests over movable assets ("**Belgian Act on Security over Movable Assets**").

Belgian pledges over financial collateral (such as the shares of the Belgian Guarantors) will be granted to the financial institution acting as the security agent acting for itself and for the account of the secured parties pursuant to Article 5 of the Belgian Financial Collateral Act. Belgian pledges over movable assets (including receivables) will be granted to the financial institution acting as the security agent acting for itself and for the account of the secured parties pursuant to Article 3 of the Belgian Act on Security over Movable Assets. These provisions allow for the creation of security over financial collateral and over movable assets, respectively, held by an agent acting as representative for secured parties, provided that the secured parties can be determined on the basis of the security agreement.

Beneficial Ownership

As there is no concept of "beneficial ownership" or "beneficial owner" under the present Belgian legal system, the rights, claims and effects resulting from such a concept may not be enforceable under Belgian law.

Hardening Periods and Fraudulent Transfer

In the event of bankruptcy proceedings governed by Belgian law, certain business transactions that have been concluded or performed by the debtor during the "hardening period" may be declared ineffective against third parties.

In principle, the cessation of payments (which constitutes a condition for filing for bankruptcy) is deemed to have occurred as of the date of the bankruptcy order. The court issuing the bankruptcy order may determine, based on serious and objective indications that the cessation of payments occurred on an earlier date. Such earlier date may not be earlier than six months before the date of the bankruptcy order, except in the case where the bankruptcy order relates to a company that was dissolved more than six months before the date of the bankruptcy order in circumstances suggesting an intent to defraud its creditors, in which case the date of cessation of payments may be determined to be the date of such decision to dissolve the company. The period from the date of cessation of payments up to the declaration of bankruptcy is referred to as the "hardening period" (*verdachte periode/période suspecte*).

The transactions entered into or performed during the hardening period which will be declared ineffective against third parties and which are unenforceable against the bankruptcy receiver include, among others, (i) gratuitous transactions or transactions where the consideration received is considerably below the value of the act or asset provided by the debtor, (ii) payments for debts which are not due, (iii) payments other than in cash for debts due, and (iv) new security provided for pre-existing debt (save for any security granted during the suspension period of judicial reorganization proceedings).

Other transactions entered into or performed during the hardening period may be declared ineffective against third parties, provided that the counterparty was aware of the debtor's cessation of payment.

In particular, a guarantee or security interests entered into during the hardening period may be declared ineffective against third parties if (i) it is regarded as having been granted gratuitously or where the consideration received is considerably below the value of the guarantee or security interests provided, (ii) the beneficiaries of the guarantee or security interests were aware of the company's cessation of payments or (iii) it is granted for preexisting debts.

If the Guarantee or security interests granted by any Belgian Guarantor were successfully voided (based on the considerations above), holders of the relevant Notes would cease to have any claim in respect of such Guarantee or security interest and would be under an obligation to repay any amounts received pursuant to such Guarantee or the enforcement proceeds of the security interests.

Finally, regardless of any declaration by the Enterprise Court of a hardening period, a third-party creditor may obtain a court ruling that any act or transaction (such as a guarantee) is not enforceable against it if it can establish that the challenged act or transaction was entered into with the fraudulent intent to adversely affect its position as an existing creditor (*actio pauliana*), irrespective of its date.

Grace Periods

In addition enforcement rights may, like those of any other creditor, be subject to Article 1244 of the Belgian Civil Code.

Pursuant to the provisions of these articles, Belgian courts may, in any civil proceeding involving a debtor, defer or otherwise reasonably reschedule the payment dates of payment obligations. Belgian courts can also decide that the interest rate applicable be reduced if it is considered to exceed the normal rate applicable to similar debts.

Recognition and enforcement

The granting of security interests over movable or immovable, tangible or intangible, assets may be subject to validity and/or enforceability conditions. The breach of any of such conditions may render such security interests invalid or unenforceable. The foreclosure of security interests may be subject to formalities (e.g. judicial or non-judicial consent) and may be time consuming in the event that the foreclosure takes place under judicial control or in the event of a legal dispute. Courts may condition the enforcement of a security interest and/or guarantee upon the evidence that the creditor has a final and undisputed claim triggering the foreclosure of the security interest and/or guarantee. Enforcement of security interests and/or guarantees may be hindered by conflict of law and/or conflict of jurisdiction issues and may not breach any public policy provision and/or mandatory legal provisions. Courts may require a sworn translation in French or Dutch of the English documents which they may review.

In particular, and without limiting the generality of what is set out above, validity, effectiveness and enforceability of certain security interests may be limited as follows:

- bank account and receivables pledge: the perfection of the pledge towards respectively the account bank or the debtor of the pledged receivables requires a notice of pledge or acknowledgment of pledge by the relevant account bank or debtor. In the absence of notice (or, in the case of a receivable governed by foreign law, of compliance with the applicable rules set by that foreign law), the pledge is not perfected as against the debtors of the receivables and (i) the debtors may still validly pay the receivables to the pledgor, (ii) the debtors may still raise defenses of set-off, (iii) subsequent assignment or pledge of the receivables to a bona fide third party in respect of which notice is given first would take priority over the pledge effected by the bank account and receivable pledge agreement, (iv) the pledge will not be effective against a third-party creditor of the company (such as, typically, a creditor, a creditor having made an attachment on the receivables) to whom a debtor would, in good faith, have paid a receivable before having received notice of the pledge, and (v) it is uncertain whether, after notice, debtors may still raise defenses of set-off.

Additionally, our results are affected by the countries in which we are able to produce and sell the largest proportion of our products. For example, for the Styrolution Business, we expect to achieve higher results if we increase our market shares in emerging markets, which generally experience higher growth rates than mature European and North American markets. For the INOVYN Business, however, we generally obtain higher margins in European markets than export markets and, as a result, typically, at least 95% of the INOVYN Business's caustic soda production is sold in European markets and between 20- 40% of its PVC production is sold in export markets. Additionally, in the Aromatics Business, North American and European activities generate higher margins than Asian activities due to the supply-demand balance of the regions driving import parity-based pricing. This allows margins of at least at the cost of the freight difference between Asia and Europe and North America. In Asia, the Aromatics Business deploys our latest generation technology at Zhuhai providing world scale volumes at top-quartile levels of cash costs for the industry in China. In addition, a low cost PTA technology upgrade project is being assessed on the mothballed Z1 PTA plant at our location in Zhuhai to grow volumes in this fast-growing market.

Capital expenditures

We invest substantial amounts in the maintenance, improvement and growth of our asset base as well as compliance with safety and environmental legislation and improvement of plant reliability and commercial efficiency. We estimate that approximately €193 million of our capital expenditure for the year ended December 31, 2020, on a pro forma basis after giving effect to the Acquisitions, relates to maintenance, regulatory compliance and essential HSSE matters. We believe strategic capital expenditure can help maintain our long-term profitability. We apply strict measures based on internal rates of return for the multiple approval gates of our expansion and de-bottlenecking projects.

COVID-19 pandemic

The COVID-19 pandemic has adversely affected our operations, as well as demand for our products and pricing. Many of our manufacturing facilities are categorized as critical infrastructure and so it is essential that they continue to operate. Protecting our employees and ensuring that they stay healthy has been one of our primary objectives. This resulted in a number of changes to standard working practices and shift patterns to reduce personnel on site to those defined as operationally critical in order to adhere to social distancing rules in line with local government advice. We

also face the risk of disruptions to our operations, including due to lockdown and other similar measures. For example, our Styrolution Business in India was affected by a temporary countrywide closure of industrial plants enforced by the government authorities. In addition, we have experienced delayed shipments to customers due to logistics constraints, including container and driver shortages and, particularly in Asia, the closure of local borders, as well as deferrals of orders by customers. The impact was mainly seen in the first quarter in Asia and in the second quarter in the Americas and EMEA. The Styrolution Business has since shown a strong recovery in the second quarter in Asia and in the third quarter in the Americas and EMEA. Management has taken certain measures aimed to maintain sufficient resources throughout the COVID-19 pandemic, such as reviewing the timing of turnarounds (some of which were deferred until later in 2020 or into 2021 such as the VCM turnround at Stenungsund and Tavaux which were postponed until September-October 2020 and March-April 2021 respectively), adjusting capital expenditure programs, reducing net working capital requirements and maintaining strict control over discretionary spend. The INOVYN Business has also experienced lower PVC demand, with PVC demand in Europe dropping by nearly 40% in the second quarter of 2020, mainly due to reduced activity in the building and construction sectors, although demand has since largely recovered. Product availability of caustic soda decreased due to reduced PVC production, leading to an increase in prices in the second quarter of 2020, although prices have since fallen as PVC production and product availability of caustic soda picked up. In PTA, we have been able to safely and reliably continue operations at all our plants, however, sales volumes have been negatively impacted by reduced demand for polyester fiber, with the apparel sector the slowest to recover. Some products have shown a resilience to COVID-19, such as Aldehydes within the European Acetyls business. where margins and volumes remain broadly in line with forecast and reflect the tighter market supply balance for this product. Prices for energy and ethylene have decreased especially in the second quarter of 2020, which we believe is linked to the reduction in oil prices. We have implemented a series of programs to preserve cash during this period, including a review of timing of turnarounds, a reduction in the levels of non-essential capital expenditure and a reduction of non-essential fixed cost expenditure.

There is concern globally about the impact the COVID-19 pandemic will have on the global economy and the petrochemicals industry going forward. We cannot predict the extent and duration of the COVID-19 pandemic or the potential impact on demand for our products and our margins. See "*Risk Factors*" and "*Forward-looking Statements*".

Joint ventures

A material portion of the Acetyls Business is conducted through joint ventures. We do not control the joint ventures in the Acetyls Business, even in cases where we hold a majority interest in the joint venture. Accordingly, the results of the non-controlled joint ventures are not consolidated in the BP Petrochemicals Condensed Combined Carve-out Financial Statements and will not be consolidated in the Parent's financial statements in future periods. Instead, in accordance with IFRS, all such non-controlled joint ventures are accounted for under the equity method. Equity accounted income consists of the Aromatics and Acetyls Businesses' share of the relevant elements of the equity-accounted entities' results, which include operating profit or loss, interest income, interest and other similar charges and tax charges. As the declaration and payment of dividends is not necessarily tied to the net profit of the joint ventures, there may be differences between the Group's share of joint venture earnings after interest and tax on the income statement and dividends received from joint ventures on the cash flow statement.

- pledge on moveable assets: the perfection of the pledge towards third parties requires a registration of the pledge with the National Pledge Register (*Nationaal Pandregister/Registre National des gages*) established by a royal decree of 14 September 2017 in execution of the articles of title XVII of book III of the Belgian Civil Code relating to the use of the National Pledge Register. The pledgee or its proxy holder is responsible to complete the registration process through an online application by inserting, amongst others, the identity of the parties, the secured amount, the pledged asset and a declaration of the pledgee confirming he assumes liability for any incorrect information. The pledge will become effective as of the date of payment of the retribution and such registration remains valid for a renewable period of 10 years. As long as it is not recorded with the National Pledge Register, there is a risk that the holders of Senior Secured Notes secured by such pledge on moveable assets will not receive any proceeds from an enforcement of the security interest in that collateral; and

- pledge on registered shares representing the issued share capital of a Belgian company: a notice of pledge must be recorded and dated in the share register of the Belgian company to be enforceable against third parties. As long as the recordation is not effectuated in the share register of the Belgian company, there is a risk that the holders of Senior Secured Notes secured by such pledge on registered shares will not receive any proceeds from an enforcement of the security interest in that collateral.

Canada

INEOS Styrolution Canada Ltd. (the "**Canadian Guarantor**") is a corporation organized under the federal laws of Canada. This summary highlights certain aspects of (i) the laws of the province of Ontario relating to guarantees granted by corporations and (ii) the federal and provincial laws in effect in Canada in respect of bankruptcy, insolvency, corporate arrangement and restructuring and receiverships in respect of the business and assets of debtors, in each case in force on the date of this offering memorandum.

Guarantees

Under the laws of the province of Ontario, there are no financial assistance rules that would restrict the giving of upstream guarantees by corporations. Under the laws of the province of Ontario (and the federal laws of Canada applicable therein), a guarantee or some of its provisions may be unenforceable against the guarantor if they constitute (i) a penalty or (ii) a breach of law or public policy (*e.g.,* a clause providing for a rate of interest exceeding the statutory maximum under the Canadian Criminal Code would be illegal). A guarantee may also be unenforceable if the underlying guaranteed obligation has been changed without the consent of the guarantor or is unenforceable against the principal debtor.

Preferences, Transfers at Undervalue and Oppression

In the context of certain proceedings, a trustee in bankruptcy, a court- appointed monitor or proposal trustee or similar official is required to review asset transfers and other transactions undertaken by the bankrupt or insolvent debtor within specified time periods prior to the commencement of insolvency proceedings to determine if the debtor was engaged in any preferential transactions or transfers at undervalue. In the case of "transfers at under value," the review period is one year (or five years for parties not dealing at arm's length in certain circumstances) and preferences are subject to review if they occurred within three months (or twelve months for parties not dealing at arm's length). Provincial laws regarding fraudulent preferences and fraudulent conveyances may also apply.

A guarantee and/or any security provided to secure the obligations of a guarantor could be voided as a preference if the applicable guarantor was insolvent at the time the guarantee and/or security was issued or rendered insolvent by reason of the issuance of the guarantee and the applicable guarantor issued the guarantee and/or granted the security (1) to a creditor that was dealing at arm's length with the guarantor with a view to giving the creditor a preference, or (2) to a creditor that was not dealing at arm's length with the guarantor that has the effect of giving that creditor a preference. If the guarantee or the grant of security in favor of an arm's length creditor has the effect of granting a preference, the applicable guarantor will have been presumed to have intended to give a preference, absent evidence to the contrary. In the case of a transfer at undervalue, with respect to parties dealing at arm's length, the guarantee and/or security could potentially be voided if it (i) was determined that the guarantee and/or security constituted a disposition of property or provision of services, (ii) the applicable guarantor did not receive any consideration for issuing the guarantee or granting the security, or if the consideration received by the issuer of the guarantee was conspicuously less than the fair market value of the consideration given by the applicable guarantor and (iii) the applicable guarantee or security was granted with an intention to defraud, defeat or delay a creditor. In addition, a trustee, monitor or similar official may also bring an action against the recipient of a transfer at undervalue for the difference between the value received by the debtor and the value of the consideration given by the debtor. In the case of parties not dealing at arm's length, neither the insolvency nor the intention of the party giving the guarantee or granting the security is relevant to the determination of whether or not the giving of a guarantee or the granting of the security was a transfer at undervalue in the first twelve months prior to the giving of such guarantee. If the requisite intention can be established, the review period may be extended to five years.

In Canada, a guarantee and/or any security provided to secure the obligations of a guarantor could be subject to the order of a Canadian court, upon application by a complainant for relief, if it is considered by such Canadian Court to be oppressive, unfairly prejudicial to or unfairly disregard the interests of a creditor or shareholder of such guarantor.

Bankruptcy, Insolvency and Corporate Arrangement

Bankruptcy and insolvency matters are within the jurisdiction of the federal government of Canada, but provincial laws can affect bankruptcy and insolvency proceedings. In the event of the insolvency of the Canadian Guarantor, insolvency proceedings with respect to that Canadian Guarantor may be initiated in Canada. Canadian corporate legislation also provides that in certain circumstances, Canadian corporations may avail themselves to Canadian corporate arrangement laws which permit the compromise and/or arrangement of bonds, indentures, notes and other evidence of indebtedness. Canadian insolvency and corporate arrangement laws and applicable provincial

legislation would govern those proceedings (subject to laws or protocols that may be applicable to the recognition of international insolvencies if proceedings also occur in other jurisdictions in respect of those Guarantors). The insolvency and corporate arrangement laws of Canada and related provincial legislation may restrict, delay, compromise or otherwise limit certain of your rights and remedies, including in respect of priority of creditors, the ability to obtain post-filing interest and other amounts and the duration of the insolvency proceedings, and hence may limit your ability to recover payments due on the relevant Notes or to require the performance by the Canadian Guarantor of its obligations or its Guarantee.

In Canada, there are two primary federal statutes that govern insolvency and restructuring proceedings of corporate debtors. The Bankruptcy and Insolvency Act (the "**BIA**") contains provisions for the liquidation of insolvent companies (in a manner loosely akin, in substance, to U.S. Chapter 7 proceedings, although there are important distinctions) and for the restructuring of corporations (in a manner loosely akin, in substance, to U.S. Chapter 11 proceedings, although there are important distinctions). In addition, under the BIA and applicable provincial laws, secured creditors or other interested parties may seek the appointment by a court of a "receiver" or "receiver and manager" over all or part of the assets, property and undertakings of a debtor, in order to sell the debtor's assets, manage the debtor's business or otherwise realize on collateral. Secured creditors in addition to a court appointed receiver may also have recourse to the appointment of a private receiver under the security documents. In addition to the BIA, Canada also has the Companies' Creditors Arrangement Act ("**CCAA**"), which is a restructuring statute that operates, in practice, in a manner loosely akin to U.S. Chapter 11 proceedings (with important distinctions).

Stay of Proceedings Generally

As a result of these laws, among other things, creditors, including secured creditors, may be subject to a stay of proceedings. Secured creditors could be prohibited from enforcing upon their security or retaining collateral enforced upon prior to the commencement of such proceedings without court approval. Moreover, in such proceedings but subject to court oversight, the debtor (or its trustee in bankruptcy, receiver or similar representative) may be permitted to continue to use collateral, including cash collateral, even though the debtor is in default under the applicable debt instruments.

Consequently, the rights of the Security Agent who represents the holders of the relevant Notes to enforce remedies could be delayed or prevented by the provisions of applicable Canadian federal bankruptcy, insolvency, corporate arrangement and other reorganization or arrangement legislation and orders made with respect to Canadian law if the benefit of such law is sought by the Canadian Guarantor, unless leave of the court is obtained. The powers of the court under the Canadian federal and provincial insolvency and other reorganization or arrangement laws have been interpreted and exercised broadly so as to protect a restructuring entity from actions taken by creditors and other parties.

Liquidation

Bankruptcy proceedings in Canada can be either voluntarily commenced by a debtor or commenced against the debtor by any creditor or creditors of such debtor where the unsecured claims of the applicant creditors equals C$1,000 or more. In order for a bankruptcy filing to be valid, the debtor must meet one of the tests for bankruptcy set out in the BIA, with the most common test being the inability or failure to meet obligations generally as they become due. Upon a bankruptcy occurring, all of the assets of the bankrupt (with a few limited exceptions) vest in a trustee in bankruptcy, with the proceedings being subject to the oversight of both the Superintendent of Bankruptcy and the relevant court. Typically, a trustee in bankruptcy proceeds to liquidate the assets of the bankrupt and distribute the proceeds to creditors in accordance with their legal priorities.

The BIA and certain other federal and provincial statutes in Canada provide super priority status to claims such as payroll deductions for employee income taxes, government operated pension plans and employment insurance, as well as for certain specified private pension contributions (if any), unpaid wages, vacation pay and employee disbursements (accrued in the six months prior to the bankruptcy, up to C$2,000 for wages and C$1,000 for disbursements, per employee) and, in some circumstances, collected and unremitted Goods and Services Tax, Harmonized Sales Tax and other provincial sales taxes. These super priority status claims are secured on certain assets of the debtor and such security may rank in priority to the security interests of other secured creditors. After the claims subject to statutory super priorities are paid, the BIA provides that secured creditors are to be paid prior to unsecured creditors. While the general rule is that unsecured creditors share any remaining proceeds pari passu, the BIA does provide that certain "preferred" claims are to be paid prior to the general body of unsecured creditors, including the fees and expenses of the trustee in bankruptcy and its counsel, remaining unpaid wages and employee disbursements accrued in the six months prior to the bankruptcy in the amount noted above that were not paid from the assets to which the super priority security interest attaches, certain landlord claims, and certain other claims.

Upon the occurrence of a bankruptcy order or a voluntary assignment in bankruptcy, the BIA imposes a stay of proceedings on unsecured creditors and leave is required to proceed, or continue, with any actions against the bankrupt entity. The stay of proceedings generally does not apply to secured creditors, though a stay may apply to secured creditors for up to six months in certain circumstances. If no stay applies, secured creditors are free to continue to enforce their security against the assets of the bankrupt, subject to satisfying the trustee in bankruptcy that they have valid and perfected security over the same.

Restructuring

Generally, restructuring proceedings of insolvent entities are commenced under one of two statutes in Canada and it is also possible to restructure an enterprise under the reorganization or arrangement provisions of applicable federal or provincial corporate statutes. Any such restructuring can involve a stay of proceedings with respect to creditors' rights and remedies and a compromise of the debt, including secured debt, owing by the debtor company.

For large or complex restructurings, the most commonly used statute is the CCAA. In order to seek relief under the CCAA, the debtor (or affiliated debtor companies) must have in excess of C$5 million in outstanding claims against it. The granting of an order for relief under the CCAA is in the discretion of the court, but if granted, a CCAA order typically involves a broad stay of proceedings (applying to secured and unsecured creditors), protection from the termination of contracts by third parties, authority to disclaim or repudiate unfavorable contracts and, in certain cases, the granting of super-priority security interests or charges (which could be in priority to the security of existing secured creditors) on the assets of the applicant debtor company to secure the payment of certain obligations of the debtor, including any amounts to be borrowed from debtor-in-possession lenders to facilitate the restructuring, any amounts owing for the fees and costs of professionals involved in the restructuring and obligations of directors of the company with respect to their liabilities arising from and after the filing date. An initial stay of proceedings under the CCAA cannot exceed 10 days, but the applicant debtor company is entitled to seek extensions to the stay. There is no time limit on the duration of an extension to the stay of proceedings under the CCAA or on the duration of the entirety of the proceeding itself.

CCAA proceedings are supervised by the court and upon the making of an order under the CCAA, the court must appoint a licensed trustee in bankruptcy to act as the "monitor" of the applicant company. The monitor is given certain powers under the CCAA and additional powers may be granted by court order. The monitor does not take possession of, or have any control over, the assets of the applicant company unless otherwise ordered by the court. The monitor is required to oversee certain filings made by the applicant company and provide its views with respect to same. The monitor also has a statutory duty to advise the court of any material adverse change in the status of the applicant company.

Under the CCAA, a company may, inter alia, proceed to file a plan of compromise or arrangement, or seek court approval of a sale of some or all of its assets. In the case of a plan of compromise or arrangement, it is necessary for the applicant company to obtain the requisite level of approval from affected creditors (approval must be obtained from creditors representing $66^{2}/_{3}$% in value of the debt and more than 50% in number of the creditors who cast votes in each affected class of creditors) and sanction of the court. Secured creditors may be included as affected creditors in the plan, or may be dealt with outside of the plan. Upon requisite creditor and court approvals being obtained, the restructuring plan is binding on all affected creditors whether or not they voted in favor of the plan. CCAA plans may be combined with plans of reorganization or arrangement under Canada's federal and provincial corporate statutes, allowing Canadian corporate entities to change their share capital, including cancelling existing shares and/or converting existing debt to new shares, in the context of a plan. If the proceeding includes an asset sale, any sale out of the ordinary course is subject to approval of the court (but with no creditor vote) and the court is authorized to make an order transferring assets to a purchaser free and clear of all liens, claims and encumbrances. During the course of a CCAA proceeding, the stay of proceedings typically provides that creditors and contractual counterparties are not entitled to exercise any rights or remedies as against the debtor company or its assets without leave of the court except for certain statutory exceptions (*e.g.,* proven claims of set-off in certain circumstances, termination and enforcement rights under certain types of eligible financial contracts and certain regulatory investigations and orders).

The court may not approve an asset sale or sanction a restructuring plan in the context of a CCAA proceeding unless any existing super priority employee wage claims and pension contribution claims are satisfied or provided for to the satisfaction of the court.

Debtors in Canada may also proceed with a restructuring under the proposal provisions of the BIA. The proposal provisions of the BIA (the "**Proposal Provisions**") provide for a process that is generally similar to, but less flexible than, restructuring proceedings under the CCAA. A restructuring under the BIA is typically undertaken where the proposed restructuring is small or relatively simple; or, where the applicant debtor simply does not qualify for the

CCAA because its aggregate debt is less than C$5 million. There is no minimum amount of outstanding debt required to use the Proposal Provisions.

Upon filing a proposal (or a notice of intention to make a proposal) with the official receiver employed by the Office of the Superintendent of Bankruptcy, the BIA provides an automatic stay of proceedings. There is no need to apply to the court for the initial stay. The nature and term of the stay varies, depending on whether the debtor commences the proceedings by filing a proposal or by filing a notice of intention to make a proposal. In the context of a proposal, the stay applies to unsecured creditors but will only apply to secured creditors if the proposal includes an offer to secured creditors. Such stay will remain in place until the trustee administering the proposal proceedings is discharged (*e.g.,* the proposal is implemented and the proceedings concluded) or the debtor becomes bankrupt (*e.g.,* via a failed proposal, as discussed below). In the context of a notice of intention to make a proposal, the initial stay is for a period of 30 days, which applies to secured creditors (subject to certain limited exceptions) and unsecured creditors. However, if the debtor has not filed its proposal within the initial 30-day period, it may apply to the court for an extension of such period. The Proposal Provisions limit the duration of initial 30-day period and any extensions thereto to an aggregate of six months from the date of the filing of the notice of intention. Failure to file a proposal within this period will result in a deemed bankruptcy. In the case of any proceedings under the Proposal Provisions, the applicant debtor is protected from the termination of most contracts by third parties.

The Proposal Provisions allow for the granting of super priority charges (similar to the CCAA), repudiation or disclaimer of contracts (similar to the CCAA), and the appointment of a proposal trustee (which may have a similar role and powers as a monitor under the CCAA). A proposal is ultimately put to a creditor vote, with secured creditors (if any) voting in a separate class (or classes). In the event that the debtor's proposal to its creditors is either rejected by any class of unsecured creditors at a meeting held to approve such proposal (with the same voting thresholds as the CCAA noted above) or by the court when the proposal is put before the court for sanction, the debtor is deemed bankrupt. Notably, if a proposal is rejected by a class of secured creditors but accepted by each class of unsecured creditors, the proposal does not automatically fail. The secured class rejecting the proposal is left to pursue rights and remedies in respect of their security, while the proposal is submitted to the court for approval.

France

Insolvency

The registered office of the French Subsidiary Guarantors is located in France; consequently, they could be subject to French court-assisted proceedings affecting creditors, i.e. *mandat ad hoc* or *conciliation proceedings* (which do not fall within the scope of the Recast EU Insolvency Regulation). In addition, to the extent that the COMI of the Issuers or any Guarantor, or, in cases where the Recast EU Insolvency Regulation does not apply, their main center of interests within the meaning of article R. 600-1 of the French Commercial Code, is deemed to be in France, or they have an establishment in France, they could be subject to French court-administered proceedings affecting creditors, i.e. either safeguard proceedings, accelerated safeguard proceedings or accelerated financial safeguard proceedings (*sauvegarde, sauvegarde accélérée* or *sauvegarde financière accélérée*), judicial reorganization proceedings (*redressement judiciaire*) or judicial liquidation proceedings (*liquidation judiciaire*).

Annex A of the Recast EU Insolvency Regulation lists safeguard, accelerated safeguard, accelerated financial safeguard, judicial reorganization and judicial liquidation proceedings as insolvency proceedings within the meaning of the Recast EU Insolvency Regulation. The Issuers or any Guarantor having its COMI in France would be subject to French main insolvency proceedings within the meaning of the Recast EU Insolvency Regulation and the Issuers or any Guarantor having an establishment in France and its COMI in another EU Member State (other than Denmark) could be subject to French secondary insolvency proceedings within the meaning of the EU Insolvency Regulation.

Pursuant to Article L. 721-8 of the French Commercial Code, specialized commercial courts exist for (i) conciliation or insolvency proceedings with respect to debtors that meet or exceed (on a stand-alone basis or together with the companies under their control) (x) €20 million in turnover and 250 employees or (y) €40 million in turnover, (ii) commencement of proceedings with respect to which the court's international jurisdiction results from the application of the Recast EU Insolvency Regulation, or (iii) in cases where the Recast EU Insolvency Regulation does not apply, from the debtor having its main center of interests within the jurisdiction of such specialized courts.

In addition, the French court that commences insolvency proceedings with respect to the member of a corporate group has jurisdiction over all the other members of the group (subject to French courts having international jurisdiction with respect to such entities, in accordance with the rules outlined above, and to specific control thresholds); accordingly, a court can supervise the insolvency proceedings of the whole group and may, for this purpose, appoint the same

court-appointed administrator (*administrateur judiciaire*) and creditors' representative (*mandataire judiciaire*) for all proceedings in respect of members of the group.

In general, French insolvency legislation favors the continuation of a business and protection of employment over the payment of creditors and could limit your ability to enforce your rights under the Notes and/or the Guarantees granted by the French Subsidiary Guarantors and, in the case of the Senior Secured Notes corresponding security interests in the Senior Secured Notes Collateral.

The following is a general discussion of insolvency proceedings governed by French law for informational purposes only and does not address all the French legal considerations that may be relevant to holders of the Notes. Such proceedings will likely be amended in the context of the transposition of the EU Restructuring Directive into French law with respect to which French statute n° 2019-486 dated 22 May 2019 ("*Loi Pacte*") grants the French government twenty-four months to enact appropriate measures through ordinances for the transposition of the EU Restructuring Directive.

Temporary measures in the context of the Covid-19 crisis

Please note that due to the Covid-19 outbreak, certain temporary measures have recently been enacted by the French Government to adapt French insolvency law to the health crisis (Law No. 2020-1525 dated 7 December 2020 and in force from 8 December 2020 and Ordinance No. 2020-1443 dated 25 November 2020 and in force from 26 November 2020).

In particular, Article 1 of the Ordinance No. 2020-1443 dated 25 November 2020 and in force from 26 November 2020 has extended the duration of the conciliation proceedings. According to this article, the duration of the conciliation may be extended, one or more times, at the request of the conciliator, by a motivated decision of the president of the court, without this duration exceeding ten months (see "*—Court-assisted pre-insolvency Proceedings*" below). This temporary measure is applicable until 31 December 2021.

In addition, Article 124 of the Law No. 2020-1525 dated 7 December 2020 and in force from 8 December 2020 extends the temporal application of certain measures that were initially adopted by an Ordinance No. 2020-596 dated 20 May 2020 and in force from 21 May 2020. The measures described in this ordinance, that were initially supposed to expire on 31 December 2020, and are now applicable until 31 December 2021, are the following:

- the addition of specific measures aimed at protecting debtors and an adaptation of the provisions governing grace periods in the context of conciliation proceedings (see "*—Court-assisted pre-insolvency Proceedings*" and "*—Grace Periods*" below);

- the loosening of the conditions for eligibility for Accelerated Safeguard Proceedings and Accelerated Financial Safeguard Proceedings (see "*—Court-administered Proceedings—Accelerated Safeguard and Accelerated Financial Safeguard*" below);

- the possible reduction by the supervising judge, at the request of the court-appointed administrator or the creditors' representative, of the deadline during which creditors can respond to a debt settlement proposal in the context of a standard consultation for the approval of a safeguard or reorganization plan. The deadline can be reduced from 30 to 15 days of the receipt of the debt settlement proposal (see "*—Court-administered Proceedings—Safeguard*" below);

- the possible extension of the duration of the safeguard or reorganization plan for up to two additional years, meaning that such a plan can now last up to 12 years (see "*—Court-administered Proceedings—Safeguard*" below);

- the granting of a special privilege for creditors that make new cash contributions to the debtor during the observation period in order to ensure the continuation of the company's business and its survival and those who undertake to make such contribution for the execution of the safeguard or reorganization plan ordered or modified by the court, to make such a contribution (the "**Post Money Privilege**").

Note that, due to the Covid-19 crisis, these rules may be further adapted and additional measures may be put in place within the following weeks/months, which may have an impact on French insolvency law.

Grace Periods

In addition to insolvency laws discussed below, you could, like any other creditors, be subject to Article 1343-5 of the French Civil Code (*Code civil*).

Pursuant to the provisions of this article, French courts may, in any civil or commercial proceedings involving the debtor, whether initiated by the debtor or the creditor, taking into account the debtor's financial position and the creditor's needs, defer or otherwise reschedule over a maximum period of two years the payment dates of payment obligations and/or decide that any amounts, the payment date of which is thus deferred or rescheduled, will bear interest at a rate that is lower than the contractual rate (but not lower than the legal rate, as published semi-annually by the French government) or that payments made shall first be allocated to repayment of principal. A court order made under Article 1343-5 of the French Civil Code will suspend any pending enforcement measures, and any contractual default interest or penalty for late payment will not accrue or be due during the grace periods ordered by the relevant judge. A creditor cannot contract out of such provisions.

If the debtor is engaged in conciliation proceedings or has reached a conciliation agreement that is in the course of being executed, special rules apply to the grant of grace periods (see "—*Court-assisted pre-insolvency Proceedings*" below).

Warning procedure (procédure d'alerte)

In order to anticipate a debtor's difficulties to the extent possible, French law provides for certain warning procedures. When there are elements which the statutory auditors of a company believe put the company's existence as a going concern in jeopardy, they can request the management to provide an explanation for the situation. Failing satisfactory explanations or corrective measures by management, the auditors can demand a meeting of the board of directors (or the equivalent body) and, at a later stage, a convening of a shareholders' meeting. Depending on the answers provided to them, and the type of company, the auditors can or must inform the president of the relevant commercial court of the warning procedure.

Shareholders representing at least 5% of the share capital and the workers' committee, or, in their absence, the employees' representatives have similar rights.

The president of the commercial court can also himself request the management to provide explanations on elements which the president of the court believes put the company's existence as a going concern in jeopardy, or when the company has not filed its financial statements within the statutory timeframe, despite his injunction.

Insolvency Test

Under French law, a debtor is deemed to be insolvent (*en état de cessation des paiements*) when it is unable to pay its due debts (*passif exigible*) with its immediately available assets (*actif disponible*) taking into account available credit lines, existing debt rescheduling agreements and moratoria.

The date of insolvency (*état de cessation des paiements*) is generally deemed to be the date of the court ruling commencing the judicial reorganization or judicial liquidation proceedings, unless the court sets an earlier date, which may be carried back up to 18 months before the date of such court ruling. Except for fraud, the date of insolvency may not be fixed at an earlier date than the date of the final court decision that approved an agreement (homologation) in the context of conciliation proceedings. The date of insolvency marks the beginning of the hardening period (see "—*The "hardening period" (période suspecte) in judicial reorganization and judicial liquidation proceedings"* below).

Court-assisted pre-insolvency Proceedings

A French debtor facing difficulties may in certain conditions request the commencement of court-assisted proceedings (*mandat ad hoc* or conciliation), the aim of which is to reach an amicable agreement with the debtor's main creditors and stakeholders e.g. an agreement to reduce or reschedule its indebtedness.

Mandat ad hoc proceedings may only be initiated by the debtor itself, in its sole discretion. In practice, *mandat ad hoc* proceedings are used by debtors that are facing any type of difficulties but are not insolvent (see "—*Insolvency Test"* above). The proceedings are informal and confidential by law (save for the disclosure of the court decision appointing the *mandataire ad hoc* to the statutory auditors if any). They are carried out under the aegis of a court-appointed officer (*mandataire ad hoc*), whose name may be suggested by the debtor itself, under the supervision of

the president of the court. The proceedings are not limited in time. The duties of the *mandataire ad hoc* are determined by the president of the competent court (usually the commercial court) that appoints him or her, usually to facilitate negotiations with creditors, it being noted that such *mandataire ad hoc* does not have any coercive power. Any agreement between the debtor and its creditors will be negotiated on a purely consensual and voluntary basis: those creditors not willing to take part cannot be bound by the agreement nor forced to accept it. The agreement reached is reported to the president of the court but is not formally approved by him or her. *Mandat ad hoc* proceedings do not automatically stay any pending proceedings and creditors are not barred from taking legal action against the debtor to recover their claims but those that have accepted to take part in the proceedings usually accept not to do so for their duration. In any event, the debtor retains the right to petition the relevant judge for a grace period under Article 1343-5 of the French Civil Code (see "—*Grace Periods*" above).

Conciliation proceedings may only be initiated by the debtor itself if it faces actual or foreseeable difficulties of a legal, economic or financial nature and is not insolvent (see "—*Insolvency Test"* above) or has not been insolvent for more than 45 calendar days. The proceedings are confidential by law (save for the disclosure of the court decision commencing the proceedings to the statutory auditors, if any). They are carried out under the aegis of a court-appointed conciliator (*conciliateur*), whose name may be suggested by the debtor itself, under the supervision of the president of the court. The proceedings may last up to four months (with the *conciliateur* being able to request a month extension so that its total duration can be up to five months). In case the debtor intends to have the conciliation agreement approved (*homologué*) or acknowledged (*constaté*), its request must be filed by the end of this five-month period, even though the hearing can take place afterwards, in which case the conciliation period will be extended until the decision of the president of the court or the court itself.

Please note that pursuant to Article 1 of the Ordinance No. 2020-1443 dated 25 November 2020 adopted in the context of the Covid-19 crisis, and in force from 26 November 2020 until 31 December 2021, the duration of the conciliation proceedings may be extended, one or more times, at the request of the conciliator, by a motivated decision of the president of the court, without this duration exceeding ten months.

The duties of the *conciliateur* are to assist the debtor in negotiating an agreement with all or part of its creditors and/or trade partners that puts an end to its difficulties, e.g. providing for the restructuring of its indebtedness, it being noted that such *conciliateur* does not have coercive power. Any agreement between the debtor and its creditors will be negotiated on a purely consensual and voluntary basis: those creditors not willing to take part cannot be bound by the agreement nor forced to accept it. Conciliation proceedings do not automatically stay any pending proceedings and creditors are not barred from taking legal action against the debtor to recover their claims but those that have accepted to take part in the proceedings usually accept not to do so for their duration and creditors may not request the opening of insolvency proceedings (*redressement judiciaire or liquidation judiciaire*) against the debtor.

Pursuant to Article L. 611-7 of the French Commercial Code, during the proceedings, the debtor retains the right to petition the judge that commenced them for a grace period in accordance with Article 1343-5 of the French Civil Code (see "—*Grace Periods*" above) provided that a creditor has formally put the debtor on notice to pay or is suing for payment (including if such action was initiated prior to the opening of conciliation proceedings); the judge will take its decision after having heard the conciliator and may condition the duration of the measures it orders to reaching an agreement in the conciliation proceedings.

However, please note that pursuant to Article 2 of the Ordinance No. 2020-596 dated 20 May 2020 adopted in the context of the Covid-19 crisis, and in force from 21 May 2020 until 31 December 2021, if a creditor invited to the conciliation proceedings does not accept, within the time limit set by the conciliator, the request made by the latter to suspend the due date of his claim for the duration of the conciliation proceedings, the debtor may:

- *request from the president of the court by means of a non-adversarial process:*
    - *to interrupt or prohibit any legal action on the part of the creditor seeking the condemnation of the debtor to pay a sum of money or the termination of a contract for non-payment of a sum of money ;*
    - *to stop or prohibit any enforcement proceedings on the part of the creditor on both movable and immovable property, as well as any distribution proceedings;*
- *to postpone or spread the payment of sums due*
- *petition the president of the court for grace periods against such a creditor even prior to any formal notice to pay of pursuit by the said creditor.*

Additionally, pursuant to Article L. 611-10-1 of the French Commercial Code, the judge having commenced conciliation proceedings may, for the term of a conciliation agreement (whether it is acknowledged or approved as described below), impose grace periods on creditors who were asked to participate in the conciliation proceedings (other than the tax and social security administrations) and have formally put the debtor on notice to pay or are suing for payment of claims that were not dealt with in the conciliation agreement, such decision being taken after hearing the *conciliateur* if he/she has been appointed to monitor the implementation of the agreement.

The conciliation agreement reached between the parties may be acknowledged (*constaté*) by the president of the Commercial Court at the request of the parties, which makes the agreement binding upon them (in particular, performance of the conciliation agreement prevents any action by the creditors party thereto against the debtor to obtain payment of claims governed by the conciliation agreement) and enforceable without further recourse to a judge (*force exécutoire*), but the conciliation proceedings remain confidential.

Alternatively, the conciliation agreement may be approved (*homologué*) by the Commercial Court at the request of the debtor following a hearing held for that purpose (which will be attended by the works council or employee representatives, as the case may be) if (i) the debtor is not insolvent or the conciliation agreement has the effect of putting an end to the debtor's insolvency, (ii) the conciliation agreement effectively ensures that the company will survive as a going concern and (iii) the conciliation agreement does not impair the rights of the non-signatory creditors. Such approval will have the same effect as its acknowledgement (*constatation*) as described above and in addition:

- the decision of approval by the relevant court, which should only disclose the existence of the proceedings, the guarantees, security interests and liens as well as the amount benefitting from the so-called New Money Lien (see below), will be public but the agreement itself should otherwise remain confidential except vis-à-vis the works council or employee representatives, as the case may be that are informed of the contents of the conciliation agreement and may have access to the full conciliation agreement at the clerk's office (*greffe*) of the Court;

- creditors that, as part of the conciliation agreement or during the course of the conciliation proceedings, provide new money, goods or services designed to ensure the continuation of the business of the debtor (other than shareholders providing new equity in the context of a capital increase) will enjoy a priority of payment over all pre-commencement and post-commencement claims (except with respect to certain pre-commencement employment claims and procedural costs) (the "**New Money Lien**"), in the event of subsequent insolvency proceedings;

- in the event of subsequent safeguard proceedings, accelerated safeguard proceedings, accelerated financial safeguard proceedings or judicial reorganization, the claims benefiting from the New Money Lien may not, without their holders' consent, be written off and their payment date may not be rescheduled, not even by the creditors' committees (the powers of the bondholders general meeting in this respect are the subject of debate);

- when the debtor is submitted to statutory auditing, the conciliation agreement is communicated to its statutory auditors; and

- in the event of subsequent judicial reorganization proceedings or judicial liquidation proceedings, the date of insolvency (see "*—Insolvency Test*" above), and therefore the starting date of the hardening period (as defined below) (see "*—The "hardening period" (période suspecte) in judicial reorganization and judicial liquidation proceedings*" below), cannot be set by the court as of a date earlier than the date of the final decision approving (*homologation*) the agreement by the court (except in case of fraud).

Whether the conciliation agreement is acknowledged or approved, the court may, at the request of the debtor, appoint the *conciliateur* to monitor the implementation of the agreement (*mandataire à l'exécution de l'accord*) during its execution and, while the agreement is in force:

- interest accruing on the claims that are the subject to the conciliation agreement cannot be compounded;

- the debtor retains the right to petition the judge that commenced the conciliation proceedings for a grace period in accordance with Article L. 611-10-1 of the French Commercial Code as explained above; and

- a third party which had previously granted credit support (a guarantee or security interest) with respect to the debtor's obligations may benefit from the provisions of the conciliation agreement as well as from grace periods granted in the context of conciliation proceedings.

If the debtor breaches the terms of the conciliation agreement, any party to it may petition the president of the court or the court (depending on whether the agreement was acknowledged or approved) for its termination. If such termination is granted, grace periods granted in relation to the conciliation proceedings may be revoked. Conversely, provided the conciliation agreement is duly performed, any individual proceedings by creditors with respect to obtaining payment of the claims dealt with by the conciliation agreement are suspended and/or prohibited. The commencement of subsequent insolvency proceedings will automatically put an end to the conciliation agreement, in which case the creditors will be entitled to recover their claims (decreased by the payments already received) and pre-existing security interests or guarantees.

Conciliation proceedings in which a draft plan is supported by a large majority of creditors which is likely to meet the threshold requirements for creditors' consent in safeguard, is a mandatory preliminary step of accelerated safeguard proceedings or accelerated financial safeguard proceedings, as described below.

At the request of the debtor and after the creditors taking part in the proceedings have been consulted on the matter, *mandat ad hoc* and conciliation proceedings may also be used to organize the partial or total sale of the debtor, in particular through a sale of one or several activities which could be implemented in the context of subsequent safeguard proceedings or a "plan for the disposal of the business" (*plan de cession*) which could be implemented in the context of subsequent judicial reorganization or liquidation proceedings. Provided that they comply with certain requirements, any offers received in this context by the *mandataire ad hoc* or the *conciliateur* may be directly considered by the court in the context of safeguard, reorganization or liquidation proceedings after consultation of the Public Prosecutor.

As a matter of law, any contractual provision that (i) modifies the conditions for the continuation of an ongoing contract by reducing the debtors' rights or increasing its obligations simply by reason of the designation of a *mandataire ad hoc* or of the commencement of conciliation proceedings or of a request submitted to this end or (ii) requires the debtor to bear, by reason only of the appointment of a mandataire ad hoc or of the commencement of conciliation proceedings, more than three-quarters of the fees of the professional advisers retained by creditors in connection with these proceedings, is deemed null and void.

Where the maximum time period allotted to court-assisted proceedings expires without an agreement being reached, the proceedings will end. The termination of such proceedings does not, in and of itself entail any specific legal consequences for the debtor. In particular, it does not result in the automatic commencement of insolvency proceedings. New conciliation proceedings cannot be commenced before 3 months have elapsed as from the end of the previous ones.

Court-administered Proceedings—Safeguard

A debtor which experiences difficulties that it is not able to overcome may, in its sole discretion, initiate safeguard proceedings (*procédure de sauvegarde*) with respect to itself, provided that it is not insolvent (see "—*Insolvency Test*" above). When the situation of the debtor does not show difficulties that it cannot overcome, the court will first invite the debtor to petition the president of the court for the opening of conciliation proceedings (see "—*Court-assisted pre-insolvency Proceedings*" above). The court will then rule on the sole request for the opening of safeguard proceedings. Creditors of the debtor are not notified of, nor invited to attend the hearing before the court at which the commencement of safeguard proceedings is requested. Following the commencement of safeguard proceedings, a court-appointed administrator (*administrateur judiciaire*) is appointed (except for small companies where the court considers that such appointment is not necessary) to investigate the business of the debtor during an "observation period" (being the period starting on the date of the court decision commencing the proceedings and ending on the date on which the court takes a decision on the outcome of the proceedings), which may last up to 18 months. The role of the court-appointed administrator is also to assist the debtor in preparing a draft safeguard plan (*projet de plan de sauvegarde*) that will be circularized to its creditors. Creditors do not have effective control over the proceedings, which remain in the hands of the debtor assisted by the court-appointed administrator. The court-appointed administrator will, in accordance with the terms of the judgment appointing him or her, exercise ex post facto control over decisions made by the debtor (*mission de surveillance*) or assist the debtor to make all or some of the management decisions (*mission d'assistance*), all under the supervision of the court.

If, after commencement of the proceedings, it appears that the debtor was insolvent (*en état de cessation des paiements*) before their commencement, at the request of the debtor, the court-appointed administrator, the creditors'

representative or the Public Prosecutor but, in any event, after having heard the debtor, the court may convert the safeguard proceedings into judicial reorganization proceedings.

In addition, the court may convert safeguard proceedings into (i) judicial reorganization proceedings (a) at any time during the observation period if the debtor becomes insolvent or (b) in case no plan has been adopted by the relevant creditors' committee and, if any, the bondholders general meeting (as described below), if the approval of a safeguard plan is manifestly impossible and if the company would shortly become insolvent should safeguard proceedings end or (ii) judicial liquidation proceedings at any time during the observation period if the debtor is insolvent and its recovery is manifestly impossible. In all such cases:

- the court may decide at the request of the debtor, the court-appointed administrator, the creditors' representative or the Public Prosecutor and in all such cases with the exception of (i) (b), the court may act upon its own initiative; and

- the court's decision is only taken after having heard the debtor, the court-appointed administrator, the creditors' representative, the creditors of the debtor appointed by the court as controller ("*contrôleurs*") (if any), the Public Prosecutor and the workers' representatives (if any).

As soon as safeguard proceedings are commenced, any unpaid amount of share capital of the debtor becomes immediately due and payable.

During the safeguard proceedings, payment by the debtor of any debts incurred (i) prior to the commencement of the proceedings or (ii) after the commencement of the proceedings if not incurred for the purposes of the proceedings or the observation period or in consideration of services rendered/goods delivered to the debtor, is prohibited, subject to very limited exceptions. For example, the supervising judge (*juge-commissaire*) can authorize payments for prior debts in order to discharge a lien on property needed for the continued operation of the debtor's business or to recover goods or rights transferred as collateral in a fiduciary estate (*patrimoine fiduciaire*).

Creditors must be consulted on the manner in which the debtor's liabilities will be settled under the safeguard plan (including debt write-offs, debt rescheduling or debt-for-equity swaps) prior to the plan being approved by the court. The rules governing consultation will vary depending on the size of the business.

Standard consultation: this applies in respect of debtors whose accounts are not certified by a statutory auditor or prepared by a chartered accountant or, if they are, who have 150 employees or less and a turnover of €20 million or less. In such case, the court-appointed administrator notifies the proposals for the settlement of debts to the court-appointed creditors' representative, who seeks the agreement of each creditor who filed a claim, regarding the debt write-offs, debt rescheduling or debt-for-equity swaps proposed, as the case may be. Creditors are consulted individually or collectively.

French law does not state whether the debt settlement proposals can vary according to the creditor and whether the principle of equal treatment of creditors is applicable at this consultation stage. According to legal commentaries and established practice, differing treatment as between creditors is possible, provided that it is justified by the difference in situation of the creditors and approved by the court-appointed creditors' representative. In practice, it is also possible at the consultation stage to make a proposal for a partial payment of claims over a shorter time period instead of a full payment of such claims over the length of the plan (ten years maximum except for agricultural businesses where the maximum is fifteen years).

Please note that pursuant to Article 5 of the Ordinance No. 2020-596 dated 20 May 2020 adopted in the context of the Covid-19 crisis, and in force from 21 May 2020 until 31 December 2021, the maximal length of a plan can be extended to twelve years, or seventeen years for agricultural businesses.

Creditors whose payment terms are not affected by the plan or who are paid in cash in full as soon as the plan is approved are not required to be consulted. Creditors that do not respond within 30 days of their receipt of the debt settlement proposal (other than debt-for-equity swap proposals which require the agreement of each individual creditor in writing) made to them are deemed to have accepted it. The creditors' representative keeps a list of the responses from creditors, which is notified to the debtor, the court-appointed administrator and any creditors of the debtor appointed by the court as a controller (*contrôleur*) pursuant to Article L. 621-10 of the French Commercial Code.

Please note that pursuant to Article 4 of the Ordinance No. 2020-596 dated 20 May 2020 adopted in the context of the Covid-19 crisis, and in force from 21 May 2020 until 31 December 2021, the above mentioned 30-day delay may

be reduced to 15 days, at the request of the court-appointed administrator or the court-appointed creditors' representative.

Within the framework of a standard consultation, the court that approves the safeguard plan (*plan de sauvegarde*) can impose a uniform rescheduling of the claims of creditors having refused the proposals that were submitted to them (subject to specific regimes such as the one applicable to claims benefiting from the New Money Lien) over a maximum period of ten years (except for agricultural businesses where the maximum is fifteen years and claims with maturity dates of more than the deferral period set by the court, in which case the maturity date shall remain the same), but no cancellation of any claim or debt-for-equity swap may be imposed without the relevant creditor's individual acceptance.

Following a court imposed rescheduling, the first payment must be made within a year of the judgment adopting the plan (in the third and subsequent years, the amount of each annual instalment must be of at least 5% of the amount of each debt claim (except for agricultural businesses)) or on the first payment date following the initial maturity of the claim if it is later than the first payment date provided for by the plan, in which case the amount of such first payment is equal to what the creditor would have received had he been paid in accordance with the uniform payment rescheduling applying to the other creditors.

Committee-based consultation: This applies to large companies, whose accounts are certified by a statutory auditor (*commissaire aux comptes*) or established by a chartered accountant (*expert-comptable*) and with more than 150 employees or a turnover greater than €20 million, or upon the debtor's or the court-appointed administrator's request and with the consent of the supervising judge in the case of debtors that do not meet the aforementioned thresholds.

The consultation involves the submission of a draft safeguard plan for consideration by two creditors' committees which are established by the court-appointed administrator on the basis of the claims that arose prior to the judgment commencing the proceedings:

- one for credit institutions or assimilated institutions having a claim against the debtor and entities having granted credit or advances in favor of the debtor (or the assignees of such claim or of a claim acquired from a supplier) (the "credit institutions committee"); and

- the other one for suppliers having a claim that represents more than 3% of the total amount of the claims of all the debtor's suppliers and other suppliers invited to participate in such committee by the court-appointed administrator (the "major suppliers committee").

If there are any outstanding debt securities in the form of *obligations* (such as bonds or notes and including capital market debt instruments such as the Notes), a single general meeting of all holders of such debt securities (the "bondholders general meeting") will be established, in which all such holders are to take part irrespective of whether or not there are different issuances or of the governing law(s) of those obligations. As a general matter, only the legal owner of the debt claim will be invited onto the committee or the bondholders general meeting. Accordingly, a person holding only an economic (as opposed to a legal (ownership)) interest therein will not itself be a member of the committee or the bondholders general meeting.

The proposed plan:

- must "take into account" subordination agreements entered into by the creditors before the commencement of the proceedings;

- may treat creditors differently if it is justified by their differences in situation; and

- may, inter alia, include a rescheduling or cancellation of debts (subject to the specific regime of claims benefiting from the New Money Lien), and/or debt-for-equity swaps (debt-for-equity swaps requiring the relevant shareholder consent).

If the plan provides for a share capital increase, the shareholders may subscribe to such share capital increase by way of a set-off against their claims against the debtor (as reduced according to the provisions of the plan, where applicable).

Creditors that are members of the credit institutions committee or of the major suppliers committee may also prepare alternative safeguard plans in accordance with the above principles that will also be put to the vote of the

committees and of the bondholders general meeting, it being specified that approval of any such alternative plan is subject to the same two-thirds majority vote in each committee and in the bondholders general meeting and gives rise to a report by the court-appointed administrator (*administrateur judiciaire*). Bondholders are not permitted to present their own alternative plan.

The committees must approve or reject the safeguard plan within 20 to 30 days of its submission. The period may be extended or shortened by the supervising judge, at the request of the debtor or the court-appointed administrator, but may never be shorter than 15 days. The plan must be approved by a majority vote of each committee (two-thirds of the outstanding claims of the creditors casting a vote).

Each member of a creditors committee or of the bondholders general meeting must, if applicable, inform the court-appointed administrator of the existence of any agreement relating to (i) the exercise of its vote or (ii) the full or total payment of its claim by a third party, as well as of any subordination agreement. The court-appointed administrator shall then submit to such person a proposal for the computation of its voting rights in the creditors committee/bondholders general meeting. In the event of disagreement, the matter may be ruled upon by the president of the Commercial Court in summary proceedings at the request of the creditor or of the court-appointed administrator.

The amounts of claims secured by a trust (*fiducie*) granted by the debtor do not give rise to voting rights. In addition, creditors whose repayment schedule is not modified by the plan, or for which the plan provides for a payment of their claims in cash in full as soon as the plan is adopted or as soon as their claims are admitted, do not need to be consulted on the plan nor take part in the vote.

Following the approval of the plan by the two creditors' committees, the plan will be submitted for approval to the bondholders general meeting at the same two-thirds majority vote. Following approval by the creditors' committees and the bondholders general meeting, and determination of the rescheduling of the claims of creditors that are not members of the creditors' committees or bondholders general meeting in accordance with the standard consultation process referred to above, the plan has to be approved (*arrêté*) by the court. The court must verify that the interests of all creditors are "sufficiently protected" and that required shareholder consent (if applicable) has been obtained. Once so approved by the relevant court, the safeguard plan will be binding on all the members of the committees and all bondholders (including those who did not vote or voted against the adoption of the plan).

If the debtor's proposed plan is not approved by either the creditors' committees or the bondholders general meeting within the first six months of the observation period (either because they do not vote on the plan or because they reject it), this six month period may be extended by the court at the request of the court-appointed administrator for a period not exceeding the duration of the observation period, in order for the plan to be approved through the committee-based consultation process. Absent such extension, the court can still adopt a safeguard plan within the time remaining until the end of the observation period. In such a case, the rules are the same as the ones applicable for the standard consultation process described above.

If the draft plan provides for a modification of the share capital or an amendment of the by-laws, the court may decide that the shareholders general meeting and, as the case may be, the general meetings of the holders of securities giving access to the share capital of the company shall vote, the first time the relevant meeting is convened, at a simple majority of the votes of the shareholders attending, or represented at, the meeting, provided that they hold at least half of the shares with voting rights. The second time the meeting is convened, the usual provisions relating to quorum and majority shall apply.

If the court adopts a safeguard plan, it can set a time-period during which the assets that it deems to be essential to the continuation of the business of the debtor may not be sold without its consent.

If no proposed safeguard plan whatsoever is adopted by the committees and, if applicable, the general bondholders meeting, at the request of the debtor, the court-appointed administrator, the creditors' representative or the Public Prosecutor, the court may convert the safeguard proceedings into judicial reorganization proceedings if it appears that the adoption of a safeguard plan is impossible and if the end of the safeguard proceedings would certainly lead to the debtor shortly becoming insolvent.

Once being transposed into French law (which should happen by 17 July 2021 at the latest), the EU Restructuring Directive should notably have a material impact on the above-mentioned process of adoption of a restructuring plan in the course of safeguard proceedings.

Indeed, the EU Restructuring Directive provides that "affected parties"—(*i.e.*, creditors, including the noteholders, and, where applicable under national law, equity holders whose claims or interests are affected under a restructuring plan) shall be treated in separate classes which reflect certain class formation criteria for the purpose of adopting a restructuring plan. Classes shall be formed in such a way that each class comprises claims or interests with rights that are sufficiently similar to justify considering the members of the class a homogenous group with commonality of interest. As a minimum, secured and unsecured claims shall be treated in separate classes for the purpose of adopting a restructuring plan. A restructuring plan shall be deemed to be adopted by affected parties, provided that a majority in the amount of their claims or interests is obtained in each and every class (the required majorities shall be laid down by Member States at not higher than 75% in the amount of claims or interests in each class). If the restructuring plan is not approved by each and every class of affected parties, the plan may however be confirmed by a judicial or administrative authority by applying a cross-class cram-down, provided that:

- the plan has been notified to all known creditors likely to be affected by it;
- the plan complies with the best interest of creditors test (*i.e.*, no dissenting creditor would be worse off under the restructuring plan than they would be in the event of liquidation, whether piecemeal or sale as a going concern);
- any new financing is necessary to implement the restructuring plan and does not unfairly prejudice the interest of creditors;
- the plan has been approved by a majority of the voting classes of affected parties, provided that at least one of those classes is a secured creditors class or is senior to the ordinary unsecured creditors class; or, failing that, by at least one of the voting classes of affected parties or where so provided under national law, impaired parties, other than an equity-holders class or any other class which, upon a valuation of the debtor as a going-concern, would not receive any payment or keep any interest, or, where so provided under national law, which could be reasonably presumed not to receive any payment or keep any interest, if the normal ranking of liquidation priorities were applied under national law;
- the plan complies with the relative priority rule (*i.e.* dissenting classes of affected creditors are treated at least as favorably as any other class of the same rank and more favorably than any junior class). By way of derogation, Member States may instead provide that the plan shall comply with the absolute priority rule (*i.e.*, a dissenting class of creditors must be satisfied in full before a more junior class may receive any distribution or keep any interest under the restructuring plan); and
- no class of affected parties can, under the restructuring plan receive or keep more than the full amount of its claims or interests.

Therefore, when the EU Restructuring Directive will be transposed into French law, it is likely that the noteholders will no longer deliberate in a separate assembly on the restructuring plan proposed in the course of safeguard proceedings, meaning that they will no longer benefit from a specific veto power on this plan. Instead, as any other affected parties, the noteholders will be grouped into one or several classes (with potentially other types of creditors) and their dissenting vote may possibly be overridden by a cross-class cram down.

Specific case—Creditors that are public institutions: public creditors (financial administrations, social security and unemployment insurance organizations) may agree to grant debt remissions under conditions that are similar to those that would be granted under normal market conditions by a private economic operator placed in a similar position. Public creditors may also decide to enter into subordination agreements for liens or mortgages, or relinquish these security interests. Public creditors examine possible remissions within the framework of a local administrative committee (*Commission des Chefs de Services Financiers*). The tax administrations may grant relief from all direct taxes. As regards indirect taxes, relief may only be granted from default interest, adjustments, penalties or fines.

Court-administered Proceedings—Accelerated Safeguard and Accelerated Financial Safeguard

A debtor that is engaged in conciliation proceedings may request the commencement of accelerated safeguard proceedings (*procédure de sauvegarde accélérée*) or accelerated financial safeguard proceedings (*procédure de sauvegarde financière accélérée*).

The accelerated safeguard proceedings and accelerated financial safeguard proceedings have been designed to "fast-track" difficulties faced by large companies, i.e. those:

- that publish consolidated accounts in accordance with Article L. 233-16 of the French Commercial Code; or

- that publish accounts certified by a statutory auditor or established by a certified public accountant and have (i) more than 20 employees or (ii) a turnover greater than €3 million (excluding VAT) or (iii) whose total balance sheet exceeds €1.5 million. *Please note that pursuant to Article 3 of the Ordinance No. 2020-596 dated 20 May 2020 adopted in the context of the Covid-19 crisis, and in force from 21 May 2020 until 31 December 2021, the conditions mentioned in this paragraph are not required for the opening of accelerated safeguard proceedings and accelerated financial safeguard proceedings.*

If the debtor does not exceed the thresholds provided for to constitute creditors' committee (see "—*Court-administered Proceedings—Safeguard*" above), the court shall authorize such constitution in the opening decision.

To be eligible for accelerated safeguard proceedings or accelerated financial safeguard proceedings, the debtor must fulfil the following conditions:

- the debtor must not have been insolvent for more than 45 days when it initially applies for commencement of conciliation proceedings;

- the debtor must be subject to ongoing conciliation proceedings when it applies for the commencement of the proceedings;

- as is the case for regular safeguard proceedings, the debtor must face difficulties which it is not in a position to overcome; and

- the debtor must have prepared a draft safeguard plan ensuring the continuation of its business as a going concern which is supported by enough of its creditors involved in the proceedings to render likely its adoption by the relevant committees (the credit institutions committee only for financial accelerated safeguard proceedings) and the bondholders general meeting, if any, within a maximum of three months following the commencement of accelerated safeguard proceedings, or within a maximum of two months following the commencement of accelerated financial safeguard proceedings.

While accelerated safeguard proceedings apply to all creditors (except employees), accelerated financial safeguard proceedings apply only to 'financial creditors' (i.e., creditors that belong to the credit institutions committee and the bondholders general meeting), the payment of whose debt is suspended until adoption of a plan through accelerated financial safeguard proceedings. The debtor will be prohibited from paying, to any creditor to whom the accelerated safeguard or accelerated financial safeguard proceedings (as the case may be) apply, any amounts (including interest) in respect of debts incurred (i) prior to the commencement of the proceedings or (ii) after the commencement of the proceedings if not incurred for the purposes of the proceedings or the observation period or in consideration of services rendered/goods delivered to the debtor (post-commencement non-privileged debts).

Such amounts may be paid only after the judgment of the court approving the safeguard plan and in accordance with its terms. Creditors other than financial creditors (such as public creditors, the tax or social security administration and suppliers) are not directly impacted by accelerated financial safeguard proceedings. Their debts will continue to be due and payable in the ordinary course of business according to their contractual or legal terms.

The regime applicable to standard safeguard proceedings is broadly applicable to accelerated safeguard or accelerated financial safeguard proceedings (for example, creditors will be consulted by way of a committee-based consultation on, as the case may be, a draft accelerated safeguard plan (*projet de plan de sauvegarde accélérée*) or a draft accelerated financial safeguard plan (*projet de plan de sauvegarde financière accélérée*) and any creditor that is a member of the credit institutions committee or the major suppliers committee, but not bondholders, may also prepare alternative draft plans as described above (see "—*Court-administered Proceedings—Safeguard*" above), to the extent compatible with the accelerated timing, since the maximum duration of accelerated safeguard proceedings is three months and the maximum duration of accelerated financial safeguard proceedings is two months (provided the court has decided to extend the initial one month period). However, certain provisions relating to ongoing contracts and to the recovery of assets by their owners do not apply in accelerated safeguard or accelerated financial safeguard proceedings.

In particular, the creditors' committees and the bondholders general meeting are required to vote on the proposed safeguard plan within a minimum period of 15 days of it being notified to them in the case of accelerated safeguard proceedings, or within eight days in the case of accelerated financial safeguard proceedings.

The plan in the context of accelerated safeguard proceedings or accelerated financial safeguard proceedings is adopted following the same majority rules as in the committee-based consultation of standard safeguard proceedings and may notably provide for rescheduling, debt write-offs and conversion of debt into equity capital of the debtor (debt-for-equity swaps requiring relevant shareholder consent). No debt rescheduling or cancellation may be imposed, without their consent, on creditors that do not belong to one of the committees or are not bondholders.

If a plan is not adopted by the creditors and approved by the court within the applicable deadline, the court shall terminate the proceedings. The court cannot reschedule amounts owed to the creditors outside of the committee process. Ordinance n° 2020-596 dated 20 May 2020 provides that for proceedings commenced between 22 May 2020 and until 31 December 2021, if a plan is not adopted by the creditors and approved by the court within the applicable deadline the debtor, the judicial administrator, the creditors representative or the public prosecutor may request, without any delay, that reorganization or liquidation proceedings (as the case may be) be opened.

The list of claims of creditors party to the conciliation proceedings certified by the statutory auditor shall be deemed to constitute the filing of such claims for the purpose of accelerated safeguard proceedings or, as applicable, accelerated financial safeguard proceedings unless the creditors otherwise elect to make such a filing (see "*—Status of Creditors during Safeguard, Accelerated Safeguard, Accelerated Financial Safeguard, Judicial Reorganization or Judicial Liquidation Proceedings"* below).

Court-administered Proceedings—Judicial Reorganization or Liquidation Proceedings

Judicial reorganization (*redressement judiciaire*) or liquidation (*liquidation judiciaire*) proceedings may be initiated against or by a debtor only if it is insolvent and, in the case of liquidation proceedings only, if the debtor's recovery is manifestly impossible. Within 45 days of becoming insolvent, the debtor, if it does not file for conciliation proceedings (as discussed above), is required to petition for judicial reorganization or liquidation proceedings; de jure managers (including directors) and, as the case may be, de facto managers that would have deliberately failed to file such a petition within the deadline are exposed to civil liability.

Where the debtor requested the commencement of judicial reorganization proceedings and the court, after having heard the debtor, considers that judicial liquidation proceedings would be more appropriate, it may order the commencement of the proceedings which it determines to be most appropriate. The same would apply if the debtor requested the commencement of judicial liquidation proceedings and the court considered that judicial reorganization proceedings would be more appropriate. In addition, at any time during the observation period, upon request of the debtor, the court-appointed administrator, the creditors' representative (*mandataire judiciaire*), any creditors of the debtor appointed by the court as a controller (*contrôleur*) pursuant to Article L. 621-10 of the French Commercial Code, the Public Prosecutor or upon its own initiative, the court may convert the judicial reorganization proceedings into judicial liquidation proceedings if it appears that the debtor's recovery is manifestly impossible. The court's decision is only taken after having heard the debtor, the court-appointed administrator, the creditors' representative, the creditors of the debtor appointed by the court as controller ("*contrôleurs*") (if any), the Public Prosecutor and the workers' representatives (if any).

The objectives of judicial reorganization proceedings are the sustainability of the business, the preservation of employment and the payment of creditors, in that order.

As soon as judicial reorganization or judicial liquidation proceedings are commenced, any unpaid amount of share capital of the debtor becomes immediately due and payable.

In the event of judicial reorganization proceedings, a court-appointed administrator (*administrateur judiciaire*) is usually appointed by the court to investigate the business of the debtor during an observation period, which may last up to 18 months, and make proposals either for the reorganization of the debtor (by elaborating a draft judicial reorganization plan, which is similar to a draft safeguard plan with the contribution of the debtor), or the sale of the business or the liquidation of the debtor. The court-appointed administrator will assist the debtor in making management decisions (*mission d'assistance*) or may be empowered by the court to take over the management and control of the debtor (*mission d'administration*). Judicial reorganization proceedings broadly take place in a manner that is similar to safeguard proceedings (see "*—Court-administered Proceedings—Safeguard*" above), subject to certain specificities.

In particular, the rules relating to creditor consultation, especially the powers of the court adopting the judicial reorganization plan (*plan de redressement*) in the event of rejection by the creditors of proposals made to them, are the same (see "*—Court-administered Proceedings—Safeguard*" above). At any time during the observation period, the court can, at the request of the debtor, the court-appointed administrator, the creditors' representative (*mandataire judiciaire*),

the creditors of the debtor appointed by the court as controller ("*contrôleurs*") (if any), the Public Prosecutor or at its own initiative, order the partial stop of the activity (*cessation partielle de l'activité*) or order the liquidation of the debtor if its recovery is manifestly impossible. At the end of the observation period, the outcome of the proceedings is decided by the court.

In addition, Ordinance n° 2020-596 dated 20 May 2020 modified the judicial reorganization proceedings to provide for a Post Money Privilege (as defined and detailed above see "*Temporary measures in the context of the Covid-19 crisis*"). In judicial reorganization proceedings, in case a shareholders' meeting needs to vote to bring the shareholders' equity to a level equal to at least one half of the share capital as required by Article L. 626-3 of the French Commercial Code, the court-appointed administrator may appoint a trustee (*mandataire*) to convene a shareholders' meeting and to vote on behalf of the shareholders that refuse to vote in favor of such a resolution if the draft restructuring plan provides for a modification of the equity to the benefit of a third party(ies) undertaking to comply with the reorganization plan.

If the proposed reorganization plans are manifestly not likely to ensure that the debtor will recover or if no reorganization plan is proposed, the court, upon the request of the court-appointed administrator, can order the total or partial transfer of the business as described below. Any third party (as construed under French insolvency law) can present a bid on all or part of the debtor's business.

In judicial reorganization proceedings if (i) the company has at least 150 employees, or if it controls (within the meaning of the French Labor Code) one or more companies having together at least 150 employees, (ii) the disappearance of the company is likely to cause serious harm to the national or regional economy and to local employment and (iii) the modification of the company's share capital appears to be the only credible way to avoid harm to the national or regional economy and to allow the continued operation of the business as a going concern, then, at the request of the court-appointed administrator or of the Public Prosecutor (x) after the review of the options for a total or partial sale of the business and (y) if at least 3 months have elapsed as from the court decision commencing the proceedings, provided that the shareholders meetings required to approve the modification of the company's share capital required for adoption of the reorganization plan have refused such modification, the insolvency court may either:

- appoint a trustee (*mandataire*) in order to convene the shareholders meeting and vote the share capital increase in lieu of the shareholders having refused to do so, up to the amount provided for in the reorganization plan; or

- order, in favor of the persons who have undertaken to perform the reorganization plan, the sale of all or part of the share capital held by the shareholders having refused the share capital modification and holding, directly or indirectly a portion of the share capital providing them with a majority of the voting rights (including as a result of an agreement with other shareholders) or a blocking minority in the company's shareholder meetings, any consent clause being deemed unwritten; the other shareholders have the right to withdraw from the company and request that their shares be purchased simultaneously by the transferees.

In the event of a sale ordered by the court, the price of the shares shall, failing agreement between the parties, be set by an expert designated by the court in summary proceedings.

In either of the above cases, the reorganization plan shall be subject to the undertaking of the new shareholders to hold their shares for a certain time period set by the court which may not exceed the duration of the reorganization plan.

If the court decides to order the judicial liquidation of the debtor, the court will appoint a liquidator, which is generally the former creditors' representative (*mandataire judiciaire*). There is no observation period in judicial liquidation proceedings nor does the law limit their duration. The liquidator is vested with the power to represent the debtor and perform the liquidation operations (mainly liquidate the assets and settle the liabilities to the extent the proceeds from the liquidated assets are sufficient, in accordance with the creditors' priority order of payment).

The liquidator will take over the management and control of the debtor and the managers of the debtor are no longer in charge of its management (although they remain in place). Concerning the liquidation of the assets of the debtor, there are two possible outcomes:

- a sale of the business (*cession d'entreprise*) (in which case a court-appointed administrator (*administrateur judiciaire*) will usually be appointed, or remain in office if already appointed, to manage the debtor during a temporary period of continuation of the business operations ordered by the court (three months, renewable

once) (during which the rules of the observation period will generally apply) and organize such sale of the business as a going-concern via an asset sale, a.k.a. a "sale of the business plan" (*plan de cession*)), any third party (as construed under French insolvency law) being entitled to present a bid on all or part of the debtor's business.

As part of the bids submitted to the court, the third-party purchasers can, under certain conditions, cherrypick assets (including the real estate assets)/jobs/contracts without the liabilities pertaining to them (save exceptions). The price offered for the transferred assets (including the real estate assets) is often at a significant discount compared to their *in bonis* market value. The court will indeed tend to favor a credible sale plan, that ensures the sustainability of the business as a going concern, and the preservation of jobs, over the payment of creditors.

Subject to certain exceptions, the court can judicially impose such a sale plan on creditors, including secured creditors and mortgagees as a general principle, the payment of the purchase price operating to release their security interests. By way of exception:

- a purchaser is obliged to continue to pay remaining instalments due to creditors having granted financing for the acquisition of assets acting as collateral for such creditors and included in the sale of the business plan; and

- only those secured creditors benefitting from a retention right (which is the case for pledges over inventory or certain types of pledges over shares, but not mortgagees of real estate assets) would be entitled to retain their security interest over the asset on which they have such right (and therefore in practice prevent it from being transferred) until repaid in full of their claim so secured or unless reaching an agreement with the relevant parties.

Third-party purchasers may also submit combined bids in respect of all or part of the business of several debtors subject to insolvency proceedings, in particular when the key assets are located in different legal entities subject to insolvency proceedings. Again, the price offered for the transferred assets could be significantly less than their *in bonis* market value;

- a sale of the individual assets of the debtor, in which case the liquidator may decide to:

  - launch auction sales (*vente aux enchères* (or *adjudication amiable* for real estate assets only));

  - sell on an amicable basis (*vente de gré à gré*) each asset for which spontaneous purchase offers have been received, (the formal authorization of the supervising judge being necessary to conclude the sale agreement with the bidder); or

  - request, under the supervision of the supervising judge, all potential interested purchasers to bid on each asset, as the case may be, by way of a private competitive process whereby the bidders submit their offers only at the hearing without the proposed prices being disclosed before such hearing (*procédure des plis cachetés*). However the possibility to implement such process is questioned by certain legal authors and case-law in this respect has varied.

If the court adopts a sale of the business plan, it can set a time-period during which the assets that it deems to be essential to the continuation of the business of the debtor may not be sold without its consent. The court will end the proceedings when either no due liabilities remain, the liquidator has sufficient funds to pay off the creditors (*extinction du passif*), or continuation of the liquidation process becomes impossible due to insufficiency of assets (*insuffisance d'actif*).

The court may also terminate the proceedings:

- when the interest of the continuation of the liquidation process is disproportionate compared to the difficulty of selling the assets;

- in the event where there are insufficient funds to pay off the creditors, by appointing a *mandataire* in charge of continuing ongoing lawsuits and allocating the amounts received from these lawsuits between the remaining creditors.

The "hardening period" (période suspecte) in judicial reorganization and judicial liquidation proceedings

The date of insolvency (*cessation des paiements*) of a debtor is deemed to be the date of the court order commencing the proceedings, unless the court sets an earlier date, which may be no earlier than 18 months before the date of such court order. Also, except in the case of fraud, the insolvency date may not be set at a date earlier than the date of the final court decision that approved an agreement (homologation) in the context of conciliation proceedings (see "*—Court-assisted pre-insolvency Proceedings*" and "*—Insolvency Test*" above). The insolvency date is important because it marks the beginning of the hardening period (*période suspecte*), being the period from the insolvency date of the debtor to the court decision commencing the judicial reorganization or liquidation proceedings affecting it.

Certain transactions entered into during the hardening period are automatically void or voidable by the court.

- Automatically void transactions include transactions or payments entered into during the hardening period that may constitute voluntary preferences for the benefit of some creditors to the detriment of other creditors. These include essentially transfers of assets for no consideration or for a nominal consideration, contracts under which the obligations of the debtor significantly exceed the reciprocal obligations of the other party, payments of debts not due at the time of payment, payments of debts that are due made in a manner which is not commonly used in the ordinary course of business, any security granted for debts previously incurred, provisional attachment or seizure measures (*mesures conservatoires*) (unless the attachment or seizure predates the date of insolvency), operations relating to stock options, the transfer of any assets or rights to a trust arrangement (*fiducie*) (unless such transfer is made as security for a debt simultaneously incurred), any amendment to a trust arrangement (*fiducie*) that affects assets or rights already transferred in the trust as security for debt incurred prior to such amendment, and notarized declarations of exemption of assets from seizure (*déclaration d'insaisissabilité*) pursuant to article L. 526-1 of the French Commercial Code.

- Transactions which are voidable by the court include payments made on debts that are due, transactions for consideration and notices of attachments made to third parties (*avis à tiers détenteur*), seizures (*saisie attribution*) and oppositions made during the hardening period, in each case if the court determines that the party dealing with the debtor knew (or could not fail to know) that the debtor was insolvent at the relevant time. Transactions relating to the transfer of assets for no consideration and notarized declarations of exemption of assets from seizure (*déclaration d'insaisissabilité*) are also voidable when entered into during the six-month period prior to the beginning of the hardening period.

There is no hardening period risk in the case of safeguard or accelerated safeguard or accelerated financial safeguard proceedings (assuming the proceedings are successful).

Status of Creditors during Safeguard, Accelerated Safeguard, Accelerated Financial Safeguard, Judicial Reorganization or Judicial Liquidation Proceedings

Contractual provisions pursuant to which the commencement of the proceedings triggers the acceleration of the debt (except with respect to judicial liquidation proceedings in which the court does not order the continued operation of the business) or the termination or cancellation of an ongoing contract are not enforceable against the debtor. Nor are "*contractual provisions modifying the conditions of continuation of an ongoing contract, diminishing the rights or increasing the obligations of the debtor solely upon the opening of judicial reorganization proceedings*" (in accordance with a decision of the French Supreme Court dated January 14, 2014, n° 12-22.909, this case law is likely to be extended to safeguard, accelerated safeguard or accelerated financial safeguard proceedings). However, the court-appointed administrator can unilaterally decide to terminate ongoing contracts (*contrats en cours*) which it believes the debtor will not be able to continue to perform. Conversely, the court-appointed administrator can require that other parties to a contract continue to perform their obligations even though the debtor may have been in default (including in payment default), but on the condition that the debtor fully performs its post-commencement contractual obligations (and provided that, in the case of judicial reorganization or judicial liquidation proceedings, absent consent to other terms of payment, the debtor pays cash on delivery). The commencement of liquidation proceedings, however, automatically accelerates the maturity of all of a debtor's obligations unless the court orders the continued operation of the business with a view to the adoption of a "sale of the business plan" (*plan de cession*) as described above; in such case, the acceleration of the obligations will only occur on the date of the court decision adopting the "sale of the business plan" (*plan de cession*), as described above, or on the date on which the continued operation of the business ends.

As from the court decision commencing the proceedings:

- accrual of interest is suspended, except in respect of loans for a term of at least one year, or of contracts providing for a payment which is deferred by at least one year (however, accrued interest can no longer be compounded);

- the debtor is prohibited from paying debts incurred prior to the commencement of the proceedings, subject to specified exceptions (which essentially cover the set-off of related (*connexes*) debts and payments authorized by the supervising judge (*juge commissaire*) to recover assets required for the continued operation of the business);

- the debtor is prohibited from paying debts having arisen after the commencement of the proceedings unless they were incurred for the purposes of the proceedings or of the observation period or in consideration of services rendered/goods provided to the debtor;

- debts duly arising after the commencement of the proceedings and which were incurred for the purposes of the proceedings or of the observation period, or in consideration of services rendered/goods provided to the debtor during this period, must be paid as and when they fall due and, if not, will be given priority over debts incurred prior to the commencement of the proceedings (with certain limited exceptions, such as claims secured by a New Money Lien), provided that they are duly brought to the attention of the court-appointed administrator within one year of the end of the observation period;

- creditors may not initiate or pursue any individual legal action against the debtor (or a guarantor of the debtor where such guarantor is a natural person and the proceedings are safeguard, accelerated safeguard or accelerated financial safeguard proceedings) with respect to any claim arising prior to the court decision commencing the proceedings, if the objective of such legal action is:

    - to obtain an order for payment of a sum of money by the debtor to the creditor (however, the creditor may require that a court determine the amount due in order to file a proof of claim, as described below);

    - to terminate a contract for non-payment of amounts owed by the creditor;

    - to enforce the creditor's rights against any assets of the debtor except (i) in judicial liquidation proceedings, by way of the applicable specific process for judicial foreclosure (*attribution judiciaire*) of the pledged assets or (ii) where such asset—whether tangible or intangible, movable or immovable—is located (y) in another Member State within the European Union at the time of the opening of the insolvency proceedings, in which case the rights in rem of creditors thereon would not be affected by the insolvency proceedings commenced in France, in accordance with the terms of Article 8 of the EU Insolvency Regulation or (z) in a State which is not a Member State of the European Union, absent any recognition of the effect of the French insolvency proceedings therein; or

- in the context of reorganization or liquidation proceedings only, absent consent to other terms of payment, immediate cash payment for services rendered pursuant to an ongoing contract (c*ontrat en cours*), will be required.

In accelerated financial safeguard proceedings, the above rules only apply to the creditors that fall within the scope of the proceedings (see "*—Court-administered Proceedings—Accelerated Safeguard and Accelerated Financial Safeguard*" above). Debts owed to other creditors, such as suppliers, continue to be payable in the ordinary course of business.

As a general rule, creditors domiciled in metropolitan France whose debts arose prior to the commencement of proceedings must file a claim with the court-appointed creditors' representative within two months of the publication of the court decision in an official gazette (*Bulletin Officiel des annonces civiles et commerciales*); this period is extended to four months for creditors domiciled outside metropolitan France. Creditors must also file a claim for the post-commencement non-privileged debts, with respect to which the two- or four- month period referred to above starts to run as from their maturity date. Creditors whose claims have not been submitted during the relevant period are, except for limited exceptions, barred from receiving distributions made in connection with the proceedings. Employees do not need to file a proof of claim in respect of their wage-related claims and are preferred creditors under French law.

At the beginning of the proceedings, the debtor must provide the court-appointed administrator and the creditors' representative with the list of all its creditors and all of their claims. Where the debtor has informed the creditors' representative of the existence of a claim, the claim as reported by the debtor is deemed to be a filing of the claim with the creditors' representative on behalf of the creditor. Creditors are allowed to ratify or amend a proof of claim so made on their behalf until the supervising judge rules on the admissibility of the claim. They may also file their own proof of claim within the deadlines described above.

In accelerated safeguard and accelerated financial safeguard proceedings however, the debtor draws a list of the claims of its creditors having taken part in the conciliation proceedings, which is certified by its statutory auditors or accountant. Although such creditors may file proofs of claim as part of the regular process, they may also avail themselves of this simplified alternative and merely adjust if necessary the amounts of their claims as set forth in the list prepared by the debtor (within the above two or four months' time limit). Creditors that did not take part in the conciliation proceedings must file their proofs of claim within the aforementioned deadlines.

If the court adopts a safeguard plan, accelerated safeguard plan, accelerated financial safeguard plan or reorganization plan, claims of creditors included in the plan will be paid according to the terms of the plan.

If the court adopts a sale of the business plan (*plan de cession*) of the debtor in judicial reorganization or judicial liquidation proceedings (see "*—Court-administered Proceedings—Judicial Reorganization or Liquidation Proceedings"* above), the proceeds of the sale will be allocated towards the repayment of its creditors according to the ranking of the claims. If the court decides to order the judicial liquidation of the debtor, the liquidator appointed by the court will be in charge of settling the debtor's debts in accordance with their ranking.

French insolvency law assigns priority to the payment of certain preferred creditors, including employees (for the super-privileged part of their claims), post-commencement legal costs (essentially, court officials fees), creditors who benefit from a New Money Lien or a Post Money Privilege (see above), post-commencement privileged creditors and the French State (taxes and social charges). In the event of judicial liquidation proceedings only, certain pre-commencement secured creditors whose claim is secured by real estate are paid prior to post-commencement privileged creditors. This order of priority does not apply to all creditors, for example it does not apply to creditors benefiting from a retention right over assets with respect to their claim related to such asset.

Creditors' Liability

Pursuant to Article L. 650-1 of the French Commercial Code, where insolvency proceedings (including safeguard proceedings) have been commenced, creditors may only be held liable for the losses suffered as a result of facilities granted to the debtor on the following grounds: (i) fraud; (ii) clear interference with the management (*immixtion caractérisée dans la gestion*) of the debtor; or (iii) if the security or guarantees taken to support the facilities are disproportionate to such facilities. In addition, any security or guarantees taken to support facilities in respect of which a creditor is found liable on any of these grounds can be cancelled or reduced by the court. Case law has recently set out that this liability would also require that the granting of the facility be deemed to be wrongful.

If a creditor has repeatedly interfered in the company's management, it can be deemed a de facto manager of such company ("*dirigeant de fait*"). In such case, article L 651-2 of the French Commercial Code provides that, if liquidation proceedings (*liquidation judiciaire*) have been commenced against the debtor, such creditor being deemed de facto manager may be liable for bearing the excess of liabilities over the company's assets, along with the other managers (whether de jure or de facto), as the case may be, if it is established that their mismanagement has contributed to the company's shortfall of assets. If such conditions are met, French courts will decide whether the managers should bear all or part of the shortfall amount. However, de jure or de facto managers cannot be held liable on the grounds of article L 651-2 of the French Commercial Code in the event of simple negligence on their part in the management of the company.

Rights in the Collateral may be adversely affected by the failure to perfect security interests in the Collateral.

Under French law, a security interest in certain assets can only be properly perfected, and its priority retained, through certain actions undertaken by the secured party and/or the grantor of the security. The liens on the Senior Secured Notes Collateral securing the Senior Secured Notes may not be perfected with respect to the claims of the Senior Secured Notes if we fail or are unable to take the actions required to perfect any of these liens. Furthermore, it should be noted that neither the Senior Secured Notes Trustee nor the Security Agent shall have any obligation to take any steps or action to perfect any of these liens.

In particular, pledges over the securities of French subsidiaries in the form a stock company (*société par actions*) that are governed by French law consist of pledges over a securities account (*nantissement de compte de titres financiers*) in which the relevant securities are registered. The securities account pledges will be validly established after execution of a statement of pledge (*déclaration de nantissement de compte titres financiers*) by each security provider in favor of the Security Agent. Each statement of pledge will have to be registered in the relevant shareholder's account (*compte d'actionnaire*) and shares registry (*registre de mouvement de titres*) of the French entity which issued the securities which are pledged. In France, no lien searches are available for security interests which are not publicly registered (such as pledges over securities account), with the result that no assurance can be given on the priority of a security interest if it is not publicly registered.

Limitations on enforcement of security interests and cash amount ("soulte")

Security interests governed by French law may only secure payment obligations, may only be enforced following a payment default or an acceleration resulting in a payment default and may only secure a creditor up to the secured amount that is due and unpaid to it. Pledges over securities (whether in the form of a pledge over securities account or in the form of a pledge over shareholding interests (*parts sociales*)) may generally be enforced at the option of the secured creditors either (i) by way of a sale of the pledged securities in a public auction (the proceeds of the sale being paid to the secured creditors) or (ii) by way of judicial foreclosure (*attribution judiciaire*) or contractual foreclosure (*pacte commissoire*) of the pledged securities to the secured creditors, following which the secured creditors become the legal owner of the pledged securities.

If the secured creditors choose to enforce by way of foreclosure (whether a judicial foreclosure or contractual foreclosure), the secured liabilities would be deemed extinguished up to the value of the foreclosed securities. Such value is determined either by the court in the context of a judicial attribution or by a pre-contractually agreed expert in the context of a contractual foreclosure. If the value of the Collateral exceeds the amount of secured debt, the secured creditor may be required to pay the pledgor a cash amount (*soulte*) equal to the difference between the value of the securities as so determined and the amount of the secured debt. This is true regardless of the actual amount of proceeds ultimately received by the secured creditor from a subsequent on-sale of the Collateral.

If the value of such securities is less than the amount of the secured debt, the relevant amount owed to the relevant creditors will be reduced by an amount equal to the value of such securities, and the remaining amount owed to such creditors will be unsecured in that respect.

An enforcement of the pledged securities could be undertaken through a public auction in accordance with applicable law. If enforcement is implemented through a public auction procedure, it is possible that the sale price received in any such auction might not reflect the value of the securities, since the latter will not be sold pursuant to a competitive bid process and/or a private sale organized by an investment bank and controlled by the vendor on the basis of a value determined pursuant to the methods usually used for the purpose of the acquisition of companies or groups of companies.

Parallel Debt—Trust

There is no established concept of "trust" or "trustee" under the present French legal system. A concept of "trust" has been recognized for tax purposes by article 792-0 bis of the *Code Général des Impôts* and the French Supreme Court (*Cour de cassation*) has held, in a decision dated September 13, 2011 rendered in the context of safeguard proceedings in France, that a trustee validly appointed under a trust governed by the laws of the State of New York could validly be regarded as a creditor in safeguard proceedings opening in France. However, France has not ratified the 1985 The Hague Convention on the law applicable to trusts and on their recognition, so that the concept of "trust" has not been generally recognized under French law and the precise nature, effect and enforceability of the duties, rights and powers of a security agent as agent or trustee for noteholders in respect of security interests such as pledges are unclear under French law.

Under French law, certain "accessory" security interests such as pledges require that the pledgee and the creditor be the same person. Such security interests cannot be held on behalf of the creditors by third parties who do not hold the secured claim, unless they act as trustees (*fiduciaires*) under Article 2011 of the French Civil Code or as security agents (*agent des sûretés*) under Article 2488-6 of the French Civil Code, which will not be the case for the security documents governed by French law. The holders of interests in the Senior Secured Notes from time to time may not be parties to the security documents. In order to permit the holders of the Senior Secured Notes to benefit indirectly from a secured claim, the Senior Secured Notes Indenture will provide for the creation of a "parallel debt" governed by New York law in favor of the security trustee. Pursuant to such parallel debt, the security trustee becomes the holder of a claim equal to each

amount payable by a relevant obligor under the Indenture. The pledges governed by French law will directly secure the parallel debt, and may not directly secure the obligations under the Senior Secured Notes and the other indebtedness secured by the Senior Secured Notes Collateral.

Although the concept of parallel debt was held to be not incompatible with the French law concept of international public policy in a French Supreme Court (*Cour de cassation*) decision dated September 13, 2011 in the context of safeguard proceedings opened in France, this decision cannot be considered as a general recognition of the enforceability in France of the rights of a security trustee benefiting from a parallel debt obligation and no assurance can be given that such a structure will in all circumstances be upheld by the French courts. Indeed, it should be noted that the legal issue addressed by this decision is limited to the proof of claims. The French court was not asked to generally uphold French security interests securing a parallel debt. Case law on this matter is scarce and based on a case by case analysis.

There is no certainty that the parallel debt construct will eliminate or mitigate the risk of unenforceability under French law. To the extent that the security interests in the Senior Secured Notes Collateral created under the parallel debt construct are successfully challenged by other parties, holders of the Senior Secured Notes will not receive any proceeds from an enforcement of the security interests in the Senior Secured Notes Collateral, which in turn could materially adversely affect the recovery under the Senior Secured Notes Collateral. In addition, the holders of the Notes will bear the risks associated with the possible insolvency or bankruptcy of the security trustee.

Fraudulent conveyance

French law contains specific, "*action paulienne*" provisions dealing with fraudulent conveyance both in and outside insolvency proceedings. The action paulienne offers creditors protection against a decrease in their means of recovery. A legal act performed by a debtor (including, without limitation, an agreement pursuant to which such debtor guarantees the performance of the obligations of a third party or agrees to provide or provides security for any of such debtor's or a third party's obligations, enters into additional agreements benefiting from existing security or any other legal act having similar effect) can be challenged in or outside insolvency proceedings of the relevant debtor by the creditors' representative (*mandataire judiciaire*), the commissioner of the safeguard or reorganization plan (*commissaire à l'exécution du plan*) insolvency proceedings of the relevant debtor, or by any of the creditors of the relevant debtor outside the insolvency proceedings or any creditor who was prejudiced in its means of recovery as a consequence of the act in or outside insolvency proceedings. Any such legal act may be declared unenforceable against third parties if: (i) the debtor performed such act without an obligation to do so; (ii) the relevant creditor or (in the case of the debtor's insolvency proceedings) any creditor was prejudiced in its means of recovery as a consequence of the act; and (iii) at the time the legal act was performed, both the debtor and the counterparty to the transaction knew or should have known that one or more of such debtor's creditors (existing or future) would be prejudiced in their means of recovery (where the legal act was entered into for no consideration (*à titre gratuit*), no such knowledge of the counterparty is necessary).

If a court found that the issuance of the Senior Secured Notes or the grant of the security interests in the Senior Secured Notes Collateral, involved a fraudulent conveyance that did not qualify for any defense under applicable law, then the issuance of the Senior Secured Notes or the granting of the security interests in the Senior Secured Notes Collateral could be declared unenforceable against third parties or declared unenforceable against the creditor who lodged the claim in relation to the relevant act. As a result of such successful challenges, holders of the Senior Secured Notes may not enjoy the benefit of the Senior Secured Notes or the security interests in the Senior Secured Notes Collateral and the value of any consideration that holders of the Senior Secured Notes received with respect to the Senior Secured Notes or the security interests in the Senior Secured Notes Collateral could also be subject to recovery from the holders of the Senior Secured Notes and, possibly, from subsequent transferees. In addition, under such circumstances, holders of the Senior Secured Notes might be held liable for any damages incurred by prejudiced creditors of the Issuer as a result of the fraudulent conveyance.

Recognition of intercreditor agreements by French courts

There is no law or published decision of the French courts of appeal or of the French Supreme Court (*Cour de cassation*) on the validity or enforceability of the obligations of an agreement such as the Intercreditor Agreement, except for Articles L. 626-30-2, L. 626-32 and L. 631-19 of the French Commercial Code pursuant to which, in the context of safeguard or judicial reorganization proceedings, the safeguard or reorganization plan which is put to the vote of the creditors' committees and the bondholders general meeting takes into consideration the provisions of subordination agreements between creditors which were entered into prior to the commencement of the safeguard, or judicial reorganization, proceedings. As a consequence, except to the extent referred to above (which, as at the date of this offering memorandum, has received no judicial interpretation), we cannot rule out that a French court would not give effect to certain provisions of the Intercreditor Agreement.

Recognition of validity of second or lower ranking financial securities account pledges by French courts

A pledge over the shares of a stock company (*société par actions*) governed by French law is a pledge over the relevant securities account (*nantissement de compte de titres financiers*) in which the shares of such company are registered. In France, no lien searches are available for security interests which are not registered, such as pledges over securities accounts (*nantissements de comptes de titres financiers*). As a result, no assurance can be given on the priority of a pledge over a securities account in which the shares of such a company are registered.

The creation and enforcement of second ranking pledges over certain assets (such as receivables) has not been tested before French courts, and there can be no assurance that second ranking pledges over such assets would be upheld if tested. Accordingly, there is a risk that a second ranking pledge over such assets may be held void or unenforceable by a French court.

Limitation on guarantees

The liabilities and obligations of a **French Subsidiary Guarantor** are subject to the rules relating to corporate benefit: under French corporate benefit rules, a court could declare any guarantee unenforceable and void, if payment had already been made under the relevant guarantee, require that the recipient return the payment to the relevant guarantor, if the court found that the French Subsidiary Guarantor did not receive some real and adequate corporate benefit from the transaction involving the grant of the guarantee as a whole. Existence of corporate benefit is a factual matter which must be determined on a case-by-case basis.

The existence of a real and adequate benefit to the guarantor and whether the amounts guaranteed are commensurate with the benefit received are matters of fact as to which French case law provides no clear guidance.

However, based on current case law certain inter-group transactions (including up-stream guarantees) can be in the corporate interest of the relevant company, in particular, where the following four criteria are fulfilled:

- existence of a genuine group of companies to which the guarantor and the person whose obligations are being guaranteed belong operating under a common strategy aimed at a common objective and the guarantee or security documents, and the transaction to which they relate, must be entered into in furtherance of the common economic interest of the group as a whole and the liability under the guarantee should be commensurate with such group benefit;

- the risk assumed by a French Subsidiary Guarantor must be proportionate to the benefit;

- the French Subsidiary Guarantor must receive an actual and adequate benefit, consideration or advantage from the transaction involving the granting by it of the guarantee or security interest which is commensurate with the liability which it takes on under the guarantee or security interest; and

- the obligations of the French Subsidiary Guarantor under the guarantee or security interest must not exceed its financial capability.

However, such criteria being subject to interpretation and depending on factual matters, the prudent approach prevailing in the French market is to create a strict correlation between the risk assumed and the benefit received by a French Subsidiary Guarantor without relying on the corporate benefit of the group (intérêt social de groupe) and applying the conditions listed above and therefore, limiting the amounts of the guarantee to the amounts on-lent to the French Subsidiary Guarantors as set out below.

Each Guarantee provided by a French Subsidiary Guarantor will apply only insofar as required to:

(i) guarantee the payment obligations under the Notes of its direct or indirect subsidiaries which are or become Issuer or Guarantor from time to time under the relevant Notes and incurred by those subsidiaries as Guarantors (without double counting). However, where such subsidiary is itself a Guarantor which guarantees the obligations of a member of the Group which is not a subsidiary of the relevant French Subsidiary Guarantor, the amounts payable by such French Subsidiary Guarantor under this paragraph (i) in respect of the obligations of this subsidiary as Guarantor shall be limited as set out in paragraph (ii) below; and

(ii) guarantee the payment obligations under the relevant Notes of each entity which is not a direct or indirect subsidiary of that French Subsidiary Guarantor, provided that in each case such guarantee shall be

limited to the payment obligations of the Issuer or Guarantor under the Notes provided that these shall not exceed an amount equal to the aggregate of all amounts made available under the Notes and on-lent (directly or indirectly by way of intra-group loans) to such French Subsidiary Guarantor or any of its subsidiaries and outstanding at the time of the claim pursuant to such Guarantee against such French Subsidiary Guarantor (such amount being the "**French Maximum Guaranteed Amount**").

It being specified that that any payment made by such French Subsidiary Guarantor in accordance with paragraph (ii) above in respect of the obligations of the issuer or any other Guarantor shall reduce *pro tanto* the outstanding amount of the intercompany loans (if any) due by such French Subsidiary Guarantor to the Issuer or that Guarantor under the intercompany loan arrangements referred to above. For the avoidance of doubt, any payment made by a French Subsidiary Guarantor in respect of the payment obligations of a Guarantor referred to in paragraph (ii) above shall reduce the French Maximum Guaranteed Amount.

No French Subsidiary Guarantor will secure liabilities under the Notes which would result in such French Subsidiary Guarantor not complying with French financial assistance rules as set out in Article L. 225-216 of the French Commercial Code and/or would constitute a misuse of corporate assets within the meaning of article L. 241-3, L. 242-6 or L. 244-1 of the French Commercial Code or any other law or regulations having the same effect, as interpreted by French courts.

By virtue of this limitation, each French Subsidiary Guarantor's obligations under the Guarantees and the security interests in the Collateral could be significantly less than amounts payable with respect to the Notes or a French Subsidiary Guarantor may have effectively no obligation under the Guarantee and the security interest in the Collateral should the balance of the portion of the proceeds of the Notes made available to a French Subsidiary Guarantor directly or indirectly be equal to or reduced to zero.

In addition, if a French Subsidiary Guarantor receives, in return for issuing the guarantee, an economic return that is less than the economic benefit such French Subsidiary Guarantor would obtain in a transaction entered into on an arms' length basis, the difference between the actual economic benefit and that in a comparable arms' length transaction could be taxable under certain circumstances.

Security Agent

Articles 2488-6 to 2488-12 of the French Civil Code allow the creation of security interests and personal guarantees for the direct benefit of a security agent, which will hold such rights separately from its own estate. As a result, the rights of secured creditors under security interests and personal guarantees will be ring fenced if the security agent is the subject of insolvency proceedings (except in cases of fraud or in cases of the exercise of a right of pursuit (*droit de suite*) of a creditor). The security agent will remain liable for gross negligence or willful misconduct in the performance of its duties. The security agent can take all legal actions to protect the secured creditor's interests and file a receivable on behalf of one or several creditors in a debtor's insolvency proceeding. The security agent must be appointed pursuant to a written agreement specifying its quality, its duties, the duration of its duties and its powers.

England and Wales

The Issuers, the Parent and the Company (both Guarantors) are companies incorporated under the laws of England and Wales (together with a number of other Obligors incorporated under the laws of England and Wales, the "**English Obligors**"). Therefore, any main insolvency proceedings in respect of the English Obligors would likely be commenced in England.

English insolvency law may not be as favourable to the interests of investors as the laws of the United States or other jurisdictions with which investors are familiar. In the event that any of the English Obligors experiences financial difficulty, it is not possible to predict with certainty the outcome of insolvency or similar proceedings.

Each Issuer's obligations under the relevant Notes will be guaranteed by the English Obligors and secured by security interests over the Senior Secured Notes Collateral (in the case of the Senior Secured Notes) and the Senior Notes Collateral (in the case of the Senior Notes). English insolvency laws and other limitations could limit the enforceability of a guarantee against an English Obligor and the enforceability of security interests over the relevant Collateral.

The following is a brief description of certain aspects of English insolvency law relating to certain limitations on the guarantees or the security interests over the Collateral.

The application of these laws could adversely affect investors, their ability to enforce their rights under the guarantees and/or the relevant Collateral securing the relevant Notes and therefore may limit any amounts that investors may receive in an insolvency of an English Obligor.

Fixed and Floating Charges

There are a number of ways in which fixed charge security has an advantage over floating charge security, including: (a) an administrator appointed to a charging company can convert floating charge assets to cash and use such cash, or use cash subject to a floating charge, to meet administration expenses (which can include the costs of continuing to operate the charging company's business) while in administration in priority to the claims of the floating charge holder; (b) a fixed charge, even if created after the date of a floating charge, may have priority as against the floating charge over the charged assets (provided that the floating charge has not crystallised at the time the fixed charge was granted); (c) general costs and expenses (including the remuneration of the insolvency officeholder) properly incurred in a winding-up are payable out of the company's assets (including the assets that are the subject of the floating charge) in priority to floating charge claims; (d) until the floating charge security crystallizes, a company is entitled to deal with assets that are subject to floating charge security in the ordinary course of business, meaning that such assets can be effectively disposed of by the charging company so as to give a third party good title to the assets free of the floating charge and meaning that there is a risk of security being granted over such assets in priority to the floating charge security; (e) floating charge security is subject to certain challenges under English insolvency law (please see "*—Grant of Floating Charge*"); (f) where the floating charge is not a security financial collateral arrangement, floating charge security is subject to the claims of preferential creditors (such as occupational pension scheme contributions and salaries owed to employees) and to ring-fencing for unsecured creditors (please see "*—Priority on insolvency*"); and (g) an administrator may dispose of or take action relating to property subject to a floating charge without the prior consent of the charge holder or court, although the floating charge holder retains the same priority in respect of the proceeds from the disposal of the assets subject to the floating charge. With prior approval of the court, an administrator may deal with property subject to a fixed charge provided that disposing of the property is likely to promote the administration's purpose and that the administrator apply the net proceeds from the disposal of the property in question towards discharging the obligations of the company to the charge holder.

Under English law there is a possibility that a court could re-characterize fixed security interests purported to be created by a security document as floating charges and the description given to security interests by the parties is not determinative. Whether security interests labelled as fixed will be upheld as fixed security interests rather than floating security interests will depend, among other things, on whether the chargee has the requisite degree of control over the relevant chargor's ability to deal in the relevant assets and the proceeds thereof and, if so, whether such control is exercised by the chargee in practice. Where the chargor is free to deal with the secured assets without the consent of the chargee prior to crystallization, the court is likely to hold that the security interest in question constitutes a floating charge, notwithstanding that it may be described as a fixed charge in the security documents.

Administration and Floating Charges

The relevant English insolvency statutes empower English courts to make an administration order in respect of an English company in certain circumstances. An administration order can be made if the court is satisfied that the relevant company is or is likely to become "unable to pay its debts" and that the administration order is reasonably likely to achieve the purpose of administration. A company is unable to pay its debts if it is insolvent on a "cash flow" basis (unable to pay its debts as they fall due) or if it is insolvent on a "balance sheet" basis (the value of the company's assets is less than the amount of its liabilities, taking into account its contingent and prospective liabilities). Such insolvency is presumed if, among other matters, the company fails either to satisfy a creditor's statutory demand for a debt exceeding £750 or to satisfy in full or in part a judgment debt (or similar court order). An administrator can also be appointed out of court by the company, its directors or the holder of a qualifying floating charge and different procedures apply according to the identity of the appointor.

The purpose of an administration is comprised of three objectives that must be looked at successively: rescuing a company as a going concern or, if that is not reasonably practicable, achieving a better result for a company's creditors as a whole than would be likely upon immediate liquidation or, if neither of those objectives is reasonably practicable, and the interests of the creditors as a whole are not unnecessarily harmed thereby, realising property to make a distribution to one or more secured or preferential creditors. The order of priority which applies to any distribution to creditors is set out below (see "*Priority on insolvency*").

In general, during the administration, no proceedings or other legal process may be commenced or continued against the debtor, or security enforced over the company's property, except with leave of the court or the consent of the administrator. Accordingly, if any of the English Obligors were to enter into administration, the relevant guarantees and

the Collateral could not be enforced while the relevant company was in administration without the permission of the court or consent of the administrator. There can be no assurance that the Security Agent would obtain such permission of the court or consent of the administrator.

Certain creditors of a company in administration may be able to realize their security over that company's property notwithstanding the statutory moratorium. This is by virtue of the disapplication of the moratorium in relation to a "security financial collateral arrangement" (generally, a charge over cash or financial instruments such as shares, bonds or tradable capital market debt instruments) under the Financial Collateral Arrangements (No. 2) Regulations 2003 (the "**Financial Collateral Regulations**"). If an English Obligor were to enter administration, it is possible that, to the extent that it is not a financial collateral arrangement, the security granted by it or the guarantee granted by it may not be enforced while it is in administration, without the leave of the court or consent of the administrator. In addition, other than in limited circumstances, no administrative receiver can be appointed by a secured creditor in preference to an administrator, and any already appointed must resign if requested to do so by the administrator. Where the company is already in administration no other receiver may be appointed and an administrative receiver may only be appointed with the leave of a court or consent of the administrator.

In addition, an administrator is given wide powers to conduct the business and, subject to certain requirements under the U.K. Insolvency Act 1986, dispose of the property of a company in administration (including property subject to a floating charge).

In order to empower the Security Agent to appoint an administrative receiver or an administrator out of court to the company, the floating charge granted by the relevant English Obligor must constitute a "qualifying floating charge" for purposes of English insolvency law and, in the case of the ability to appoint an administrative receiver, the qualifying floating charge must, unless the security document pre-dates September 15, 2003, fall within one of the exceptions in the U.K. Insolvency Act 1986 (as amended) to the prohibition on the appointment of administrative receivers. In order to constitute a qualifying floating charge, the floating charge must be created by an instrument which (a) states that the relevant statutory provision applies to it, (b) purports to empower the holder to appoint an administrator of the company or (c) purports to empower the holder to appoint an administrative receiver within the meaning given by Section 29(2) of the U.K. Insolvency Act 1986 (as amended). The Security Agent will be the holder of a qualifying floating charge if such floating charge security, together (if necessary) with the fixed charge security interests, relate to the whole or substantially the whole of the relevant English Obligor's property and at least one such security interest is a qualifying floating charge. Whether the assets that are subject to the floating charges and other security will constitute substantially the whole of the relevant English Obligor's assets at the time that the floating charges are enforced will be a question of fact at that time and there is no statutory guidance as to what percentage of a company's assets should be charged to satisfy this test. The most relevant exception to the prohibition on the appointment of an administrative receiver is the exception relating to "capital market arrangements" (as defined in the U.K. Insolvency Act 1986, as amended), which will apply if the Issuer of the Notes creates a debt of at least £50,000,000 for the relevant company during the life of the arrangement and the arrangement involves the issue of a "capital markets investment" (which is defined in the U.K. Insolvency Act 1986, as amended, but is generally a rated, listed or traded debt instrument).

If an administrative receiver has been appointed, an administrator can only be appointed by the court (and not by the company, its directors or the holder of a qualifying floating charge using the out of court procedure) and then only if the person who appointed the administrative receiver consents or the court considers that the security pursuant to which the administrative receiver was appointed is capable of challenge on certain grounds. If an administrator is appointed, any administrative receiver will vacate office. Further, upon the appointment of an administrator, any receiver of part of the company's property must resign if required to do so by the administrator unless that receiver was appointed under a charge created or otherwise arising under a "financial collateral arrangement" (as defined in the Financial Collateral Regulations).

Liquidation

Liquidation is a termination procedure applicable to companies incorporated under the laws of England and Wales. There are three ways an English company may be placed into liquidation or "wound up," being (1) Members' Voluntary Liquidation (which is a procedure available to solvent companies only), (2) Creditors' Voluntary Liquidation, and (3) Compulsory Winding-Up.

On the voluntary liquidation of an English company, there is no automatic statutory moratorium in place preventing the holders of security interests from taking steps to enforce those security interests (although the liquidator or any creditor or shareholder of the company in liquidation may apply to court for a stay). Where a company incorporated under the laws of England and Wales is placed into liquidation, a creditor holding a valid mortgage, charge or other security interest has four options: (1) to realize the security, apply the proceeds towards discharge of the secured debt,

and prove in the liquidation for any balance; (2) to retain the security and not prove in the liquidation; (3) to value the security and prove for any shortfall between that value and the value of the debt; and (4) to surrender the security and prove for the full amount of the debt.

The effect of a compulsory winding-up differs in a number of respects from that of a voluntary liquidation. In a compulsory winding-up, under Section 127 of the U.K. Insolvency Act 1986, any disposition of the relevant company's property made after the commencement of the winding-up is, unless sanctioned by the court, void. Subject to certain exceptions, when an order is made for the winding-up of a company by the court, it is deemed to have commenced from the time of the presentation of the winding-up petition. Once a winding-up order is made by the court, a stay of all proceedings against the company will be imposed. No legal action may be continued or commenced against the company without permission of the court.

Foreign Currency

Under English insolvency law, where creditors are asked to submit formal proofs of claim for their debts, the office-holder will convert all foreign currency denominated proofs of debt into sterling at a single rate for each currency determined by the office-holder by reference to the exchange rates prevailing on the relevant date. If a creditor considers the rate to be unreasonable, they may apply to the court. Accordingly, in the event that an English Obligor goes into liquidation or administration, holders of the relevant Notes may be subject to exchange rate risk between the date that such English Obligor went into liquidation or administration and receipt of any amounts to which such holders of the relevant Notes may become entitled.

Priority on insolvency

With the exception of the Prescribed Part (as defined below), distributions generally cannot be made to a class of creditors until the claims of the creditors in a prior ranking class have been paid in full. Unless creditors have agreed otherwise, distributions are made on a pari passu basis, that is, the assets are distributed in proportion to the debts due to each creditor within a class.

The general priority on insolvency is as follows (in descending order of priority):

- First-priority: holders of fixed charge security and creditors with a proprietary interest in specific assets in the possession (but not full legal and beneficial ownership) of the debtor but only to the extent of the realisations from those secured assets or with respect to the asset in which they have a proprietary interest;

- Second ranking: expenses of the insolvent estate (there are statutory provisions setting out the order of priority in which expenses are paid);

- Third ranking: these are divided into ordinary preferential creditors and secondary preferential creditors with ordinary preferential creditors being paid in priority to secondary preferential creditors. Ordinary preferential debts include (but are not limited to) debts owed by the insolvent company in relation to: (a) contributions to occupational and state pension schemes; (b) wages and salaries of employees for work done in the four months before the insolvency date, up to a maximum of £800 per person; (c) holiday pay due to any employee whose contract has been terminated, whether the termination takes place before or after the date of insolvency; and (d) bank and building deposits eligible for compensation under the Financial Services Compensation Scheme up to the statutory limit. As between one another, ordinary preferential debts rank equally. Secondary preferential debts include (x) the balance of insured bank and building deposits above the statutory limit of amounts insured under the Financial Services Compensation Scheme and (y) with respect to all insolvencies commencing on or after December 1, 2020, claims by HM Revenue and Customs in respect of certain taxes including VAT, PAYE income tax, student loan deductions, employee National Insurance contributions and Construction Industry Scheme deductions which are held by the company on behalf of other taxpayers such as employees and customers. As between another, secondary preferential debts rank equally;

- Fourth ranking: holders of floating charge security, according to the priority of their security, to the extent of the realizations from those secured assets.

This would include any floating charge that was stated to be a fixed charge in the document that created it but which, on a proper interpretation, was re-characterised or rendered as a floating charge.

However, before distributing asset realisations to the holders of floating charges, the Prescribed Part (as defined below) must, subject to certain exceptions, be set aside for distribution to unsecured creditors;

- Fifth ranking:
    - firstly, provable debts of unsecured creditors and any secured creditor to the extent of any unsecured shortfall, in each case including accrued and unpaid interest on those debts up to the date of commencement of the relevant insolvency proceedings. To pay the secured creditors any unsecured shortfall, the insolvency officeholder can only use realisations from unsecured assets, as secured creditors are not entitled to any distribution from the Prescribed Part unless the Prescribed Part is sufficient to pay out all unsecured creditors;
    - secondly, interest on the company's debts (at the higher of the applicable contractual rate and the official rate) in respect of any period after the commencement of liquidation, or after the commencement of any administration which had been converted into a distributing administration. However, in the case of interest accruing on amounts due under the relevant Notes or the guarantees, such interest due to the holders of the relevant Notes may, if there are sufficient realisations from the secured assets, be discharged out of such security recoveries; and
    - thirdly, non-provable liabilities, being liabilities that do not fall within any of the categories above and therefore are only recovered in the (unusual) event that all categories above are fully paid. This however does not include "currency conversion" claims following the English Supreme Court Lehman Brothers ruling dated May 17, 2017; and
- Sixth ranking: shareholders. If after the repayment of all unsecured creditors in full, any remaining funds exist, these will be distributed to the shareholders of the insolvent company.

Subject to the above order of priority, subordinated creditors are ranked according to the terms of the subordination language in the relevant documentation.

An insolvency practitioner of the company (e.g., administrator, administrative receiver or liquidator) will generally be required to ring-fence a certain percentage of the proceeds of enforcement of floating charge security for the benefit of unsecured creditors (after making full provision for preferential creditors and expenses out of floating charge realisations) (the "**Prescribed Part**"). Under current law, this ring-fence applies to 50% of the first £10,000 of floating charge realisations and 20% of the remainder over £10,000, with a maximum aggregate cap of £600,000, or £800,000 in relation to floating charges which came into existence on or after 6 April, 2020. The Prescribed Part must be made available to unsecured creditors unless the cost of doing so would be disproportionate to the resulting benefit to creditors.

Challenges to Guarantees and Security

There are circumstances under English insolvency law in which the granting by an English company of security and guarantees can be challenged. In most cases this will only arise if the company is placed into administration or liquidation within a specified period (as set out in more detail below) of the granting of the guarantee or security. Therefore, if during the specified period an administrator or liquidator is appointed to an English company, he may challenge the validity of the guarantee or security given by such company.

The following potential grounds for challenge may apply to guarantees and charges:

Transaction at an Undervalue

Under English insolvency law, a liquidator or administrator of an English company could apply to the court for an order to set aside the creation of a security interest or a guarantee if such liquidator or administrator believes that the creation of such security interest or guarantee constituted a transaction at an undervalue. There will only be a transaction at an undervalue, if at the time of the transaction or as a result of the transaction, the English company was or becomes unable to pay its debts (as defined in the U.K. Insolvency Act 1986, as amended). The transaction can be challenged if the English company enters into liquidation or administration proceedings within a period of two years (in the case of a transaction entered into between the relevant company and a person who is "connected" with that company, within the meaning of section 249 of the U.K. Insolvency Act 1986 (a "**Connected Person"**) or six months (in the case of a transaction entered into between the relevant company and any person who is not a Connected Person, including where such beneficiary is a Connected Person by reason only of being the company's employee) from the date the English

company grants the security interest or the guarantee. A transaction might be subject to being set aside as a transaction at an undervalue if the company makes a gift to a person, if the company receives no consideration or if the company receives consideration of significantly less value, in money or money's worth, than the consideration given by such company. However, a court generally will not intervene if it is satisfied that the company entered into the transaction in good faith and for the purpose of carrying on its business and that, at the time it did so, there were reasonable grounds for believing the transaction would benefit it. If the court determines that the transaction was a transaction at an undervalue, the court can make such order as it thinks fit to restore the position to what it would have been in if the transaction had not been entered into. In any proceedings, it is for the administrator or liquidator to demonstrate that the English company was insolvent unless a beneficiary of the transaction was a Connected Person, in which case there is a presumption of insolvency and the Connected Person must demonstrate the solvency of the English company in such proceedings. Neither Issuer can assure holders of the relevant Notes that in the event of insolvency, the granting of the security or the giving of the guarantees by companies incorporated under the laws of England and Wales would not be challenged by a liquidator or administrator or that a court would support the Group's analysis that (in any event) the security and guarantees were entered into in good faith for the purposes described above.

In general terms, in such circumstances the Courts of England and Wales have the power to make void such transactions, or restore the position to what it would have been if the company had not entered into the transaction. If a court voided any grant of security or giving of any guarantee as a result of a transaction at an undervalue or preference, or held it unenforceable for any other reason, investors would cease to have any security over the grantor or a claim against the Guarantor giving such guarantee.

Preference

Under English insolvency law, a liquidator or administrator of an English company could apply to the court for an order to set aside the creation of a security interest or a guarantee if such liquidator or administrator believes that the creation of such security interest or such guarantee constituted a preference. There will only be a preference if, at the time of the transaction or as a result of the transaction, the English company was or becomes unable to pay its debts (as defined in the U.K. Insolvency Act 1986 (as amended)). The transaction can be challenged if the English company enters into liquidation or administration proceedings within a period of six months (if the beneficiary of the security or the guarantee is not a Connected Person) or two years (if the beneficiary is a Connected Person, except where such beneficiary is a Connected Person by reason only of being the company's employee) from the date the English company grants the security interest or the guarantee. A transaction will constitute a factual preference if it has the effect of putting a creditor of the English company (or a surety or guarantor for any of the company's debts or liabilities) in a better position (in the event of the company going into insolvent liquidation) than such creditor, guarantor or surety would otherwise have been in had that transaction not been entered into. If the court determines that the transaction constituted such a preference, the court has very wide powers for restoring the position to what it would have been if that preference had not been given, which could include reducing payments under the relevant Notes and the guarantees (although there is protection for a third party who enters into one of the transactions in good faith and without notice). However, for the court to do so, it must be shown that in deciding to give the factual preference the English company was influenced by a desire to produce the preferential effect. In any proceedings, it is for the administrator or liquidator to demonstrate that the English company was insolvent at the relevant time and that the company was influenced by a desire to produce the preferential effect, unless the beneficiary of the transaction was a Connected Person, in which case there is a presumption that the company was influenced by a desire to produce the preferential effect and the Connected Person must demonstrate in such proceedings that there was no such influence.

Transaction Defrauding Creditors

Under English insolvency law, where it can be shown that a transaction was at an undervalue and was made for the purposes of putting assets beyond the reach of a person who is making, or may make, a claim against a company, or of otherwise prejudicing the interests of a person in relation to the claim, which that person is making or may make, the transaction may be set aside by the court as a transaction defrauding creditors. This provision may be used by any person who claims to be a "victim" of the transaction and, subject to certain conditions, the U.K. Financial Conduct Authority and the U.K. Pensions Regulator, and is not therefore limited to liquidators or administrators. There is no time limit in the English insolvency legislation within which the challenge must be made (subject to the normal statutory limitations period) and the relevant company does not need to be insolvent at the time of the transaction. If the court determines that the transaction was a transaction defrauding creditors, the court can make such orders as it thinks fit to restore the position to what it would have been if the transaction had not been entered into and to protect the interests of the victims of the transaction.

Extortionate Credit Transaction

An administrator or a liquidator can apply to court to set aside an extortionate credit transaction. The court can review extortionate credit transactions entered into by an English Obligor up to three years before the day on which the English Obligor entered into administration or went into liquidation. A transaction is "extortionate" if, having regard to the risk accepted by the person providing the credit, the terms of it are (or were) such as to require grossly exorbitant payments to be made (whether unconditionally or in certain contingencies) in respect of the provision of the credit or it otherwise grossly contravened ordinary principles of fair dealing.

Grant of Floating Charge

Under English insolvency law, if an English Obligor is unable to pay its debts at the time of (or as a result of) granting the floating charge, and the floating charge was granted within the specified period referred to below, then such floating charge is invalid except to the extent of the value of the money paid to, or goods or services supplied to, or any discharge or reduction of any debt of, the relevant English Obligor at the same time as or after the creation of the floating charge. The requirement for the English Obligor to be insolvent at the time of (or as a result of) granting the floating charge does not apply where the floating charge is granted to a Connected Person and within the specified period referred to below. If the floating charge is granted to a Connected Person, and the floating charge was granted within the specified period referred to below, then the floating charge is invalid except to the extent of the value of the money paid to, or goods or services supplied to, or any discharge or reduction of any debt of, the relevant English Obligor at the same time as or after the creation of the floating charge, whether the relevant English Obligor is solvent or insolvent. The granting of the charge can be challenged only if the relevant English Obligor enters into liquidation or administration proceedings within a period of one year (if the beneficiary is not a Connected Person) or two years (if the beneficiary is a Connected Person) from the date the relevant English Obligor grants the floating charge. However, if the Floating Charge qualifies as a "financial collateral arrangement" under the Financial Collateral Arrangements (No. 2) Regulations 2003, the floating charge will not be subject to challenge as described in this paragraph. An administrator, or a liquidator (as applicable), does not need to apply to court for an order declaring that a floating charge is invalid. Any floating charge created during the relevant time period is automatically invalid except to the extent of the value of the money paid to, or goods or services supplied to, or any discharge or reduction of any debt of, the relevant English company at the same time as or after the creation of the floating charge (plus certain interest), whether the relevant English company is solvent or insolvent at the time of grant.

The Corporate Insolvency and Governance Act 2020

On June 25, 2020 the Corporate Insolvency and Governance Bill 2020 received Royal Assent and took effect as the Corporate Insolvency and Governance Act 2020 on June 26, 2020 (the "**Insolvency Act 2020**") (save for certain temporary business protection measures which have retrospective effect from 1 March 2020). The Insolvency Act 2020 introduced a number of substantial and permanent changes to the insolvency regime of the United Kingdom including the following:

Moratorium

The Insolvency Act 2020 introduces a new standalone moratorium to facilitate company restructurings. The entry into a moratorium for companies incorporated in England and Wales would be similar to the current out of court administrator appointment procedure, i.e., filing papers at court. A "moratorium monitor" (the "**Monitor**") (an insolvency practitioner and officer of the court) will file their consent to act and confirm that they have assessed the company's eligibility and that all moratorium qualifying conditions are satisfied. Costs incurred during a moratorium will be treated in the same way as expenses in an administration. Where a company exits a moratorium and subsequently enters administration or liquidation, any unpaid moratorium costs will have super priority over any costs or claims in the administration or liquidation, including the expense of those later procedures.

The moratorium is intended to enable the company to reach an agreement with creditors and the Monitor will be obliged to monitor whether it remains likely that the moratorium will result in the rescue of the company as a going concern (which is one of the eligibility criteria for a company to avail itself of the moratorium).

The eligibility criteria require the directors to state that the company is, or is likely to become, unable to pay its debts. A company which has entered into a moratorium, administration or company voluntary arrangement in the last 12 months is not eligible to enter into a moratorium. Certain categories of companies are excluded from being eligible (including those "excluded" as parties to capital markets arrangements as more particularly described in the Insolvency Act 2020).

The moratorium shall last for an initial period of up to 20 business days beginning with the business day after the day on which the moratorium comes into force, which may be extended (i) by the directors, for a period of a further 20 business days, (ii) with creditor consent for a total period of a year (including the initial 20 business day period), and (iii) by the court for an unlimited period.

The moratorium imposes a general restriction on the enforcement or payment of debts, insolvency proceedings and legal proceedings and the crystallization of floating charges. The moratorium also impacts the company's ability to engage in a range of corporate acts including those which relate to obtaining credit, the grant of security, entering into market contracts, payment of certain pre-moratorium debts, disposal of property, disposal of hire-purchase property and disposal of charged property free from charge.

The Monitor can terminate the moratorium on various grounds, including if the Monitor thinks that the moratorium is no longer likely to result in the rescue of the company as a going concern, or is unable to pay moratorium debts, or pre-moratorium debts for which the company does not have a payment holiday, as and when those debts fall due.

Creditors and other persons affected by the moratorium are entitled to apply to the court to challenge the Monitor's actions. A creditor or member of the company may challenge the conduct of or continuation of the moratorium on the ground that the interests of the company's creditors or members generally are being unfairly harmed.

Certain ipso facto clauses to be rendered ineffective

The Insolvency Act 2020 renders ineffective termination clauses in contracts for the supply of goods and services where the termination clause is activated by the purchaser of the goods or services becoming subject to a formal insolvency procedure (so-called 'ipso facto' clauses). This provision does not apply in relation to certain types of financial contracts, or where the company or the supplier are engaged in certain types of financial services.

Restructuring plan

The Insolvency Act 2020 introduces a new restructuring process, similar to a scheme of arrangement but with an ability for cross class cramdown.

This standalone restructuring plan will be available to certain companies that have encountered, or are likely to encounter, financial difficulties that are affecting, or will or may affect, their ability to carry on business as a going concern. The compromise or arrangement proposed in the plan must have as its purpose the elimination, reduction or prevention of, or mitigation of the effect of, any such financial difficulties.

The process closely resembles that for a scheme of arrangement. However, unlike a scheme of arrangement, to commence this process a restructuring plan proposal can be made not only by the company, but also any creditor or member of the company, or if the company is being wound up, the liquidator, or if the company is in administration, the administrator. Every creditor or member whose rights are affected should be able to participate in a meeting.

At a first hearing, the court may order the holding of a meeting of creditors, classes of creditors, members or class of members. Before that meeting, a statement must be provided to the creditors, class of creditors or class of members (as applicable) which statement must explain the effect of the compromise or arrangement. At the meeting, the requisite voting threshold of 75% in value of the creditors, class of creditors or members (as applicable) present and voting must be met before, at a second hearing, the court will consider whether to sanction the compromise or arrangement.

Where a compromise or arrangement is approved by 75% in value of a class of creditors or members (as applicable) present and voting who would receive a payment or have a genuine economic interest in the company in the event of the "relevant alternative" (i.e. whatever the court considers would be most likely to occur in relation to the company if the restructuring plan were not sanctioned) then the court may still sanction the scheme even if one or more classes of creditors or members did not vote in favor of it, thereby "cramming-down" dissenting classes, if: (i) the court is satisfied that none of the members of the dissenting class would be any worse off under the restructuring plan than they would be in the event of the "relevant alternative"; and (ii) the restructuring plan has been approved by a number representing 75% in value of a class of creditors or members (as applicable), present and voting, who would receive a payment, or have a genuine economic interest in the company, in the event of the relevant alternative referred to in (i) above.

Statutory demands and winding-up petitions

The Insolvency Act 2020 provides for temporary restrictions on certain types of enforcement action in respect of unpaid debts. Specifically, the Insolvency Act 2020: (i) prevents any statutory demands made against companies in the period between March 1, 2020 and December 31, 2020, from being used as the basis of a winding-up petition at any point on or after April 27, 2020; and (ii) in respect of any winding-up petition presented in the period from April 27, 2020 to December 31, 2020, create an additional condition that must be satisfied before a creditor can obtain a winding-up order against a company on the grounds that it is unable to pay its debts, namely that any creditor asking the court to make a winding-up order on those grounds must first demonstrate to the court that it has reasonable grounds for believing that COVID-19 has not had a financial effect on the company or the facts by reference to which the relevant ground for the winding-up petition would have arisen even if COVID-19 had not had a financial effect on the company.

Under section 127 of the Insolvency Act certain transactions, including any disposition of the company's property and any transfer of shares made after the commencement of a winding-up, unless sanctioned by the court, are void. Where a creditor makes a winding-up petition during the period set out above and the court makes an order for a winding-up of the company, the Insolvency Act 2020 shifts the point in time at which a winding-up will be deemed to commence for the purposes of section 127 of the Insolvency Act from the time of the presentation of the winding-up petition to the making of the winding-up order. Therefore, transactions that are entered into after the presentation of a winding-up petition during the 'relevant period' but prior to the making of the winding-up order will not be void.

Ranking of Security Interests

Under English law, there are certain common law rules and equitable principles which will determine the ranking of two or more competing security interests over the same assets. A number of different factors are taken into account, such as the nature of the security interest, the order of creation, compliance with perfection requirements and the order of giving notice. English law security interests are to be granted to secure obligations under the Senior Secured Notes (which will also extend to obligations under the Existing Term Loan B Facility Agreement, certain hedging liabilities and certain cash management liabilities); these security interests will be granted over the same assets in respect of which security interests have already been granted in favour of the lenders under the Existing Term Loan B Facilities Agreement and the holders of the Existing Senior Secured Notes. Accordingly, without the Intercreditor Agreement, these new security interests would be likely to rank after the existing security interests. However, the Intercreditor Agreement provides that as a contractual matter as among Senior Secured Creditors (as defined in the Intercreditor Agreement) the Senior Secured Notes will be secured on a *pari passu* basis with the Existing Term Loan B Facilities Agreement, the Existing Senior Secured Notes, the Term Loan and Revolving Credit Facility Agreement, certain hedging liabilities and certain cash management liabilities and will be treated as such for the purposes of the application of proceeds from the enforcement of such assets.

The Senior Notes will be secured on a second-priority basis by the Senior Notes Collateral. The claims of the holders of the Senior Notes in respect of the Senior Notes Collateral will rank junior to the claims of the holders of the Senior Secured Notes and the Existing Notes and of the lenders under the Term Loan and Revolving Credit Facilities Agreement and the Existing Term Loan B Facilities Agreement in respect of such Senior Notes Collateral.

Disclaimer

An English liquidator has the power to disclaim onerous property, which is any unprofitable contract or other property of the company that cannot be sold, readily sold or may give rise to a liability to pay money or perform any other onerous act. A contract may be unprofitable if it gives rise to prospective liabilities and imposes continuing financial obligations on a company that may be detrimental to creditors. However, this power does not apply to an executed contract, nor can it disturb accrued rights and liabilities.

Limitation on enforcement

The grant of a guarantee or Collateral by any of the English Obligors in respect of the obligations of another group company must satisfy certain legal requirements. More specifically, such a transaction must be allowed by the respective company's memorandum and articles of association. To the extent that these documents do not allow such an action, there is the risk that the grant of the guarantee and the subsequent security can be found to be void and the respective creditor's rights unenforceable. Some comfort may be obtained for third parties if they are dealing with an English Obligor in good faith; however, the relevant legislation is not without difficulties in its interpretation. Further, corporate benefit must be established for each English Obligor in question by virtue of entering into the proposed transaction. Section 172 of the U.K. Companies Act 2006 provides that a director must act in the way that he considers,

in good faith, would be most likely to promote the success of the English Obligor for the benefit of its members as a whole. If the directors enter into a transaction where there is no or insufficient commercial benefit, they may be found as abusing their powers as directors and such a transaction may be vulnerable to being set aside by a court.

Security over shares

Security over shares granted by an English Obligor or over shares of an English Obligor are, under English law, equitable charges, not legal charges. An equitable charge arises where a chargor creates an encumbrance over the property in favour of the chargee but the chargor retains legal title to the shares. Remedies in relation to equitable charges may be subject to equitable considerations or are otherwise at the discretion of the court.

Security over bank accounts

With respect to any security over bank accounts (each an "**Account Charge**") granted by an English Obligor, the banks with which some of those accounts are held (each an "**Account Bank**") may hold a right at any time (at least prior to them being notified of a crystallisation event under the Account Charge) to exercise the rights of netting or set-off to which they are entitled under their cash pooling or other arrangements with that guarantor. As a result, and if the security granted over those accounts is merely a floating (rather than fixed) charge, the collateral constituted by those bank accounts will be subject to the relevant Account Bank's rights to exercise netting and set-off with respect to the bank accounts charged under the relevant Account Charge. Once the floating charge has crystallised and converted into a fixed charge (as it would on enforcement or the occurrence of certain insolvency events with respect to the relevant English Obligor) and the Account Bank has been formally notified of that fact, the collateral will no longer be subject to the relevant Account Bank's netting and set-off rights.

Company voluntary arrangements

Pursuant to Part I of the U.K. Insolvency Act 1986, a company (by its directors or its administrator or liquidator as applicable) may propose a company voluntary arrangement to the company's shareholders and creditors which entails a compromise, or other arrangement, between the company and its creditors, typically a rescheduling or reducing of the company's debts. Provided that the proposal is approved by the requisite majority of creditors by way of a decision procedure, it will bind all unsecured creditors who were entitled to vote on the proposal. A company voluntary arrangement cannot affect the right of a secured creditor to enforce its security, or of a preferential creditor to be paid in priority to non-preferential creditors (see "*Priority on insolvency*"), except with the consent of the secured creditor or the preferential creditor (as applicable).

In order for the company voluntary arrangement proposal to be passed, it must be approved by at least 75% (by value) of the company's creditors who respond in the decision procedure, and no more than 50% (by value) of unconnected creditors may vote against it. Secured debt cannot be voted in a company voluntary arrangement. However, a secured creditor may vote to the extent that it is undersecured. A secured creditor who proves in the company voluntary arrangement for the whole of its debt may be deemed to have given up its security.

Scheme of arrangement

Although it is not an insolvency proceeding, pursuant to Part 26 of the U.K. Companies Act 2006, the English courts have jurisdiction to sanction a scheme of arrangement that effects a compromise of a company's liabilities between a company and its creditors (or any class of its creditors). An English Obligor may be able to pursue a scheme in respect of its financial liabilities. In addition, a foreign Guarantor which is liable to be wound up under the U.K. Insolvency Act 1986 and has a "sufficient connection" to England and Wales could also pursue a scheme. In practice, a foreign company is likely to satisfy the first limb of this test and the second limb has been found to be satisfied where, amongst other things, the company's COMI is in England, the company's finance documents are English law-governed, or the company's finance documents have been amended in accordance with their terms to be governed by English law. Ultimately, each case will be considered on its particular facts and circumstances so previous cases will not necessarily determine whether or not any of the grounds of the second limb are satisfied in the present case.

Before the court considers the sanction of a scheme of arrangement at a hearing where the fairness and reasonableness of the scheme will be considered, affected creditors will vote on the proposed compromise or arrangement in respect of their claims in a single class or in a number of classes, depending on the rights of such creditors that will be affected by the proposed scheme and any new rights that such creditors are given under the scheme. Such compromise can be proposed by the company or its creditors. If a majority in number representing 75% or more by value of those creditors present and voting at the meeting(s) of each class of creditors vote in favour of the proposed scheme,

irrespective of the terms and approved thresholds contained in the finance documents, then that scheme will (subject to the sanction of the court) be binding on all affected creditors, including those affected creditors who did not participate in the vote and those who voted against the scheme. The scheme then needs to be sanctioned by the court at a sanction hearing where the court will review the fairness of the scheme and consider whether it is reasonable. The court has the discretion as to whether to sanction the scheme as approved, make an order conditional upon modifications being made or reject the scheme.

Germany

Insolvency

Several of the Guarantors of the Notes and providers of security to the Senior Secured Notes are organized under the laws of Germany ("**German Guarantors**"). Consequently, in the event of an insolvency of any such Guarantor, subject to the information presented in "*—European Union*," insolvency proceedings may be initiated in Germany. Such proceedings would then be governed by German law. However, pursuant to the Recast EU Insolvency Regulation, where a German company conducts business in more than one member state of the European Union, the jurisdiction of the German courts may be limited if the company's "centre of main interests" is found to be in a member state other than Germany (see "*—European Union*"). There are a number of factors that are taken into account to ascertain the "centre of main interests," which should correspond to the place where the company conducts the administration of its interests on a regular basis and is therefore ascertainable by third parties. The point at which this issue falls to be determined is at the time that the relevant insolvency proceedings are opened. The insolvency laws of Germany and, in particular, the provisions of the German Insolvency Act (*Insolvenzordnung*) may be less favorable to your interests as creditors than the insolvency law of other jurisdictions including in respect of the priority of creditors, the ability to obtain post-petition interest and the duration of the insolvency proceedings.

Under German law, insolvency proceedings can be initiated either by the debtor or by a creditor in the event of over-indebtedness (*Überschuldung*) or illiquidity (*Zahlungsunfähigkeit*) of the debtor. The debtor is over-indebted if its liabilities exceed the value of its assets (based on their liquidation value) unless its continuation as a going concern is predominantly likely (*überwiegend wahrscheinlich*). The debtor is illiquid if it is unable to pay its debts as and when they fall due. In addition, the debtor may, but is not obliged to file for insolvency proceedings if it is imminently at risk to be unable to pay its debts as and when they fall due (*drohende Zahlungsunfähigkeit*). The insolvency proceedings are court controlled, and upon receipt of the insolvency petition, the insolvency court may take preliminary protective measures to secure the property of the debtor during the preliminary proceedings.

The Act to Temporarily Suspend the Obligation to File for Insolvency and to Limit Directors' Liability in the Case of Insolvency Caused by the COVID-19 Pandemic, which was adopted on March 27, 2020 (as amended from time to time, the "**COVInsAG**"), provides, *inter alia*, for a suspension of the obligation to file for insolvency due to over-indebtedness until, currently, January 31, 2021. The suspension—as in force from January 1, 2021—applies to debtors who, in the period from November 1, 2020 to December 31, 2020, have applied for financial assistance under state assistance programs to mitigate the consequences of the COVID-19 pandemic, unless the insolvency is not caused by consequences of the COVID-19 pandemic and there is obviously no prospect of obtaining the state financial assistance or the assistance that can be obtained is insufficient to eliminate the over-indebtedness. The COVInsAG also provides for a certain relief from claw-back provisions, if the debtor fulfilled the requirements for the suspension of filing duties, for the satisfaction of claims or the provision of collateral for these claims, which the creditor was entitled to receive and unless the creditor knew that the restructuring and refinancing efforts of the debtor were not suitable to eliminate an existing illiquidity of the debtor in the meaning of section 17 of the German Insolvency Code (*Insolvenzordnung*).

The insolvency court may prohibit or suspend any measures taken to enforce individual claims against the debtor's assets during these preliminary proceedings and may appoint a preliminary insolvency administrator (*vorläufiger Insolvenzverwalter*) who, depending on the court decision, may have the right to manage and dispose of the business and assets of the debtor. During preliminary insolvency proceedings, the insolvency court generally must set up a "preliminary creditors' committee" (*vorläufiger Gläubigerausschuss*) if the debtor has satisfied at least two of the following three requirements in its previous financial year: a balance sheet total in excess of €6,000,000 (after deducting an equity shortfall if the debtor is over-indebted), revenues of at least €12,000,000 and/or fifty or more employees on average. The requirements apply to the respective entity without taking into account the assets of other group companies. If these requirements are not met, a preliminary creditors' committee can be established at the request of the preliminary insolvency administrator (*vorläufiger Insolvenzverwalter*) or a creditor. The preliminary creditors' committee will be able to participate in certain important insolvency court decisions. It will have, for example, the power to influence the following: the selection of a preliminary insolvency administrator or an insolvency administrator (*vorläufiger Insolvenzverwalter* and *Insolvenzverwalter*), orders for "debtor-in-possession" proceedings (*Anordnung der*

Eigenverwaltung), and appointments of preliminary trustees (*Sachwalter*). The court opens the insolvency proceedings (*Insolvenzeröffnung*) if certain formal requirements are met and if there are sufficient assets to cover at least the costs of the proceedings. If the assets of the debtor are not expected to be sufficient, the insolvency court will only open main insolvency proceedings if third parties, for instance creditors, advance the costs themselves. In the absence of such advancement, the petition for opening of insolvency proceedings will usually be refused for insufficiency of assets (*Abweisung mangels Masse*). If insolvency proceedings are opened, the court appoints an insolvency administrator (*Insolvenzverwalter*) unless debtor-in-possession (*Eigenverwaltung*) is ordered. In the absence of debtor-in-possession proceedings, the right to administer the debtor's business affairs and to dispose of the assets of the debtor passes to the insolvency administrator. The insolvency administrator has full power to manage the business and dispose of the debtor's assets, whereas the debtor is no longer entitled to manage the business or dispose of its assets. The insolvency administrator may raise new financial indebtedness and incur other liabilities to continue the debtor's operations or may deem it necessary to wind down the company, and satisfaction of these liabilities as preferential debts of the estate (*Masseschulden*) will be preferred to any insolvency liabilities created by the debtor (including secured debt).

For the holders of the Notes, the most important consequences of such opening of formal insolvency proceedings that are subject to the German insolvency regime (against a German Guarantor or against any other Guarantor having its centre of main interest in Germany and where the German insolvency courts have jurisdiction in accordance with the Recast EU Insolvency Regulation or the German Insolvency Act) would be the following:

- the right to administer and dispose of assets of the relevant insolvent debtor would generally pass to the insolvency administrator (*Insolvenzverwalter*) as sole representative of the insolvency estate, unless debtor-in-possession proceedings (*Eigenverwaltung*) are ordered;

- if the court does not order debtor-in-possession proceedings (*Eigenverwaltung*), disposals effected by management of the insolvent debtor after the opening of formal insolvency proceedings are null and void by operation of law;

- if, during the final month preceding the date of filing for insolvency proceedings, a creditor in the insolvency proceedings acquires through execution (*e.g.*, attachment) a security interest in part of the insolvent debtor's property that would normally form part of the insolvency estate, such security becomes null and void by operation of law upon the opening of formal insolvency proceedings; and

- claims against the insolvent debtor may generally only be pursued in accordance with the rules set forth in the German Insolvency Code (*Insolvenzordnung*).

Under German insolvency law, termination rights, automatic termination events or "escape clauses" entitling one party to terminate an agreement, or resulting in an automatic termination of an agreement, upon the opening of insolvency proceedings in respect of the other party, the filing for insolvency or the occurrence of reasons justifying the opening of insolvency proceedings (*insolvenzbezogene Kündigungsrechte or Lösungsklauseln*) may be invalid if they frustrate the election right of the insolvency administrator whether or not to perform the contract unless they reflect termination rights applicable under statutory law. This may also relate to agreements that are not governed by German law in the event insolvency proceedings are opened in Germany against the counterparty. All creditors, whether secured or unsecured, unless they have a right to segregate an asset from the insolvency estate (*Aussonderungsrecht*)—as opposed to a right of preferential satisfaction from realisation proceeds (*Absonderungsrecht*)—who wish to assert claims against the debtor need to participate in the insolvency proceedings. Any individual enforcement action (*Zwangsvollstreckung*) brought against the debtor by any of its creditors other than creditors with preferred claims (*Absonderung der Masseverbindlichkeiten*) is subject to an automatic stay once insolvency proceedings have been opened. Secured creditors are generally not entitled to enforce their security interests outside the insolvency proceedings. However, secured creditors have certain preferential rights. The enforcement proceeds minus certain contributory charges for (i) assessing the value of the secured assets and (ii) realizing the secured assets are paid to the creditor holding a security interest in the relevant collateral up to an amount equal to its secured claims. Remaining amounts are distributed among the unsecured creditors. If a German Guarantor grants security over their assets to other creditors than the holders of the relevant Notes, such security may result in a preferred treatment of creditors secured by such security. The proceeds resulting from such collateral may not be sufficient to satisfy the holders of the relevant Notes under the Guarantees granted by the German Guarantors after such secured creditors have been satisfied. A different distribution of enforcement proceeds can be proposed in an insolvency plan (*Insolvenzplan*) that can be submitted by the debtor or the insolvency administrator and requires the consent of the debtor as well as the consent of each class of creditors in accordance with specific majority rules. Under German insolvency laws, it is possible to implement a debt-to-equity-swap through an insolvency plan. However, it will not be possible to force a creditor into a debt-to-equity conversion if it does not consent to such debt-to-equity-swap.

If a company faces imminent illiquidity and/or over-indebtedness it may also file for preliminary "debtor-in-possession" proceedings. In such a case and upon request of the debtor, the court will prohibit enforcement measures (other than with respect to immoveable assets) and may implement other preliminary measures to protect the debtor from creditor enforcement actions for up to three months. During such period, the debtor shall, together with its creditors and a preliminary trustee (*vorläufiger Sachwalter*), prepare an insolvency plan which ideally will be implemented in formal "debtor-in-possession" proceedings (*Eigenverwaltung*) after formal insolvency proceedings have been opened.

Under German insolvency law, there is no consolidation of the assets and liabilities of a group of companies in the event of insolvency. In case of a group of companies, each entity, from an insolvency law point of view, has to be dealt with separately (*i.e.*, there is generally no group insolvency concept under German insolvency law). As a consequence, there is, in particular, no pooling of claims among the respective entities of a group, but rather claims of and vis-à-vis each entity have to be dealt with separately. On April 21, 2018, the Bill to Facilitate the Handling of Group Insolvencies (*Gesetz zur Erleichterung der Bewältigung von Konzerninsolvenzen*) entered into force. While the bill does not abolish the principle of separate insolvency proceedings in relation to each group entity, it provides for the following four key amendments of the German Insolvency Code in order to facilitate an efficient administration of group insolvencies: (i) a single court may be competent for each group entity's insolvency proceeding; (ii) the appointment of a single person as insolvency administrator for all group companies is facilitated; (iii) certain coordination obligations are imposed on insolvency courts, insolvency administrators and creditors' committees; and (iv) certain parties may apply for "coordination proceedings" (*Koordinationsverfahren*) and the appointment of a "coordination insolvency administrator" (*Koordinationsverwalter*) with the ability to propose a "coordination plan" (*Koordinationsplan*).

German insolvency law provides for certain creditors to be subordinated by law (in particular, but not limited to, claims made by shareholders (unless privileged) of the relevant debtor for the return of funds or payment of a consideration), while claims of a person who becomes a creditor of the insolvency estate only after the opening of insolvency proceedings generally rank senior to the claims of regular, unsecured creditors. See also below under *"— Satisfaction of Subordinated Claims*."

Limitation on Enforcement

The Guarantors of the Notes that are organized under German law are incorporated or established in the form of a GmbH (*Gesellschaft mit beschränkter Haftung*, Limited Liability Company). Consequently, the grant of Senior Secured Notes Collateral by these Guarantors is subject to certain provisions of the German Limited Liability Company Act (*Gesetz betreffend die Gesellschaften mit beschränkter Haftung*, the "**GmbHG**").

Sections 30 and 31 of the GmbHG ("**Sections 30 and 31**") prohibit a GmbH from disbursing its assets to its shareholders to the extent that the amount of the GmbH's net assets determined in accordance with the provisions of the German Commercial Code (*Handelsgesetzbuch, the HGB*) (*i.e.*, assets minus liabilities and liability reserves) is or would fall below the amount of its stated share capital (*Begründung einer Unterbilanz*) or would increase any already existing capital impairment (*Vertiefung einer Unterbilanz*). Guarantees, share pledges and any other collateral granted by a GmbH in order to guarantee or secure liabilities of a direct or indirect parent or sister company are considered disbursements under Sections 30 and 31. Therefore, in order to enable German subsidiaries to grant guarantees and collateral to secure liabilities of a direct or indirect parent or sister company without the risk of violating Sections 30 and 31, it is standard market practice for credit agreements, indentures, guarantees and security documents to contain so-called "limitation language" in relation to subsidiaries in the legal form of a GmbH or a limited partnership with a GmbH as its sole general partner incorporated or established in Germany. Pursuant to such limitation language, the secured parties agree to enforce the collateral (or retain the proceeds of an enforcement of the collateral) and the beneficiaries of the guarantees agree to enforce the guarantees against the German subsidiary only to the extent that such enforcement does not result in the subsidiary's net assets falling below its stated share capital. Accordingly, the documentation in relation to the guarantees and the security interests, to the extent they concern the German Guarantors, contains such limitation language and such guarantees and security interests are limited in the manner described. This could lead to a situation in which the respective guarantee or security granted by a GmbH cannot be enforced at all. Details of the application of Sections 30 and 31 (or capital maintenance rules) are subject to evolving case law. Furthermore, it cannot be ruled out that the case law of the German Federal Supreme Court (*Bundesgerichtshof*) regarding so-called destructive interference (*existenzvernichtender Eingriff*) (*i.e.*, a situation where a shareholder deprives a German limited liability company of the liquidity necessary for it to meet its own payment obligations) may be applied by courts with respect to the enforcement of a guarantee or security interest granted by a German (direct or indirect) subsidiary or sister company of the Issuer. In such case, the amount of proceeds to be realized in an enforcement process may be reduced, even to zero.

German capital maintenance rules are subject to ongoing court decisions. We cannot assure you that future court rulings may not further limit the access of shareholders to assets of its subsidiaries constituted in the form of a GmbH or

of a limited partnership, the general partner or general partners of which is or are a GmbH incorporated or established in Germany, which can negatively affect the ability of the German Guarantors to make payments on the relevant Guarantees, of the secured parties to enforce the Senior Secured Notes Collateral (or retain the proceeds of an enforcement of the Senior Secured Notes Collateral) or of the beneficiaries of the relevant Guarantees to enforce the relevant Guarantees.

In addition to the limitations resulting from the capital maintenance rules, the Guarantees and the security documents entered into by the German Guarantors will contain additional provisions which may limit the enforcement in the event the enforcement would result in an illiquidity of the relevant German Guarantors.

Parallel Debt

Under German law, certain "accessory" security interests such as pledges (*Pfandrechte*) require that the pledgee and the creditor be the same person. Such security interests cannot be held for the benefit of a third party by a pledgee who does not itself hold the secured claim. The holders of interests in the Senior Secured Notes from time to time will not be party to the security documents. In order to permit the holders of the Senior Secured Notes from time to time to have a secured claim the Intercreditor Agreement provides for an abstract acknowledgment of indebtedness in favour of the Security Agent ("**parallel debt**"). Pursuant to the parallel debt, the Security Agent becomes the holder of a claim equal to each amount payable by an obligor under the Senior Secured Notes. The pledges governed by German law will directly secure the parallel debt. The parallel debt concept is widely used in the German market, but has not been tested under German law, and there is no certainty that it will eliminate or mitigate the risk of unenforceability posed by German law.

Satisfaction of Subordinated Claims

The insolvency estate shall serve to satisfy the liquidated claims held by the personal creditors against the debtor on the date when the insolvency proceedings were opened. The following claims shall be satisfied ranking below the other claims of insolvency creditors in the order given below, and according to the proportion of their amounts if ranking with equal status: (i) interest and penalty payments accrued on the claims of the insolvency creditors from the day of the opening of the insolvency proceedings; (ii) costs incurred by individual insolvency creditors due to their participation in the proceedings; (iii) fines, regulatory fines, coercive fines and administrative fines, as well as such incidental legal consequences of a criminal or administrative offence binding the debtor to pay money; (iv) claims to the debtor's gratuitous performance of a consideration and (v) claims for restitution of a shareholder loan (*Gesellschafterdarlehen*) or claims resulting from legal transactions corresponding in economic terms to such a loan unless a state aid bank or any of its subsidiaries which is a shareholder of the relevant company have granted the respective loan or legal transaction corresponding in economic terms to such a loan. The CovInsAG, however, suspends the statutory subordination of shareholder loans and receivables from economically similar acts in insolvency proceedings applied for up until September 30, 2023 for newly granted shareholder loans granted between March 1, 2020 and January 31, 2021 and where the debtor fulfilled the requirements for the suspension of the filing duties at the time.

Ranking of Security Interests

Under German law, the ranking of several security interests over the same assets is determined, as a matter of law, by the timing of the perfection of the several security interests, and security interests perfected at an earlier point in time will have a higher rank than security interests granted at a later point in time over the same assets (*Prioritätsgrundsatz*). The German law security interests granted to secure the Senior Secured Notes are expressed to cover the same assets as the security interests already granted to secure the obligations under the Existing Term Loan B Facilities Agreement, the Existing Senior Secured Notes, the Term Loan and Revolving Credit Facility Agreement, certain hedging liabilities and certain cash management liabilities. Whereas the German law "non-accessory" security interests granted to secure the obligations under the Senior Secured Notes will be granted by way of confirmations and/or amendments to the security purpose under the existing security interests granted originally to secure the obligations under the Existing Term Loan B Facilities Agreement, the Existing Senior Secured Notes, the Term Loan and Revolving Credit Facility Agreement, certain hedging liabilities and certain cash management liabilities, with the effect that the obligations under the Senior Secured Notes will also be included in the security purpose and accordingly also be secured, the German law "accessory" security interests to secure the obligations under the Senior Secured Notes will also have to be granted as junior ranking security interests, which, as a matter of law will rank below the corresponding accessory security interests granted to secure the obligations under the Existing Term Loan B Facilities Agreement, the Existing Senior Secured Notes, the Term Loan and Revolving Credit Facility Agreement, certain hedging liabilities and certain cash management liabilities. Although the Intercreditor Agreement provides that, as amongst the parties, security interests to secure obligations under the Senior Secured Notes, the Existing Term Loan B Facilities Agreement, the Existing Senior Secured Notes, the Term Loan and Revolving Credit Facility Agreement, certain hedging liabilities and

certain cash management liabilities shall rank *pari passu*, these provisions under the Intercreditor Agreement are only of an obligatory nature and cannot enhance the junior rank of the accessory security interests (*e.g.*, the pledges over bank accounts, shares and partnership interests) granted to secure the obligations under the Senior Secured Notes. In the event of insolvency proceedings opened under German law against a security grantor of such junior ranking accessory security interests, the preferential rights of the secured parties under such junior ranking security interests would be satisfied after the preferential rights of the secured parties under the senior ranking accessory security interests over the same assets, regardless of the provisions of the Intercreditor Agreement.

Under German law, it is unclear whether all of the security interests in the Senior Secured Notes Collateral give the Security Agent a right to prevent other creditors of the German Guarantors from foreclosing into and realizing the Senior Secured Notes Collateral. Some courts have held that certain types of security interests only give their holders priority (according to their rank) in the distribution of any proceeds of such realization. Accordingly, the Security Agent and the holders of the Senior Secured Notes may not be able to avoid foreclosure by unsecured creditors into the Senior Secured Notes Collateral, even if they consider such foreclosure untimely.

Hardening Periods and Fraudulent Transfer

In the event that insolvency proceedings with respect to a German Guarantor, which would most likely be based on and governed by the insolvency laws of Germany, the security interests granted as well as the guarantee provided by that entity could be subject to potential challenges by an insolvency administrator (*Insolvenzverwalter*) under the rules of avoidance as set out in the German Insolvency Code (*Insolvenzordnung*).

Based on these rules, an insolvency administrator may challenge transactions that are deemed detrimental to insolvency creditors and were effected prior to the commencement of insolvency proceedings. Such transactions can include the payment of any amounts to the holders of the relevant Notes as well as granting them any security interest. The administrator's right to challenge transactions can, depending on the circumstances, extend to transactions during the 10-year period prior to the filing of the petition for commencement of insolvency proceedings. In the event such a transaction is successfully avoided, the holders of the relevant Notes would be under an obligation to repay the amounts received or to waive the guarantee or security interest.

In particular, an act (*Rechtshandlung*) or a transaction (*Rechtsgeschäft*) (which term includes the provision of security or the repayment of debt) may be avoided in the following cases:

- any act granting an insolvency creditor, or enabling an insolvency creditor to obtain, security or satisfaction (i) if such act was performed during the last three months prior to the filing of the petition for the commencement of the insolvency proceedings and the debtor was illiquid (*zahlungsunfähig*) at the time when such act was taken and the creditor had knowledge of such illiquidity (or of the circumstances that unmistakably suggest that the debtor was illiquid) at such time, or (ii) if such act was performed after the filing of the petition for the commencement of the insolvency proceedings and the creditor had knowledge of the illiquidity of the debtor or the filing of such petition (or of circumstances unmistakably suggesting such illiquidity or filing);

- any act granting an insolvency creditor, or enabling an insolvency creditor to obtain, security or satisfaction to which such creditor was not entitled or which was granted or obtained in a form or at a time to which or at which such creditor was not entitled to such security or satisfaction if (i) such act was performed during the last month prior to the filing of the petition for the commencement of the insolvency proceedings or after such filing, (ii) such act was performed during the second or third month prior to the filing of the petition and the debtor was illiquid at such time, or (iii) such act was performed during the second or third month prior to the filing of the petition for the commencement of the insolvency proceedings and the creditor knew at the time such act was taken that such act was detrimental to the other insolvency creditors (or had knowledge of circumstances that unmistakably suggest such detrimental effects);

- any transaction by the debtor that is directly detrimental to the insolvency creditors or by which the debtor loses a right or the ability to enforce a right or by which a proprietary claim against a debtor is obtained or becomes enforceable, if (i) it was entered into during the three months prior to the filing of the petition of the commencement of the insolvency proceedings, the debtor was illiquid at the time of such transaction and the counterparty to such transaction had knowledge of the illiquidity at such time or (ii) it was entered into after such filing and the counterparty to such transaction had knowledge of either the debtor's illiquidity or such filing at the time of the transaction;

- any act by the debtor without (adequate) consideration (for example, whereby a debtor grants security for a third-party debt), which might be regarded as having been granted gratuitously (*unentgeltlich*), if it was effected in the four years prior to the filing of a petition for the commencement of insolvency proceedings against the debtor;

- any act performed by the debtor in the 10 years prior to the filing of the petition for the commencement of insolvency proceedings with the intent (known to the beneficiary of the act at the time of such act) to prejudice its creditors; if the relevant act consisted of a settlement of an obligation or the grant of the security to the counterparty, the relevant period is four years instead of 10 years; "knowledge by the beneficiary of the act" in terms of such provision is presumed if the beneficiary knew that the debtor was imminently illiquid (*drohende Zahlungsunfähigkeit*) and that the relevant act disadvantaged the other creditors; in case the relevant act granted a creditor, or enabled a creditor to obtain, security or satisfaction in a form or at a time to which or at which such creditor was entitled, the "knowledge by the beneficiary of the act" is presumed if the beneficiary knew that the debtor was actually illiquid (*eingetretene Zahlungsunfähigkeit*) and that the relevant act disadvantaged the other creditors; the fact that the creditor agreed on a payment plan with the debtor or agreed to deferred payments establishes a presumption that he had no knowledge of the debtor being illiquid at this time;

- any contract entered into by the debtor in the last two years prior to the filing of the petition for the opening of insolvency proceedings with a closely related party (which term includes in particular the management, supervisory board members and shareholders of the debtor owning more than 25% of the debtor's share capital, certain persons with comparable access to information about the debtor, and certain of their or its affiliates, management and relatives) and which is directly detrimental to the insolvency creditors, unless the closely related party was unaware of the debtor's intent to prejudice its creditors;

- any act that provides security or satisfaction for a shareholder loan made to the debtor or a similar claim if (i) in the case of the provision of security, the act occurred during the 10 years prior to the filing of the petition for the commencement of the insolvency proceedings or after the filing of such petition, or (ii) in the case of satisfaction, the act occurred during the last year prior to the filing of the petition for the commencement of the insolvency proceedings or after the filing of such petition; and

- any act whereby the debtor grants satisfaction for a loan claim or an economically equivalent claim to a third party if (i) the transaction was effected in the last year prior to the filing of a petition for commencement of insolvency proceedings or thereafter and (ii) a shareholder of the debtor had granted security or was liable as a guarantor (*Bürge*) (in which case the shareholder has to compensate the debtor for the amounts paid (subject to further conditions)).

In this context, "knowledge" is generally deemed to exist if the other party is aware of the facts from which the conclusion must be drawn that the debtor was unable to pay its debts generally as they fell due, that a petition for the opening of insolvency proceedings had been filed, or that the act was detrimental to, or intended to prejudice, the insolvency creditors, as the case may be. A person is deemed to have knowledge of the debtor's intention to prejudice the insolvency creditors if it was aware of the debtor's actual illiquidity (*Zahlungsunfähigkeit*) or impending illiquidity (*drohende Zahlungsunfähigkeit*) and that the transaction prejudiced the debtor's creditors, *provided* that, if the relevant act by the debtor consisted of a settlement of an obligation or the grant of a security which was due to be paid or granted, as the case may be, then the knowledge of the debtor's intention to prejudice the insolvency creditors is only presumed if the other party was aware of the actual illiquidity (*Zahlungsunfähigkeit*) of the debtor and of the fact that the transaction prejudiced the debtor's creditors. With respect to a "related party," there is a general statutory presumption that such party had "knowledge."

If any of the guarantees given or any security interest granted by any of the German Guarantors were avoided or held unenforceable for any reason, you would cease to have any claim in respect thereof. Any amounts received from a transaction that has been avoided would have to be repaid to the insolvent estate and you would have a claim solely under the relevant Notes and the remaining security, if any.

The COVInsAG, however, provides for a privileged treatment of financing and shareholder loans under German insolvency law claw-back provisions granted during a certain time during the COVID-19 pandemic. Thus, the repayment (including reasonable interest payments) of third party financing and shareholder loans by September 30, 2023 shall not be considered disadvantageous to creditors if the relevant financing is granted between March 1, 2020 and January 31, 2021 and the debtor fulfilled the requirements for the suspension of the filing duties at the time. This privilege also covers the provision of collateral, but does not apply in case of the provision of collateral in favor of a shareholder loan or receivables from economically similar acts.

Furthermore, even in the absence of an insolvency proceeding, a third-party creditor who has obtained an enforcement order (*Vollstreckungstitel*) but has failed to obtain satisfaction on its enforceable claims by a levy of execution, under certain circumstances, has the right to avoid certain transactions, such as the payment of debt and the granting of security pursuant to the German Code on Avoidance (*Anfechtungsgesetz*). The conditions for avoidance under the German Code on Avoidance differ to a certain extent from the above-described rules under the German Insolvency Act and the avoidance periods are calculated from the date when a creditor exercises its rights of avoidance in the courts.

In addition, under German law, a creditor who provided additional, or extended existing, funding to a debtor or obtained security from a debtor may be liable in tort if such creditor was aware of the debtor's (impending) insolvency or of circumstances indicating such debtor's (impending) insolvency at the time such funding was provided or extended or such security was granted. The German Federal Supreme Court (*Bundesgerichtshof*) held that this could be the case if, for example, the creditor was to act with the intention of detrimentally influencing the position of the other creditors of the debtor in violation of the legal principle of *bonos mores* (*Sittenwidrigkeit*). Such intention could be present if the beneficiary of the transaction was aware of any circumstances indicating that the debtor as the grantor of the guarantee or security was close to collapse (*Zusammenbruch*), or had reason to enquire further with respect thereto. Furthermore, according to a decision of the German Federal Supreme Court (*Bundesgerichtshof*), a security or guarantee agreement may be void due to tortious inducement of breach of contract if a creditor knows about the distressed financial situation of the debtor and anticipates that the debtor will only be able to grant collateral by disregarding the vital interests of its other business partners. It cannot be ruled out that German courts may apply this case law with respect to the granting of guarantees and/or security interests to be granted by the German Guarantors.

Preventive Restructuring Framework

On June 20, 2019, the European Parliament and the Council have adopted a new directive (Directive of the European Parliament and the Council EU 2019/1023 on preventive restructuring frameworks, on discharge of debt and disqualifications, and on measures to increase the efficiency of procedures concerning restructuring, insolvency and discharge of debt, and amending directive (EU) 2017/1132 (the "**Preventive Restructuring Directive**")). The Preventive Restructuring Directive sets out minimum standards to be applied by the member states (i.e., minimum harmonization). Although certain features of the EU Restructuring Directive need to be transposed into national legislation, the EU Restructuring Directive leaves a large degree of discretion regarding the implementation of certain other features.

The German Federal Government published a draft Act on the Further Development of the German Restructuring and Insolvency Laws on October 14, 2020, a revised version of which entered into effect on January 1, 2021. and which implements the Preventive Restructuring Directive. This act proposes, as its core element, a new Act on a Stabilisation and Restructuring Framework for Enterprises ("**Company Stabilisation and Restructuring Act**") as well as changes to other laws, including to the German Insolvency Act. The Company Stabilisation and Restructuring Act provides for a new framework allowing the stabilization and restructuring of companies outside and before an insolvency procedure, on the basis of a restructuring plan prepared by the company in financial crisis.

Proceedings under the Company Stabilisation and Restructuring Act ("**Restructuring Proceedings**") are initiated through a notification by the respective debtor to affected creditors and/or the competent restructuring court (*Anzeige des Restrukturierungsvorhabens*). Restructuring Proceedings are applicable in cases in which a debtor faces imminent illiquidity (*drohende Zahlungsunfähigkeit*), i.e. that there is the imminent risk for the debtor of being unable to pay any of its debt as and when it falls due during the course of (regularly) the next 24 months. The debtor's management is not obliged to file for such Restructuring Proceedings. Therefore, the debtor may alternatively file for regular insolvency proceedings if the respective requirements are met (see above under "—*Insolvency.*").

Unlike insolvency proceedings, Restructuring Proceedings do not necessarily cover all of a debtor's liabilities, as the debtor has a certain amount of flexibility under the Company Stabilisation and Restructuring Act to adapt the scope of the proceedings to cover either all of his liabilities, only certain types (e.g., financial liabilities, including under the Notes), or only selected liabilities. In addition and depending on the extent to which a debtor requires to make use of certain legal tools available under the Company Stabilisation and Restructuring Act, the involvement of the competent restructuring court can be kept to a minimum and proceedings can—under certain circumstances—even be conducted without the need for any public notices despite being binding on affected creditors. Restructuring Proceedings may in the case of a group of companies only be conducted for each entity separately. However, the Company Stabilisation and Restructuring Act provides for a respective application of the provisions of the German Insolvency Code which implemented the law to facilitate the mastering of group insolvencies (see above under "—*Insolvency.*").

The core component of the Company Stabilisation and Restructuring Act is an out-of-court restructuring of a debtor's liabilities via a restructuring plan, including, e.g., by way of changes to the principal amounts, interest rates and/or maturities of liabilities. Such restructuring plan may also negatively impact (including, e.g., a release of) collateral

granted for the benefit of the Notes by subsidiaries, parent and sister companies of the debtor. A restructuring plan can generally be adopted and become binding for creditors upon being approved by the required majority or majorities of a debtors' creditors. Generally, the relevant majority requirement is 75% of the respective principal amounts. However, if the restructuring plan provides for multiple creditor groups (which the Company Stabilisation and Restructuring Act provides for and allows under certain circumstances), such plan can even be adopted and become binding on a creditors even if creditor class(es) have not approved the plan, provided certain requirements are met and a restructuring court provides its approval (*cross-class cramdown*).

In order for the debtor to be able to draw up and negotiate the restructuring plan, the Company Stabilisation and Restructuring Act offers the possibility of having a moratorium ordered by the competent court upon application by the debtor, which can restrict enforcement measures by certain or all creditors. The moratorium can initially be ordered for a maximum period of up to three months, with subsequent orders to extend the moratorium up to a maximum of eight months permissible under certain conditions.

For the holders of the Notes, among the relevant consequences of an initiation of Restructuring Proceedings by a German Guarantor or any other Guarantor having its centre of main interest in Germany would be the following:

- potentially no or limited court review and/or supervision of the Restructuring Proceedings;
- restrictions on individual enforcement actions for all or certain creditors of up to eight months due to a moratorium;
- any measures (such as reduction in principal and/or interest or deferrals) regulated by the restructuring plan may be approved within a class of creditors with a majority of 75% of the claims or by way of a so-called cross-class cram down;
- any collateral granted by the debtor as well as intra-group collateral may be subject to Restructuring Proceedings potentially leading to a negative impact on the respective collateral.

Restructuring Plans which are public and confirmed by a German restructuring court will be recognized in any EU member state pursuant to the EU Insolvency Proceedings Regulation (Regulation (EU) 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings) upon the Restructuring Proceedings being included as a recognized proceeding in Exhibit A of that Regulation. In any other case, the recognition of the restructuring plan is subject to certain rules and regulations under applicable international private law.

Hong Kong

Insolvency

One of the Guarantors (the "***Hong Kong Guarantor***") is a company incorporated under Hong Kong law. In the event of an insolvency of the Hong Kong Guarantor, insolvency proceedings may be initiated in Hong Kong. Such proceedings will be governed by Hong Kong law. Under certain circumstances, insolvency proceedings may also be opened in Hong Kong in accordance with Hong Kong law with respect to companies that are not incorporated under Hong Kong law (for example, if such company is registered as a non-Hong Kong company in Hong Kong or has a sufficient connection with Hong Kong).

The following is a brief description of certain aspects of insolvency law in Hong Kong. Under Hong Kong law, there are two main forms of liquidation (or winding-up) procedure:

(a) compulsory liquidation, which occurs following the court's acceptance of a petition presented by a company's contributory or creditor or the company itself. A creditor may petition for the winding up of a company on the ground that, among other things, the company "is unable to pay its debts". The Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) (the "***CWUMPO***") sets out the circumstances in which a company will be deemed to have such inability. These include:

  (i) failure to pay a debt of at least HK$10,000 within three weeks of service of a statutory demand by a creditor;

  (ii) where execution or other process on a judgment, decree or court order in favor of a creditor of the company has been returned unsatisfied in whole or in part; or

  (iii) where it is otherwise proved to the satisfaction of the court that the company is unable to pay its debts as they fall due and, in determining whether a company is unable to pay its debts, the court will take into account the contingent and prospective liabilities of the company.

  There are other grounds for granting a winding-up order, such as where the court is of the opinion that it is just and equitable that the company should be wound up.

  In a compulsory winding-up, all legal proceedings against the company will be stayed once a winding-up order has been made or a provisional liquidator has been appointed, unless the leave of the court is obtained and subject to such terms as the court may impose.

(b) voluntary liquidation, a procedure conducted out of court which typically occurs where the shareholders of a company pass the requisite resolution to place the company into liquidation. If the

directors of the company or, in the case of a company having more than two directors, the majority of the company's directors have issued a certificate of solvency within five weeks immediately preceding the date of the passing of the shareholders resolution or on that date but before the passing of the resolution stating that in their opinion, after having made a full inquiry into the affairs of the company, the company will be able to pay its debts in full within the 12 months after commencement of the winding-up, the liquidation will be a members' voluntary winding up. In the absence of such a certificate, the liquidation will be a creditors' voluntary winding up. In addition, there is a special procedure under section 228A of the CWUMPO forthe directors of the company or, in the case of a company having more than two directors, the majority of the directors of a company to resolve at a directors' meeting that a company be wound up on the grounds that it cannot, by reason of its liabilities, continue its business.

Provisional liquidators may be appointed to protect the assets of a company between the date of petition for the company's winding-up and the date on which a winding-up order is made. The appointment of provisional liquidators triggers an automatic stay on actions or proceedings against the company and such actions or proceedings may thereafter be proceeded with or commenced against the company only with the leave of court. The court may be persuaded to appoint provisional liquidators where the assets of the company are in jeopardy or where the provisional liquidators would assist in exploring a restructuring (however, this latter ground is only available if the company is insolvent and there is also jeopardy to the assets of the company). A provisional liquidator's powers are limited by the terms of his or her appointment order.

Upon the appointment of a liquidator or a provisional liquidator, the right to manage and dispose of the business and assets of the company passes to the liquidator or (as the case may be) the provisional liquidator.

Hong Kong insolvency proceedings are collective proceedings and creditors may generally no longer pursue their individual claims separately. Accordingly, unsecured creditors may file their claims in the insolvency proceedings and will, subject to certain preferential payments to be paid first, receive a distribution from the liquidator on a pari passu basis.

There is no statutory reorganisation in Hong Kong, but it is possible for creditors of a Hong Kongcompany to attempt to negotiate a consensual contractual restructuring agreement with the company.

Schemes of arrangement are provided under Part 13, Division 2 of the Companies Ordinance (Cap. 622) (the "**CO**") and, although not strictly an insolvency procedure, involve a compromise or arrangement between a company and its creditors or members (or any class of them). A scheme will typically require the agreement of a majority in number representing three-fourths in value of the creditors (or class of them), or of the voting rights of the members (or class of them) and if approved by the court and such approval has been filed with the Hong Kong Registrar of Companies, will become binding on all creditors or members (or the relevant class of them, as the case may be). The court maintains a discretion whether to sanction a scheme and will consider compliance with the statutory process, whether the majority approving the scheme is acting in good faith and whether the scheme is fair to all creditors in the circumstances. Where there are different classes of creditors (e.g., contingent or unsecured) each class is required to hold separate meetings to discuss and consider the scheme proposals. The terms of each scheme of arrangement will vary; however, they often involve variation of contractual terms, waiver of part of creditor claims and exchanges of debt for equity. During the process where a scheme of arrangement is being sanctioned, there is no stay on legal action or proceeding against the company. Creditors therefore retain the ability to seek to enforce their claims through obtaining judgment or to present a winding-up petition during such process, although the Hong Kong court has been persuaded to exercise its discretion to refuse to make a winding-up order whilst a restructuring proposal is put to creditors through a scheme.

In the event of a liquidation under Hong Kong law of the Hong Kong Guarantor, secured creditors can generally enforce their security outside the liquidation process (and the secured assets would not form part of the insolvency estate). The liabilities of the Hong Kong Guarantor to its unsecured creditors will, in effect, be satisfied only after payment of all secured indebtedness (to the extent of the assets securing that indebtedness) and after payment of all claims entitled to priority under Hong Kong insolvency law. Claims entitled to priority may include, among others, (a) all expenses of the winding up, including those properly incurred by the liquidator (including his remuneration) in a winding up; (b) certain amounts owed to the Government; and (c) certain amounts owed to employees. If the proceeds from the enforcement of the security are insufficient to cover the secured creditor's claim, the balance may be proved as unsecured debt in the liquidation.

There is no assurance that, after providing for all prior claims, there would be sufficient assets to satisfy the claims of the unsecured creditors.

Any interest accruing under or in respect of amounts due under a guarantee or other finance documents to which the Hong Kong Guarantor is a party in respect of any period after the date of the resolution to wind up the company or winding-up order (as applicable) would only be recoverable, if the company is not, in the event, insolvent, from any surplus remaining after payment of all other debts proved in the proceedings.

Risk of Challenge and Insolvency

Under Hong Kong law, a transaction of a company may be void if it is beyond the powers of the directors and/or the company under such company's articles of association, or is not for a proper corporate purpose. Examples of the latter include: the transaction is not in the best interest of the company or the directors are not entering into the transaction for the furtherance of the substantive objects of the company. To comply with the corporate benefit requirement, in the case of upstream or cross-stream guarantees, it is usual practice for such guarantees to be approved by a shareholder resolution (preferably unanimous) authorizing or subsequently ratifying the giving of the guarantee. However, this does not prevent the possibility of challenge by a liquidator.

Under Hong Kong law, the provision of financial assistance by a company (formed and registered underthe CO) or any of its subsidiaries in relation to the acquisition of shares in the company is prohibited, if such financial assistance is, directly or indirectly, (i) for the purpose of the acquisition of shares in that company beforeor contemporaneously with the acquisition; or (ii) for the purpose of reducing or discharging a liability incurred for the purpose of such an acquisition. This means that any financial assistance given before, at the same time as orafter the acquisition (including financial assistance given in relation to any refinancing of an acquisition loan) may be called into question. Accordingly, if any guarantee given by the Hong Kong Guarantor of an Issuer's obligations under the relevant Notes (a "**Notes Guarantee**") or indemnity given by the Hong Kong Guarantor constitutes unlawful financial assistance, unless certain statutory exceptions apply, then such Notes Guarantee or indemnity would be invalid.

Under Hong Kong insolvency law, any unfair preference made within six months (or two years in the case of transactions entered into with an "associate" (as defined under sections 265B and 265C of the CWUMPO) before the commencement of the winding up of a company may be voidable at the discretion of the court or otherwise subject to such order as the court thinks fit for restoring the position to what it would have been if the company had not given that unfair preference. An unfair preference is given by a company to a creditor, guarantor or surety of the company if the relevant act has the effect of putting that person in a better position (in the event of the company going into insolvent liquidation) than if the action had not been taken. In order for that action to be deemed an unfair preference, the company must have been influenced by a desire to produce that result and provided that, atthe time or as a result of the preference, the company was unable to pay its debts when they fall due (within the meaning of section 178 of the CWUMPO).

Under Hong Kong insolvency law, any transaction entered into at an undervalue within five years before the commencement of the winding up of a company may be voidable at the discretion of the court or otherwise subject to such order as the court thinks fit for restoring the position to what it would have been if the company had not entered into that transaction. The company enters into a transaction with a person at an undervalue if the company makes a gift to that person, or otherwise enters into a transaction with that person on terms that provide for the company to receive no consideration or the company enters into a transaction with that person for a consideration the value of which, in money or money's worth, is significantly less than the value, in money or money's worth, of the consideration provided by the company. In order to be deemed a transaction at an undervalue, the (i) transaction must not have been entered into (a) in good faith and (b) for the purpose of carrying on its business, (ii) the company must not have had reasonable grounds to believe that the transaction would benefit the company and, (iii) at the time or as a result of the preference, the company must have been unable to pay its debts when they fall due (within the meaning of section 178 of the CWUMPO).

Under Hong Kong insolvency law, the court may, on the application of the liquidator, make orders to, among others, set aside the whole or part of the company's obligations (and make other orders) with respect to, or vary the terms of a transaction for, or involving, the provision of credit to the company if that transaction is or was extortionate and was entered into in the period of three years ending on the date the resolution to wind up the company was passed or the winding-up order was made (as the case may be). A credit transaction will be presumed to be extortionate unless the contrary is proved if, having regard to the risk accepted by the person providing the credit, (i) the terms of it are or were such as to require grossly exorbitant payments to be made (whether unconditionally or in certain contingencies) in respect of the provision of credit or (ii) it otherwise grossly contravenes ordinary principles of fair dealing.

Under Hong Kong law, the disposition of property made by a company, with intent to defraud its creditors, shall be voidable, except if the deposition is for valuable consideration and in good faith, or upon good consideration and in good faith to any person not having, at the time of the disposition, notice of the intent to defraud creditors. This rule applies at all time, irrespective of when the transaction was entered into and/or whether the company was insolvent at the time or as a result of the disposition.

The CO requires the registration of certain types of charges created by a Hong Kong company or a non-Hong Kong company registered under Part 16 of the CO within the prescribed time (for example, in the case of a registrable charge created in Hong Kong in respect of property situate in Hong Kong, the prescribed time is one month from the creation of that charge). Registrable charges include (among others) floating charges on the undertaking or property of the company and certain fixed charges (such as land, certain book debts, etc.). A fixed charge over certain assets (such as a deposit in a bank account) is not a registrable charge under the CO. Failure to register a registrable charge within the prescribed time will render the charge void against any creditor or liquidator of the company. Security over certain types of assets created under Hong Kong law may also be subject to other registration and/or perfection requirements (for example, a legal mortgage over land in Hong Kong must be registered at the Hong Kong Land Registry within one month of its creation in order to preserve its priority).

Under Hong Kong law, there are certain common law rules and equitable principles which will determine the ranking of two or more competing security interests over the same assets. A number of different factors are taken into account, such as the nature of the security interest, the order of creation, compliance with perfection requirements and the order of giving notice.

If the Notes Guarantee or any security given by the Hong Kong Guarantor were avoided or held unenforceable for any reason, a holder of the Notes would cease to have any claim in respect thereof.

Korea

Overview

The basic insolvency law in Korea is the "Debtor Rehabilitation and Bankruptcy Act" (the "**DRBA**").

Under the DRBA, the ability of secured creditors to enforce their rights to security may be subject to rescheduling under the debtor rehabilitation proceeding. Under the bankruptcy proceeding and the individual debtor rehabilitation proceeding, however, it is possible for secured creditors to enforce their security interests, subject to certain restrictions.

DRBA

The DRBA contains:

(a) provisions applicable to rehabilitation pursuant to Chapter 2 Proceedings;

(b) provisions applicable to bankruptcy procedures;

(c) provisions applicable to individual rehabilitation pursuant to Chapter 4 Proceedings, which are applicable only to certain individual debtors who are wage earners or self-employed earners with debts of no more than a certain specified amount; and

(d) provisions applicable to international insolvency proceedings.

Under the DRBA, the petitioner must specify which procedure he or she wishes to use.

For a debtor that has filed for bankruptcy proceedings, a bankruptcy trustee will be appointed to liquidate the assets of the debtor and to distribute the proceeds to its unsecured creditors on a pro-rata basis. Secured creditors remain free to exercise their interests under the bankruptcy proceedings.

On the other hand, the goal of Chapter 2 Proceedings and Chapter 4 Proceedings is to rehabilitate insolvent companies or, as the case may be, individuals. While in a Chapter 2 Proceeding secured creditors will not be able to enforce their security outside such Chapter 2 Proceeding, secured creditors in a Chapter 4 Proceeding will be able to enforce their security interests notwithstanding such Chapter 4 Proceeding (x) unless the court issues an order to suspend or prohibit such exercise during the period after the filing of the petition for the Chapter 4 Proceeding but before the court decides to commence the Chapter 4 Proceeding, or (y) once the court decides to commence the Chapter 4 Proceeding, only after the earlier of (i) the court's approval of the repayment plan or (ii) the final decision by the court to discontinue such Chapter 4 Proceeding.

Chapter 2 Proceedings

A Chapter 2 Proceeding (*i.e.,* rehabilitation proceeding) is designed for use by an insolvent debtor which desires to rehabilitate itself. This type of proceeding is tightly controlled by the court so that most of the material actions or decisions of the debtor may be taken or made only with the approval of the court.

All types of legal entities, including joint stock companies, limited liability companies and unincorporated foundations or associations, as well as individuals, can rehabilitate pursuant to Chapter 2 Proceedings.

The DRBA provides that, in principle, the debtor itself or, in cases where the debtor is a company, its own representative, and not a third party, should be elected as the receiver. Further, the DRBA permits a legal entity to be appointed as the receiver in the rehabilitation proceeding, in which case this legal entity should designate one of its directors to exercise the rights and powers conferred to it as a receiver and report such designation to the court.

Under the DRBA, the debtor may file a petition to the court for Chapter 2 Proceedings in cases where (i) debts cannot be repaid without causing material damage to the continuance of the debtor's business or (ii) any events leading to bankruptcy of the debtor may arise. If the debtor is a joint stock company or a limited liability company, (a) a creditor who has claims in an amount of not less than 10 percent of the debtor's paid-in capital or (b) a shareholder or equity holder who holds shares or equity interest not less than 10 percent of the debtor's paid-in capital may also apply for a Chapter 2 Proceeding. If the debtor is not a joint stock company or a limited liability company, a creditor who has claims in an amount of not less than KRW50 million or an equity holder who holds an equity interest of not less than 10 percent of the debtor's equity can apply for a Chapter 2 Proceeding.

When the debtor itself or its creditor or equity holder satisfying the above requirements applies for a Chapter 2 Proceeding, the court may, upon the request of interested parties or in its sole discretion, but after hearing the opinion of the management committee, issue a preservation order against individual assets of the debtor, and may issue an injunction against bankruptcy proceedings or enforcement proceedings initiated by the debtor's secured or unsecured creditors. Further, if the court determines that the object of the Chapter 2 Proceedings may not be achieved through individual asset preservation orders, it may, upon the petition of interested parties or in its sole discretion, issue a comprehensive stay order against enforcement proceedings initiated by creditors against the assets of the debtor. If a comprehensive stay order is issued, enforcement proceedings that are already in progress will be suspended, and the court may cancel such enforcement proceedings upon the request of the debtor or, as the case may be, the receiver, if deemed necessary for the continuance of the debtor's business. However, if the court determines that a creditor may sustain unjust damages as a result of such comprehensive stay order, the court may lift the stay order for that particular creditor upon the request of such creditor.

When a petition for a Chapter 2 Proceeding is filed, the court is required within one month of the date of petition to determine whether to commence such proceeding. Once the commencement of the Chapter 2 Proceeding is declared, most claims against the debtor that arose prior to such commencement date are automatically stayed, while claims arising after such commencement date are generally not subject to the proceedings. Also, the court will appoint a permanent receiver with the power to conduct all of the debtor's business and manage all of the debtor's properties, subject to court supervision.

Under the DRBA, unless the debtor is a small or medium sized enterprise or an individual, the committee of creditors composed of not more than 10 major creditors of the debtor should be instituted and the committee of creditors has the rights, among others, to submit their opinion on the various matters including appointment of a receiver or an auditor and to request investigation of the debtor company's business status after the approval of the rehabilitation plan.

As a general rule, any creditor whose claim against the debtor arose prior to the commencement of the Chapter 2 Proceeding, whether secured or unsecured, may not enforce such claims other than as provided for in the rehabilitation plan adopted at the meeting of interested parties and approved by the court. The rehabilitation plan may alter or modify the rights of creditors or shareholders. Accordingly, there can be no assurance that the rights of the creditors, whether secured or unsecured, will not be adversely affected by a Chapter 2 Proceeding. Further, a creditor who intends to participate in the rehabilitation plan must file its claim with the court within the period fixed by the court.

Under a Chapter 2 Proceeding, creditors are classified into three basic categories: (i) creditors with unsecured rehabilitation claims, (ii) creditors with secured rehabilitation claims and (iii) creditors with common *benefit claims*. The former two categories of creditors are subject to Chapter 2 Proceedings and generally may not receive payment or repayment for their respective claims other than as provided in the rehabilitation plan. Creditors with common *benefit claims* are not subject to the rehabilitation plan, and include, among others, those creditors whose claims either arose

after the commencement of a Chapter 2 Proceeding (subject to certain exceptions) or those creditors whose claims were approved by the court during the preservation period.

In order to encourage mergers and/or acquisitions of insolvent companies, the DRBA loosens the requirements for approval of rehabilitation plans contemplating liquidation, by requiring the approval of the creditors representing four-fifths of the outstanding amount of secured rehabilitation claims. However, in case of rehabilitation plans contemplating the continuance of the debtor's business including, without limitation, merger, spin-off or business transfer, the consent of the creditors representing not less than three-quarters of the amount of secured rehabilitation claims is required. For approval of all types of rehabilitation plans, each of the consent of the creditors representing not less than two-thirds of the amount of unsecured rehabilitation claims and the consent of the shareholders having not less than half of the voting rights is also required.

If the debtor fails to perform its payment obligations in accordance with the rehabilitation plan, affected creditors are not permitted to initiate lawsuits or enforce their security interests. Instead, they (or the receiver of the debtor) may only request the court to amend the rehabilitation plan. However, if such amendment could have an adverse effect on creditors with rehabilitation claims or shareholders of the debtor, the court may amend the rehabilitation plan only by obtaining an affirmative vote at a meeting of interested parties. If it becomes apparent, either before or after the court approves the rehabilitation plan, that the debtor cannot be rehabilitated, the court may, at its sole discretion or upon the request by the receiver or a creditor with a rehabilitation claim, issue an order to discontinue the Chapter 2 Proceeding.

Once the Chapter 2 Proceeding is discontinued and if the court determines the debtor is insolvent, the court must declare the debtor bankrupt and must initiate the bankruptcy proceeding against the debtor. The compulsory declaration of bankruptcy in Chapter 2 Proceedings is limited to those cases where a final decision has been made to discontinue the Chapter 2 Proceedings after the approval of the rehabilitation plan. Declaration of bankruptcy is optional in cases of:

(i) the dismissal of a petition for the commencement of Chapter 2 Proceedings;

(ii) the non-approval of a rehabilitation plan; and

(iii) an order to terminate Chapter 2 Proceedings before the approval of the rehabilitation plan.

If the bankruptcy proceedings are initiated, unsecured rehabilitation claims are characterized as bankruptcy claims, and creditors with unsecured rehabilitation claims will be paid pursuant to the bankruptcy proceedings. Creditors with secured rehabilitation claims, on the other hand, may immediately enforce their security interest once the rehabilitation proceeding is discontinued; provided however that, if the terms of the secured claim are amended by the rehabilitation plan, such claim may only be enforced in accordance with such amendment and the original terms shall not be revived.

Bankruptcy Proceeding

A bankruptcy proceeding is a court administered process designed to liquidate an insolvent debtor's assets and formally begins upon an adjudication of bankruptcy by the court where the debtor is unable to pay its debts or, in the case of a corporation, its liabilities exceed assets. The court will make its determination as to whether grounds for bankruptcy exist based on the written pleadings and oral argument of the petitioner. The adjudication of bankruptcy also has the effect of automatically staying all unsecured creditors from executing their claims against the bankruptcy estate.

The bankruptcy trustee appointed by the court will be vested with the exclusive right to manage and dispose of the bankruptcy estate, and to conduct an investigation and assessment of the bankruptcy estate. If a legal entity is appointed the bankruptcy trustee, it shall designate one of its directors to exercise the right and power conferred to it as bankruptcy trustee and shall report such designation to the court.

Subject to certain statutory limitations and approval by the inspection commissioners, the bankruptcy trustee has the power to liquidate the bankruptcy estate, and to determine the manner and timing of such liquidation. The bankruptcy trustee distributes the proceeds from the liquidation of the bankruptcy estate to the creditors in proportion to their claims. The distribution proceeds in several stages. Claims entitled to distribution are differentiated according to the priority of claims. Bankruptcy creditors are classified as follows, in accordance with their priorities: (i) secured creditors, who have the right to proceed against their securities on the same terms as would be available if the debtor were not in bankruptcy; (ii) creditors with estate claims, which include costs of judicial proceeding, tax claims, wages and payment of severance, management expenses incurred in connection with management, liquidation and distribution of the bankruptcy estate,

and other claims arising from administration of the bankruptcy estate; (iii) creditors with other statutorily preferred claims (including policyholders' claims against an insurance company to the extent of the amount equal to the relevant reserves); (iv) general claims; and (v) less preferred claims.

The DRBA ensures that the priority rights of tenants under the Residential Tenant Protection Act and the Commercial Building Tenant Protection Act are also protected under bankruptcy proceedings.

International Insolvency Proceedings

The representative in a foreign insolvency proceeding (*i.e.,* a person or entity recognized by the applicable court as the receiver or representative in the foreign insolvency proceeding) may file with the Korean court for approval of such foreign insolvency proceeding. Once the foreign insolvency proceeding is approved by the Korean court, the representative in such proceeding may apply for insolvency proceedings in Korea or participate in the insolvency proceeding that is already in progress in Korea. On the other hand, the receiver or bankruptcy trustee in the insolvency proceeding in Korea may, for purposes of such proceeding, take actions in foreign jurisdictions to the extent permitted by the applicable laws.

Corporate Restructuring Promotion Act

In addition to the DRBA, the Corporate Restructuring Promotion Act (the "**CRPA**"), which is intended, among other things, to promote the corporate restructuring of Korean companies by market mechanisms, restricts certain creditor financial institutions' ability to enforce security interests given by a company which may not be able to repay its borrowings without external financial support or additional borrowings (other than borrowings in the ordinary course of business) (a "**Failing Company**").

On October 16, 2018, the National Assembly of Korea passed the current CRPA, which will remain in effect for 5 years.

The following is a summary of the key provisions of the CRPA. Under the CRPA, "Financial Claims" are defined as those claims arising from the provision of credit to a third party and "Financial Creditors" are those creditors with Financial Claims. Accordingly, both onshore and offshore financial institutions, as long as they have Financial Claims, are subject to the CRPA. The condition of a Failing Company is determined, on the basis of a credit evaluation carried out in the manner set out in the CRPA by its 'main Creditor Financial Institution' or a committee of Financial Creditors (a "**Creditor Committee**").

Under the CRPA, the main Creditor Financial Institution of a Failing Company is required to take or arrange one of the following actions if it determines that there is a possibility that the financial condition of the Failing Company may be rehabilitated or brought back to normal in accordance with its business plan:

- assumption of management of the Failing Company by the Creditor Committee; or
- assumption of management of the Failing Company by the main Creditor Financial Institution.

If the Creditor Committee assumes the management of the Failing Company, the Creditor Committee may appoint an administrator for the management of funds and other important businesses of the Failing Company from the date of commencement of such management by the Creditor Committee. Management by the Creditor Committee or by the main Creditor Financial Institution will be conducted in a manner acceptable to the Creditor Committee.

"Provision of Credit" is defined in the CRPA as any transaction determined by the FSC to fall under any of the following:

- loans;
- purchase of promissory notes, debentures or bonds;
- equipment leasing;
- payment guarantees;
- providing advance payments on acceptances and guarantees under a payment guarantee;

- any transaction which may cause a loss to a Financial Creditor as a consequence of a payment failure by its counterparty; or

- any transaction which may have in substance the same effect to a Financial Creditor as the transactions set out above even though it may not have provided credit.

Under the CRPA, in the event that the main Creditor Financial Institution of the Failing Company decides to assume management of the Failing Company and accordingly calls for a meeting of the Creditor Committee, the main Creditor Financial Institution may require the Financial Creditors to grant a moratorium on the enforcement of claims (including the enforcement of security interest) until the first meeting of the Creditor Committee. If Financial Creditors enforces its claim against the Failing Company after the request to suspend enforcement of claims, it shall be required to unwind the enforcement action to return to the state that was in existence. In addition, at the first meeting of the Creditor Committee, Financial Creditors representing at least 75 percent of the outstanding Financial Claims against of the Failing Company may declare a moratorium for up to three months if an investigation of the Failing Company's financial status is necessary, or up to one month if such investigation is not necessary (which may be extended by an additional month).

If the Creditor Committee cannot agree on the moratorium period or if the corporate repayment plan is not approved by the date the moratorium period ends, the Creditor Committee's management of the Failing Company shall be deemed to have terminated. The Creditor Committee can approve the rescheduling of the debt owed by the Failing Company or provide new credit to it with the approval of Financial Creditors representing not less than 75 per cent of all outstanding Financial Claims.

A Creditor Financial Institution which does not participate in the relevant Creditor Committee meeting or has opposed the resolutions of the Creditor Committee in respect of the commencement of management of the Failing Company by the Creditor Committee, the rescheduling of claims, provision of new credit or the extension of the management by the Creditor Committee (the "**Opposing Financial Creditor**") may, within seven days of such resolution, request the Financial Creditors that have approved such resolution (the "**Approving Financial Creditors**") to purchase its outstanding claims against the Failing Company by notifying the main Creditor Financial Institution of the type and amount of its claims. Upon such request, the Approving Financial Creditors must purchase such claims within six months.

The purchase price and terms of such purchase shall be determined by mutual agreement of the Approving Financial Creditors and the Opposing Financial Creditor. The purchase price paid for claims held by the Opposing Financial Creditor shall not be less than the amount that may be recovered by the Opposing Financial Creditor through liquidation of the Failing Company.

Parallel Debt

In Korea, due to certain laws and jurisprudence governing the creation and perfection of security interests and enforceability of such security interests, it is necessary in order to grant the relevant Senior Secured Notes Collateral (*i.e.,* the Capital Stock of Styrolution Korea Ltd., the "**Korean Collateral**") to the Security Agent, that the Security Agent hold its own "parallel debt" claim ("**Parallel Debt**").

The Intercreditor Agreement thus provides for the creation of such Parallel Debt in favor of the Security Agent, mirroring the obligations of the Senior Secured Notes Issuer towards the holders of the Senior Secured Notes and the Senior Secured Notes Trustee under or in connection with the Senior Secured Notes Indenture and the Intercreditor Agreement ("**Principal Obligations**"). This Parallel Debt is created to address a Korean law requirement that the Security Agent, as the grantee of the security interest created by the security documents governed by Korean law (the "**Korean Security Documents**"), be a creditor of the relevant security provider.

The pledge of the Korean Collateral will be granted to the Security Agent as security for the Parallel Debt and will not directly secure the Principal Obligations. In respect of the security interest granted to secure the Parallel Debt, as the holders of the Senior Secured Notes from time to time will not be party to the Korean Security Documents, such holders of the Senior Secured Notes will not have direct security interests in the Korean Collateral and will not be entitled to take direct enforcement actions, individually or collectively, in respect of such security interests except through the Security Agent. Therefore, although the Security Agent will have, pursuant to the Parallel Debt, a claim against the Senior Secured Notes Issuer for the full principal amount of the Senior Secured Notes, the holders of the Senior Secured Notes will bear the risk of insolvency or bankruptcy of the Security Agent in relation to the Korean Collateral. In addition, the Parallel Debt construct has not been tested under Korean law and to the extent that the security interests in the Korean Collateral created under the Parallel Debt construct are successfully challenged in Korea by other

parties, the holders of the Senior Secured Notes will not receive any proceeds from an enforcement of such security interests in Korea.

Limitation on Enforcement

The grant of a guarantee or collateral by a Korean company for the obligations of another group company must be for the corporate benefit of the granting company. The question of corporate benefit is determined on a case-by-case basis and at the time when such guarantee or collateral is provided considering the totality of the circumstances at that point in time.

Under Korean law, if there is no corporate benefit justifiable for a Korean company to provide guarantee or security interest securing another group company's obligations, such provision of guarantee or security interest can raise a breach of fiduciary duty issue for the directors of such Korean company. In a recent case, the Korean Supreme Court ruled that the provision of security interests by a Korean company securing its parent company's obligations in a certain transaction without consideration constituted a breach of fiduciary duty.

In addition, any provision of a guarantee by a Korean company for the benefit of a non-Korean company requires the filing of the report with the Bank of Korea, and the acceptance of such report by the Bank of Korea. In connection with such filing, the Bank of Korea has in the past limited the maximum amount of the guarantee provided by a Korean company that is a "foreign-invested enterprise" under the Foreign Investment Promotion Law (such as the Korean Subsidiary), pursuant to its internal guideline which provides that the maximum amount of the guarantee provided by such Korean company should not, as a general matter, exceed the sum of (i) the paid-in capital of such Korean company and (ii) the aggregate amount of the outstanding principals of any inter-company loan(s) from offshore affiliates owed by such Korean company as of the date of the filing of the report with the Bank of Korea. There have been recent cases where the Bank of Korea accepted the report without imposing such limitation, but we cannot exclude the possibility that the Bank of Korea may impose this limitation on the guarantee to be provided by the Korean Subsidiary.

Hardening periods and fraudulent transfer

Under the Korean Civil Code, a creditor of a company may apply to the court for cancellation and restitution of any "legal act" (including, but not limited to the debtor company's provision of a guarantee) of a company if (i) the company committed such a legal act, (ii) such act is detrimental to its creditors and (iii) both the company and the transferee (or beneficiary) had knowledge that such act would be detrimental to the company's creditors. In order to constitute a fraudulent conveyance under Korean law, a transaction should be detrimental to the general creditors of the company. Conceptually, this "detriment to creditors" requirement requires that the company become insolvent due to the transaction or, if the company is already insolvent, that the financial condition of the company worsen due to the transaction, since the purpose of a fraudulent conveyance action is to protect the unsecured creditors by preventing a diminution of the gross assets of the company to a level where such gross assets would not be sufficient to cover the creditors' claims.

Under Korean insolvency laws, the receiver or the bankruptcy trustee of an insolvent Korean company has the right to exercise its "avoidance" right with respect to acts (*e.g.,* transfer of assets, provision of a guarantee, etc.) of such insolvent Korean company for which it does not receive any compensation during the period allotted by statute.

Specifically, the Korean insolvency laws allow the receiver or the bankruptcy trustee to avoid an act of a debtor which falls under one of the following categories:

- any act taken by the debtor company with the knowledge that creditors will be harmed by the act (unless the party that benefited from such act did not know about such harm to creditors);

- (x) any act that would harm creditors or (y) any repayment of debt or provision of collateral, in either case, taken or made after occurrence of suspension of payments by the debtor or a petition for insolvency proceeding of the debtor has been filed ("**Insolvency Event**") (but only if the party that benefited from such act knew that the Insolvency Event has occurred or that such act will harm creditors);

- repayment of debt or provision of collateral made by the debtor after, or within 60 days (if such act was made with a specially related party, one (1) year) prior to, an Insolvency Event when the debtor had no obligation to do so or the method or timing of such act does not fall under the debtor's obligation (but only if the payee/secured party knew such act will prejudice equal treatment of creditors and where the

payee/secured party did not know about the Insolvency Event has occurred if such act was carried out after the Insolvency Event); and

- any gratuitous act or act that can be deemed gratuitous which occurs after, or within six (6) months (if such act was made with a specially related party, one (1) year) prior to, an Insolvency Event.

The receiver and the bankruptcy trustee has the right to avoid any such act with no compensation for a period of two (2) years from the date of the rehabilitation commencement order or the adjudication of bankruptcy, as the case may be.

Other Local Law Considerations

Under the Foreign Exchange Transaction Law of Korea, in case any collateral over the Korean Won-denominated securities (including the shares issued by a Korean company) or the rights related to such securities is provided by a non-resident to another non-resident of Korea, such non-resident collateral provider is required to file a report with the Bank of Korea with respect to such provision of collateral, which must be accepted by the Bank of Korea prior to the execution of any definitive documents for provision of such collateral. If the Korean Won-denominated securities subject to such collateral were acquired in accordance with the Foreign Investment Promotion Act of Korea, however, such report to the Bank of Korea would not be required.

Further, under the Foreign Exchange Transaction Law of Korea, in the case a guarantee or collateral is provided by a resident of Korea to guarantee or secure the obligations of a non-resident of Korea, such Korean resident is required to file a report with the Bank of Korea with respect to such provision of guarantee or collateral, which report should be accepted by the Bank of Korea prior to the execution of the guarantee or relevant security document.

Mexico

Guarantees

One of the Guarantors is organized under the laws of Mexico. Under Mexican law, there are no limitations for Mexican companies to guarantee third-party obligations, including parents, subsidiaries or affiliates, to the extent permitted by its corporate by-laws and authorized by its competent corporate bodies if necessary pursuant to its corporate by-laws. Mexican law provides that contractual obligations such as those assumed by Guarantors are considered to be ancillary obligations (*obligaciones accesorias*) to the principal obligations that they secure and therefore the same may only exist to the extent that the obligations of the principal obligor are valid. Therefore, it should be noted that upon a finding of lack of genuineness, validity or enforceability of the obligations of the relevant Issuer under the relevant Notes, the ancillary obligations of the Mexican Guarantor shall be equally affected and in such circumstances the obligations provided for under the Notes might not be enforced in a proceeding before a Mexican court.

Additionally, under Mexican law, a Guarantor may be released from its obligations under a Guarantee by the extension or the granting of grace periods to the principal obligor, any modification of a guaranteed obligation that would increase the obligation of the Guarantor, or any other amendment to the principal obligation that could be considered a novation of the principal obligation, without the consent of such Guarantor. Therefore, the obligations of the Mexican Guarantor under the relevant Notes may not be enforced by Mexican courts if any of the obligations under the relevant Notes are extended, increased or novated without the consent of the Mexican Guarantor.

Security Interest

One of the most common types of security interests in personal property that may be implemented in Mexico is a pledge. At a minimum, security interests require a written agreement for perfection. In most cases, security interests require formalization in a public instrument issued by a Mexican notary public or public attestor. Also, in many cases, the documents evidencing the security interests are required to be recorded in a public registry in order to obtain priority *vis-à-vis* third parties.

Pledge

A pledge creates a lien on personal property, including account receivables and shares. Although pledges are regulated by state law, federal law regulating pledges overrides state law if the pledge is granted for commercial purposes. Commercial law provides for two types of pledges: possessory, when the pledged asset is delivered to the

pledgee or a person appointed by the parties, and non-possessory (*prenda sin transmisión de posesión*), when the pledged asset remains with the pledgor.

In the case of a possessory pledge, the pledge is perfected by delivery of the asset to the pledgee or to a third party appointed by the parties. Also, depending on the nature of the asset, notice to third parties may be required, as in the case of accounts receivables (notice to the account borrower), and of stock (book-entry of the pledge in the issuer of the shares stock's registry book). Further formalities may be required in the case of negotiable instruments, which may require the endorsement of the share certificate (*endoso en garantía*) and its physical deliver in favor of the pledgee and its annotation in the share's registry book of the issuer entity of the shares subject to the pledge. A pledgee in a possessory pledge has the right, in case of default, to request the court to sell the assets and apply the proceeds of the sale to the payment of the secured obligations up to the outstanding amount of the latter.

Enforcement of Security Interests

As a general principle under Mexican law, a secured creditor may not take possession of the collateral without court intervention, and if it does so, such action could constitute a criminal offence. Generally speaking, the main right that a security interest provides is the right to request a court to dispose of the asset and apply the proceeds of the sale to payment of the secured obligation up to its outstanding amount. Procedural steps to enforce liens before courts in Mexico depend on the nature of each security interest, and on whether the debtor is in insolvency (*concurso mercantil*), bankruptcy (*quiebra*), or is still doing business. In any event, the procedural approach will vary and the type of action will depend on the documentation held by the creditor.

Pursuant to the foregoing, in order to enforce its security interest, in many cases the creditor must initiate a lawsuit. When the collateral is located within Mexican territory, filing the lawsuit before a Mexican court would be more effective than trying to enforce the judgment of a foreign court in Mexico. Judgments of non-Mexican courts are enforceable in Mexico provided that a number of conditions are met, including certain basic principles of Mexican due process rules and the non-violation of Mexican law or public policy (*orden público*). Among such basic principles is service of process, which in all instances should be made personally on the defendant, its attorney-in-fact or its duly appointed process agent. Service of process by mail is ineffective under Mexican due process rules.

There are no limitations to the election of remedies in Mexico; creditors can pursue multiple remedies at the same time until the total amount of indebtedness is fully paid, in the understanding however that under Mexican law an obligation in a currency other than the Mexican peso, which is payable in Mexico, may be satisfied in Mexican currency at the applicable official exchange rate published by the Mexican Central Bank (*Banco de México*) on the date on which the payment is effectively made. The debtor is entitled to receive any outstanding amount derived from the enforcement and foreclosure of all security interest, once the secured obligations have been paid in full to the creditors.

Foreclosure

Court intervention is required in order to foreclose most security interests afforded by Mexican law. The time implications of foreclosure of a possessory pledge and of the conditional sale, based in a Mexican legal practice, can take from two to four years (and up to three to five years, in certain scenarios).

Insolvency

The Mexican Insolvency Law (*Ley de Concursos Mercantiles*) contemplates a single proceeding for insolvency (*concurso mercantil*) and bankruptcy (*quiebra*) with two successive stages: the first stage, known as the "mediation" stage, is compulsory (except in the event in which the insolvent entity directly requests to be declared bankrupt), and is designed to reorganize the insolvent entity, and the second stage, known as the "bankruptcy" stage, provides for the bankruptcy and liquidation of the insolvent entity. During these two phases, the creditors have to comply with different obligations to reach either a payment agreement or foreclose on their collateral.

General requirements to initiate insolvency proceedings

In Mexico, a person will be declared insolvent when it generally fails to pay its obligations as and when they become due. Insolvency of a person will be adjudicated upon the request of the insolvent entity, the Mexican attorney general's office or any creditor of the insolvent entity when, (a) the insolvent entity has defaulted on its payment obligations with two or more creditors and (b) when, on the date of such request, (i) 35% or more of such obligations have been delinquent for more than 30 days; and/or (ii) the insolvent entity does not have sufficient liquid assets (namely, cash and cash equivalents, such as bank deposits and other receivables with a maturity of no more than 90 days, or

securities that may be sold within 30 days, in each case, from the date of filing of the insolvency request) to pay at least 80% of its due and payable obligations on the date of filing of the insolvency request.

If the insolvency request is filed voluntarily by the insolvent entity, only one of the conditions described in items (i) and (ii) of clause (b) above would have to be satisfied. If the insolvency request is filed by the attorney general's office or any creditor of the insolvent entity, both conditions described in items (i) and (ii) of clause (b) above would have to be satisfied. An insolvency presumption will exist with respect to any person or entity when, *inter alia*, its assets for attachment in aid of execution of a judgment or claim are insufficient; it has failed to pay two or more creditors; or it has participated in fraudulent or fictitious acts to avoid payment to creditors.

Upon the filing of a petition for a judgment declaring insolvency, the court will instruct the Federal Institute of Insolvency Specialists (*Instituto Federal de Especialistas de Concursos Mercantiles*) to appoint an inspector (*visitador*) to visit the entity presumed to be insolvent. The inspector will then issue an opinion regarding the commercial entity's insolvency, which will enable the court to issue a judicial resolution declaring the legal insolvency of such person. Following the issuance of such insolvency judgment, the Federal Institute of Insolvency Specialists will designate and appoint a mediator (*conciliador*) who will facilitate the negotiations between the insolvent entity and its creditors in order to reach a creditors' agreement.

Mediation

The issuance of the insolvency judgment and the appointment of the mediator will initiate the "mediation" stage of the insolvency proceeding. The insolvency proceeding in Mexico is at all times court controlled, and upon receipt of an insolvency petition, the insolvency court may take preliminary measures (*providencias precautorias*) to secure the property of the insolvent entity.

During the "mediation" stage, the insolvent entity and those creditors that have been recognized within the insolvency proceeding as creditors of the insolvent entity would negotiate an agreement with respect to the payment of the outstanding obligations of the insolvent entity. In order for such creditors' agreement to become effective and binding, it must be entered into between the insolvent entity and those recognized creditors holding title to more than 50% of the sum of (i) the amount of all unsecured claims of all unsecured recognized creditors of the insolvent entity, and (ii) the amount of all secured claims of those secured recognized creditors that enter into such creditors' agreement. The creditors' agreement would then have to be approved by the insolvency court. A secured claim under the Mexican insolvency law is considered to be a claim secured under a pledge or a mortgage or otherwise benefiting from any other form of statutory privilege or priority of payment.

Under the Mexican insolvency statute, the creditors' agreement would be deemed entered into by an unsecured recognized creditor (whether or not such creditor actually enters into the agreement) if the agreement expressly contemplates (a) the payment of all amounts due and payable to such creditor on the date of the respective insolvency judgment converted to *Unidades de Inversión* ("**UDIs**") or indexed inflation units at the applicable official rate fixed by the Mexican Central Bank (*Banco de México*) on the date on which the conversion takes place, (b) the payment of all amounts that would become due and payable to such creditor from the date of the insolvency judgment until the date of approval of the creditors' agreement by the insolvency court, which would be converted into UDIs on the date such amounts become due and payable and (c) the payment of all amounts that would become due and payable to such creditor after the date of approval of the creditors' agreement.

The creditors' agreement could also provide, with respect to any unsecured recognized creditors that are not a party to such agreement, (i) a stay of such creditors' claim (with capitalization of ordinary interest), but only to the extent that the term of such stay is at least equal to the shortest stay assumed by those unsecured creditors that are a party to the creditors' agreement and whose claims amount to 30% of all aggregate recognized claims; (ii) a write-off of such creditors' claim, but only to the extent such write-off is at least equal to the lowest write-off assumed by those unsecured creditors that are a party to the creditors' agreement whose claims amount to 30% of all aggregate recognized claims; or (iii) a combination of a stay and a write-off of such creditors' claim, to the extent it is identical to the combinations accepted by those unsecured creditors that are a party to the creditors' agreement whose claims amount to 30% of all aggregate recognized claims.

Secured recognized creditors that do not become a party to the creditors' agreement may commence or continue foreclosure of their respective collateral; unless the creditors' agreement contemplates the payment of their respective claims or the payment of the price of the properties constituting such collateral. In this case, any excess with respect to the value of such properties would be deemed an unsecured claim for purposes of the insolvency proceeding.

Bankruptcy

The insolvency court will declare the borrower in bankruptcy if (i) the "mediation" phase expires without the filing of an approved creditors' agreement before the insolvency court, (ii) if requested by the insolvent entity, or (iii) at the request of the mediator. The purpose of the bankruptcy phase is to liquidate the borrower's assets in order to pay the creditors.

Upon such declaration of bankruptcy, the insolvency court will instruct the Federal Institute of Insolvency Specialists to appoint a receiver (*síndico*) who would be charged with the management of the insolvent entity until its liquidation. The receiver would carry out the liquidation of the insolvent entity through the sale of its assets, in accordance with certain preset rules and conditions.

Bankruptcy proceedings shall be terminated by the court if all the assets of the borrower have been sold, or all creditors have been paid in full, or the insufficiency of the borrower's assets to pay all creditors has been proved.

Effect of Bankruptcy on transactions

Under Mexican law, the Guarantee under each Indenture provides a basis for a direct claim against the Mexican Guarantor; however, it is possible that such Guarantee may not be enforceable under Mexican insolvency law. While Mexican law does not prohibit the giving of guarantees and as a result does not prevent the Guarantee of the relevant Notes from being valid, binding and enforceable against the Mexican Guarantor, in the event that the Mexican Guarantor becomes subject to an insolvency proceeding, the Guarantee may be deemed to have been a fraudulent transfer and declared void. Under the Mexican insolvency law, any action consummated by a Mexican Guarantor prior to the date of an insolvency judgment will be deemed fraudulent when the Mexican Guarantor is knowingly defrauding its creditors, and the third party participating in any such action had actual knowledge of such fraudulent intent. If the action is gratuitous, the action will be deemed fraudulent even if the third party had no actual knowledge of the fraudulent intent.

Any action consummated by the Mexican Guarantor at any time after the date that is 270 calendar days prior to the date of the applicable insolvency judgment (i) will be deemed fraudulent when, *inter alia*, (a) the Mexican Guarantor receives no consideration, or the consideration received or paid by the Mexican Guarantor, or the terms and conditions of the transaction, are clearly or materially below market, or (b) the Mexican Guarantor makes a payment of indebtedness not yet due, or forgives receivables owed to it and (ii) will be presumed fraudulent, unless the interested third party proves that it was acting in good faith, when (a) the Mexican Guarantor grants or increases collateral that was not originally contemplated and (b) the Mexican Guarantor makes any payments in kind that were not originally contemplated. In addition, certain transactions among related parties will also be deemed fraudulent and may be set aside by the insolvency court. In Mexico, the obligations of the Mexican Guarantor would be considered to be ancillary obligations (*obligaciones accesorias*) to the principal obligations that they secure. If the principal obligations were to be declared null and void by the insolvency court, the ancillary obligations would also be considered to be null and void.

In addition, the mediator may order the borrower to abstain from performing agreements which have not been performed by the borrower at the time of the declaration of insolvency, if the mediator considers that performance of such agreement would adversely affect the borrower's estate, case in which the agreement shall be rescinded.

The Mexican Insolvency Law also provides that all peso denominated obligations be converted to UDIs, and foreign currency denominated obligations are to be converted to pesos at the prevailing exchange rate on the date the insolvency judgment is rendered, and then converted to UDIs. With this mechanism, although creditors will not be entitled to collect interest during the insolvency proceedings, the fact that the obligations will be denominated in UDIs, protects the value of the debts from a loss of value resulting from inflation.

Those creditors with a perfected security interest (mortgage, pledge or guarantee trust) will not suffer any currency or unit conversion, and their debts will continue to accrue interest at the contractual (not default of penalty) interest rate, up to the amount of the value of the mortgaged or pledged assets. Any amount not covered by collateral will be converted to UDIs and subject to the general rules of the Mexican Insolvency Law.

Therefore, upon issuance of an insolvency judgment (*concurso mercantil*) or bankruptcy (*quiebra*) declaration against the Mexican Guarantor, the obligations of such Mexican Guarantor under the relevant Notes (i) would be converted from euro to U.S. dollar (in the case of euro-denominated Notes) and then converted into Mexican pesos at the exchange rate prevailing at the time of the insolvency judgment and then from Mexican pesos into UDIs, a Mexican inflation-pegged accounting unit, and would not be adjusted to take into account any devaluation of the Mexican peso relative to any foreign legal currency occurring after such conversion; (ii) would be subject to the outcome of, and

priorities recognized in, the Mexican Insolvency Law; (iii) would cease to accrue interest from the date an insolvency proceeding is declared; and (iv) would be subject to certain statutory preferences, including tax, social security and labor claims and claims of secured creditors.

Ranking of creditors

Recognized claims against a bankruptcy estate are classified in categories, according to the nature of their claims. The proceeds obtained from the liquidation of the assets of the insolvent entity would be applied by the receiver to make payments to creditors in the following order of priority:

(a) *Claims against the bankruptcy estate*, which are (i) payments of labor claims for salaries and severance for the two calendar years preceding the insolvency judgment (*concurso mercantil*) or bankruptcy (*quiebra*); (ii) payments of liabilities and obligations of the estate of the insolvent entity (*i.e.,* management costs, fees and expenses incurred after the insolvency judgment); and (iii) payments of litigation costs and expenses, and fees and expenses of the inspector (*visitador*), the mediator (*conciliador*) and any appointed receivers (*síndico*);

(b) *Mortgagee's and pledgee's claims*, which are payments to secured creditors (including the costs and expenses relating to foreclosure and the enforcement of their respective rights), but only to the extent of the value of their respective collateral;

(c) Common labor credits and tax credits different to the ones referred in paragraph (a)(i) above which shall be paid once the creditors referred in paragraphs (a) and (b) above are satisfied and with priority to the special privileged creditors provided in paragraph (d) hereafter and common creditors;

(d) *Special privileged claims,* which are payments to other creditors that qualify as "privileged" under Mexican commercial laws (*e.g.,* creditors that are entitled to retain an asset until payment is made), but only to the extent of the value of the respective privilege;

(e) *Common claims*, which are payments to unsecured creditors; and

(f) *Subordinated claims*, which are those of creditors who have agreed to be subordinated with respect to the common claims.

Limitation on Enforcement

Under Mexican law, there is no limitation with respect to the amount of the secured obligations nor the corporate benefit received by the Mexican Guarantor. However, the grant of a guarantee or collateral by the Mexican Guarantor in respect of the obligations of another Group company must fall within the grantor's legal and corporate purpose and it must be authorized by its competent corporate bodies if necessary pursuant to its corporate by-laws, to the extent that, in case it is not expressly allowed and authorized, if the latter is necessary, there is the risk that the grant of the guarantee and the subsequent security can be found to be void and the respective creditor's rights unenforceable.

Singapore

The main legislation applicable to corporate insolvencies and reorganizations in Singapore, at the date of this offering memorandum, is the Insolvency, Restructuring and Dissolution Act 2018 (No. 40 of 2018) (the "**IRD Act**"), which came into force on 30 July 2020. With the coming into force of the IRD Act, the provisions in the Companies Act (Chapter 50) of Singapore pertaining to corporate insolvency and restructuring were repealed.

Difference in Insolvency Law

One of the Guarantors is incorporated under the laws of Singapore (the "**Singapore Guarantor**"). Any insolvency proceedings applicable to the Singapore Guarantor will likely be governed by Singapore insolvency laws. Singapore insolvency laws differ from the insolvency laws of the United States and may make it more difficult for holders of the relevant Notes to recover the amount in respect of the Singapore Guarantor's guarantee of the relevant Notes and/or the Senior Secured Notes Collateral securing the Senior Secured Notes than they would have recovered in a liquidation or bankruptcy proceeding in the United States.

Priority of Secured Creditors

Singapore insolvency laws generally recognize the priority of secured creditors over unsecured creditors. The lenders under the Senior Secured Term Loans have security interests on certain of the assets of the Singapore Guarantor.

Security over Book Debts

Where security is taken over the book debt of a Singapore company by way of an assignment, the Civil Law Act (Chapter 43) of Singapore prescribes that a statutory assignment must be by way of an absolute assignment in writing under hand of the assignor, not purporting to be by way of charge only, and express notice in writing thereof must be given to the debtor, trustee or other person from whom the assignor would have been entitled to receive or claim such book debt. Where such notice is not given, the assignment is only effective as an equitable assignment and a subsequent assignee of the book debt who gives notice might have priority.

Fixed and Floating Charges

Fixed charges are superior to floating charges in a number of aspects. Until the floating charge security crystallizes, a company is entitled to deal with assets that are subject to floating charge security in the ordinary course of business, meaning that such assets can be effectively disposed of by the chargor company so as to give a third party good title to the assets free of the floating charge and so as to give rise to the risk of security being granted over such assets in priority to the floating charge security. In addition, a floating charge security created within six months of the commencement of winding up of the chargor company may be invalid, unless it is proved that the chargor company was solvent immediately after the creation of the charge. Where the assets of the chargor company are insufficient to pay certain preferential debts (these include winding up costs, wages and salaries and retrenchment benefits), those preferential debts would have priority over debts secured by a floating charge.

Amounts received in a winding-up or receivership from the realization of assets subject to a floating charge must first be used to pay the holders of any fixed charge over such assets and then certain preferential creditors if applicable (explained above) before any distribution is made to the holders of a floating charge.

It is open to a court to find that assignments and charges described as fixed charges constitute floating charges rather than fixed charges, the description given to them as fixed charges not being determinative. One of the three characteristics of a floating charge is the ability of the chargor company to carry on business in the ordinary course so far as concerns the particular class of assets in question until some further step is taken by or on behalf of the chargee. Where the chargor company, without the consent of the chargee, is free to deal with the assets or the proceeds of such assets that form the subject matter of the charge, the court would be likely to hold that the charge in question constitutes a floating charge, notwithstanding that it may be described as a fixed charge. In addition, to the extent that any of the assets secured by the Collateral are not specifically identified, an insolvency official may hold that such assets, which are expressed to be subject to a fixed charge, may in fact be subject to a floating charge.

Preferential Creditors

Under the IRD Act, in a winding up of a Singapore company preferential debts are required to be paid in priority to all other debts other than those secured by a fixed charge. Certain preferential debts therefore have priority over debts secured by a floating charge (*i.e.,* those listed in paragraphs (a) to (c) and (e) to (f) below) if the assets of the chargor company are insufficient to satisfy such preferential debts. The preferential debts covered by the relevant sections of the IRD Act are described briefly below:

(a) costs and expenses of the winding up;

(b) employees' wages and salaries, including gratuity or other sum of money due and owing to an employee on his retirement or on termination of his services pursuant to a collective agreement or an award;

(c) retrenchment benefits or ex gratia payments under employment contracts;

(d) work injury compensation under the Work Injury Compensation Act (Chapter 354) of Singapore;

(e) certain amounts due under employee's superannuation or provident funds or under any scheme of superannuation which is an approved scheme under the Income Tax Act (Chapter 134) of Singapore;

(f) other remuneration payable to employees such as vacation leave and death benefits; and

(g) taxes assessed and goods and services tax.

Under the IRD Act, in a winding up of a Singapore company certain claims (if they exist) also rank ahead of a fixed charge, including (without limitation) claims of workmen or employees with salaries of up to the amounts set out in the Employment Act (Chapter 91) of Singapore.

Limitation on Enforcement

The grant of a guarantee or collateral by a Singapore company for the obligations of another group company must be for the corporate benefit of the granting company. The question of corporate benefit is determined on a case-by-case basis and at the time when such guarantee or collateral is provided considering the totality of the circumstances at that point in time.

Under Singapore law, if there is no corporate benefit justifiable for a Singapore company to provide guarantee or security interest securing another group company's obligations, such provision of guarantee or security interest can raise a breach of fiduciary duty issue for the directors of such Singapore company. In such situation, the directors could be sued by the Singapore company for damages suffered.

Transactions at Undervalue or Unfair Preference

Under the IRD Act, if a Singapore company goes into liquidation or judicial management, and has entered into certain transactions at an undervalue within a period of three years before commencement of winding up or judicial management, or has entered into a transaction by way of unfair preference within a period of one year (a two-year period applies in the case of a transaction with a connected party) before the commencement of winding up or judicial management, those transactions may be liable to be made void or voidable.

Disclaimer of Onerous Contracts

The IRD Act provides that a liquidator or judicial manager may, by giving notice to the creditors and the Official Receiver, disclaim, save in certain circumstances, any unprofitable contract, or any other property of the company which is unsaleable, is not readily saleable, or may give rise to a liability of the company to pay money or perform any other onerous act ("**Onerous Property**"). The Singapore court may make certain orders where a liquidator or judicial manager has disclaimed Onerous Property, such as setting aside the disclaimer or make such order as the court thinks just where the injury caused by the disclaimer outweighs any advantage likely to be gained by the liquidator or judicial manager.

Certain Contractual Rights Limited

The IRD Act limits the exercise of certain contractual rights, such as terminating an agreement, claiming an accelerated payment or forfeiture of term under any agreement (including a security agreement) with a Singapore company, by reason only that certain restructuring proceedings in respect of the company have commenced or that the company is insolvent.

Enforcement Process

Receivership

Receivership arises principally by way of enforcement of the right of the holders of security under mortgage or charges, as set out in the security document. The receiver is, in effect, an agent of the chargor company. Its rights and obligations are usually set out in the security document itself.

The IRD Act expressly provides that a receiver is personally liable on any contract he or she entered into in the performance of his or her functions (except insofar as the contract otherwise provides) and, to the extent of any qualifying liability, on any contract of employment adopted by him or her in the performance of those functions. A receiver is however entitled to an indemnity out of the property of the company or corporation.

Appointment

Receivers can be appointed on the basis of the powers set out in the security document. A person appointed on the basis of a fixed charge over specific assets will act as receiver in respect of those assets. However, mortgages containing a floating charge over all of the assets and undertaking typically provide for enforcement by means of the appointment of a receiver having full powers as a receiver and manager over all of the secured assets (*i.e.*, all of the assets and undertaking of a chargor company), including the power of sale of the assets.

Norway

Limitations on the validity and enforceability of guarantees and securities provided by Guarantors incorporated in Norway

The legal capacity or ability for a Guarantor incorporated in Norway (a "Norwegian Guarantor") to provide financial assistance, including granting loans and providing security or guarantees, may be limited by applicable law, including, but not limited to the mandatory provisions of Section 8-7 and 8-10 of the Norwegian Private Limited Companies Act of June 13, 1997 No. 44 (the "Norwegian Companies Act").

Section 8-7 of the Norwegian Companies Act restricts a Norwegian private limited liability company from granting credit to, guaranteeing or providing security for the obligations of, its shareholders (or any related party) beyond its distributable reserves (free equity) and then, further provided that satisfactory security for repayment/recovery has been established in favor of the relevant company.

The above restriction does not, however, apply to credit or security/guarantee for the obligations of a Norwegian incorporated parent company or another Norwegian incorporated group company. This exemption must be read in conjunction with the group definition in Section 1-3 of the Norwegian Companies Act. A Norwegian limited liability company may also grant credit or provide security and guarantees for the obligations of a foreign company who has decisive influence over the Norwegian company or subsidiaries of such company, *provided* that such credit, security or guarantee serves the economic interest of the group of companies (i.e. for instance that the purpose of the transaction is not to benefit the beneficial owners of the group, for example by financing distributions to the owners).

In addition to the restrictions with regard to, among others, upstream and cross-stream guarantees and security as outlined above, Section 8-10 of the Norwegian Companies Act restricts the ability of a Norwegian private limited liability company to provide financial assistance (including to put funds at disposal, grant loans or provide security or guarantees) in connection with the acquisition of its shares or the shares in the parent company (and any intermediate parent company). The restrictions against financial assistance apply irrespective of whether the company whose shares are acquired is a Norwegian or a foreign company. In order for a guarantee, loan or security provided by a Norwegian Guarantor in favour of a purchaser of shares in the Norwegian Guarantor or its parent company to be valid and binding, the financial exposure of the Norwegian Guarantor must not exceed the amounts that the Norwegian Guarantor has available for distribution of dividends to its shareholders, and the financial assistance must be granted on ordinary, commercial terms. The limitation of financial assistance to amounts that the Norwegian Guarantor has available for distribution of dividends does not apply if the acquirer of the shares is based in the European Economic Area and the acquirer is, or will following the acquisition, form part of the same group of companies as the Norwegian Guarantor. In addition, Section 8-10 of the Norwegian Companies Act requires that the credit worthiness of the purchaser is evaluated by the board of directors and that the board of directors grant a declaration to the effect that it will be in the interest of the company to grant the financial assistance and that the company will have sufficient equity and liquidity for doing so and also give an account for the background and terms of such financial assistance. The financial assistance must thereafter be approved by at least two-thirds of both the votes cast and the share capital represented at the general meeting of the Norwegian Guarantor and in accordance with a special procedure where the information is filed with the Norwegian Register of Business Enterprises (No.: *Foretaksregisteret*) before the financial assistance can be granted. The restrictions apply not only to the granting of loans, guarantees and securities, but also to asset distributions and other transfers which are not deemed lawful distributions under the Norwegian Companies Act. The assistance is restricted if made "in connection with" the acquisition of the shares, which may also cover financial assistance after completion of the acquisition, for instance by way of a refinancing of acquisition debt.

A loan, guarantee or security interest infringing the limitations set out in Section 8-7 and Section 8-10 of the Norwegian Companies Act is void and any funds paid out pursuant to such guarantee or security interest will have to be repaid. In addition, loans, securities and guarantees of Guarantors incorporated in Norway may be deemed void for failing to comply with the provisions in Chapter 3 of the Norwegian Companies Act regulating transactions between the company and its shareholders and transactions within the "group."

The principle of corporate benefit also exists in Norway and may in some situations impose a restriction on a Norwegian company's ability to offer credits or a guarantee and provide security to shareholders (or close associates of the shareholders), in addition to the restrictions on financial assistance and upstream/cross-stream guarantees, loans and security described above.

The liability of each Guarantor incorporated in Norway for the Issuers' and the other Guarantors' obligations under the Notes will be limited to €2,055.6 million plus interest, default interest, fees, costs, enforcement costs and expenses under the Notes (or its equivalent in other currencies).

The above limitation shall apply *mutatis mutandis* to any security created by a Guarantor incorporated in Norway under the Collateral and to any guarantee, indemnity and similar obligations resulting in a payment obligation and payment pursuant to the Collateral made by a Guarantor incorporated in Norway.

Foreclosure of Security Interest

Enforcement of security granted pursuant to the Norwegian Financial Securities Act of March 26, 2004 No. 17, implementing the EU Financial Collateral Directive (Directive 2002/47/EC, as amended), must be implemented on commercially reasonable terms pursuant to the mandatory provisions of the Norwegian Financial Securities Act. Enforcement of other Norwegian law security in Norway will be subject to the mandatory provisions of the Norwegian Enforcement Act of June 26, 1992 No. 86.

Under the Norwegian Companies Act, Section 5-2, a shareholder may at any time revoke a power of attorney to exercise voting rights. Accordingly, provisions in a Norwegian law governed share pledge giving the holder of the security power of attorney to vote for the relevant shares may therefore be rendered ineffective against the relevant company whose shares are pledged in the event the pledgor of the relevant shares were to revoke the power of attorney while he remains the registered owner of the shares.

A pledge in future shares is only to be read as an obligation to pledge future shares, and is not a legal and valid pledge in itself. Consequently, a share declaration by the pledgor must be issued and notified to the issuer of the shares, upon issuance of the shares, in order to receive a perfected security interest in such future shares.

Only creditors of a claim may have active judicial standing in a Norwegian court; therefore, a security agent may seek enforcement of a claim but such claim may have to be supported by the actual creditors of such claim. A security agent has standing to be sued in Norway and it is believed that a security agent may enforce any security being subject to the Norwegian Financial Securities Act of March 26, 2004 No. 17 implementing the EU Financial Collateral Directive.

Insolvency

Norwegian insolvency legislation is regulated by the Norwegian Bankruptcy Act of June 8, 1984 No. 58 (the "**Bankruptcy Act**"), which sets out the various procedures to be followed both in case of court administered debt negotiations and bankruptcy proceedings, and the Norwegian Creditors Recovery Act of June 8, 1984 No. 59 (the "**Recovery Act**") containing provisions on, among other things, the priority of claims.

Due to the Covid-19 pandemic, the temporary Norwegian Reconstruction Act of May 7, 2020 No. 38 (the "**Reconstruction Act**"), regulating court administered debt negotiations, has been introduced to replace the provisions regulating the same in the Bankruptcy Act. As of the date of this offering memorandum, the Reconstruction Act shall be in effect until December 31, 2021, and will be repealed and replaced by the provisions in the Bankruptcy Act from January 1, 2022.

The key features of the Norwegian bankruptcy proceedings are (i) the seizure and subsequent disposal of the debtor's assets, (ii) the assessment and ranking of claims, (iii) the testing and revocation of transactions (including security over existing claims) made prior to the bankruptcy proceedings being initiated, (iv) the handling of the debtor's contractual relationships and (v) the distribution of funds (if any) in accordance with the priority rules. If the business operations of the bankrupt company are continued, they are in practice continued at the risk of, and only to the extent guaranteed by, the creditors.

Bankruptcy proceedings may be opened provided that the debtor is insolvent. Both the debtor and the creditors (holding or pretending to hold a claim) can petition for bankruptcy.

There are two requirements for a debtor to be deemed to be insolvent. The debtor must (i) be unable to service its debt as it becomes due (the "cash flow test"), and (ii) be in "deficit" (the company's debts must exceed the sum of its assets and revenues) (the "balance sheet test").

During bankruptcy proceedings the debtor's assets are controlled by the court appointed liquidator (generally a lawyer), on behalf of the bankruptcy estate. The main task of the liquidator is to turn all the debtor's assets into cash in the manner assumed to be most profitable for the bankruptcy estate (the creditors), and then to distribute the available cash to the rightful creditors.

All the debtor's assets will in practice be seized by the bankruptcy estate, and the debtor may not dispose of the seized assets in any way while the bankruptcy proceedings are ongoing. The bankruptcy estate may also seize assets held by third parties, if these assets are acquired from the debtor in an unlawful manner, if the acquisition lacks legal protection, or if the transaction can be reversed according to the Recovery Act. The bankruptcy estate is a separate legal entity, which is authorized to exercise all ownership interests/rights with respect to the seized assets, including but not limited to the realization of assets.

Secured creditors are, in principle, not deemed to be part of the bankruptcy proceedings to the extent the value of the security is sufficient to cover the underlying obligations of the debtor. The secured creditors may, in principle, realize the security and cover their claims, however, keeping in mind that the realization of a number of categories of security the first six months after the opening of a bankruptcy will be subject to the approval of the bankruptcy estate (the same principles apply to official debt negotiations). The bankruptcy estate may, subject to certain conditions being fulfilled, also decide to realize the security and divide the proceeds between the secured creditors and others holding legal rights in the assets.

Any undersecured amount (any amount exceeding the value of the secured assets) will be deemed as an ordinary (unsecured) trade claim.

In a Norwegian bankruptcy, the creditors will be paid according to the following priority:

- Secured claims (valid and perfected security covered up to the value of the secured asset—either after the realization by the secured creditor itself or after realization undertaken by the bankruptcy estate).
- Super priority claims (claims which arise during the bankruptcy proceedings, liquidator's costs, obligations of the bankruptcy estate).
- Salary claims (within certain limitations).
- Tax claims (such as withholding tax and value-added tax within certain limitations).
- Ordinary unsecured claims (all other claims unless subordinated, including unsecured debt, trade creditors and indemnity claims).
- Subordinated claims (including interest incurred after the opening of bankruptcy proceedings, claims subordinated by agreement, liquidated damages and penalty claims).

Pursuant to the Recovery Act, the bankruptcy estate may be entitled to set aside or reverse transactions carried out in the three- up to 12-month period (and in respect of transactions in favor of related parties up to two years) before the opening of the bankruptcy, such as extraordinary payments of certain creditors, security established for old debt and transaction at under-value. The bankruptcy estate may also, under certain circumstances, be entitled to set aside or reverse transactions made in bad faith or negligently which in an improper manner increase the debtor's debt, favor one creditor at the expense of others or deprive the debtor of assets which may otherwise have served to cover the creditors' claims, in which case the time limit for challenges by the estate is increased to 10 years.

It should also be noted that the bankruptcy estate has a statutory first lien of up to five percent of the respective asset's estimated value or sales value over assets mortgaged/pledged by the debtor or mortgaged/pledged by a third party for the debtor's indebtedness (limited however, to the Norwegian Court Fee (presently being in the amount of 1,199 Norwegian kroner) multiplied by 700 for assets registered in an asset register ("*realregister*")). Such statutory lien is not applicable to security granted pursuant to the Norwegian Financial Securities Act of March 26, 2004 No. 17, implementing the EU Financial Collateral Directive, cf. the Norwegian Liens Act of February 8, 1980 No. 2 section 6-4 (9).

Sweden

Insolvency

One Guarantor of the Notes is incorporated under the laws of Sweden (the "**Swedish Guarantor**") and, as such, any insolvency proceedings applicable to such Swedish Guarantor may be governed by Swedish insolvency law. However, pursuant to the Recast EU Insolvency Regulation, where a Swedish company conducts business in more than one member state of the European Union, the jurisdiction of the Swedish courts may be limited if the company's "centre of main interests" is found to be in a member state other than Sweden. There are a number of factors that are taken into account to ascertain the centre of main interests, which should correspond to the place where the company conducts the administration of its interests on a regular basis and which is ascertainable by third parties. The point at which this issue falls to be determined is at the time that the relevant insolvency proceedings are opened.

Priority of certain creditors

As a general principle, under Swedish insolvency law competing claims have equal right to payment in relation to the size of the amount claimed from the debtor's assets. However, according to the Swedish Rights of Priority Act (Sw. *förmånsrättslagen (1970:979)*) some preferential and secured creditors have the benefit of payment before other creditors. There are two types of preferential rights: specific and general preferential rights. Specific preferential rights apply to certain specific property and give the creditor a right to payment from such property. General preferential rights cover all property belonging to the insolvent company's estate in bankruptcy, which is not covered by specific preferential rights, and give the creditor a right to payment from such property. Claims that do not carry any of the above mentioned preferential rights or exceed the value of the security provided for such claim (to the extent of such excess), are non-preferential and are of equal standing as against each other. However, a claim can also be subordinated, for example, if the creditor has entered into an agreement stipulating such subordination. It should be noted that, in the case of bankruptcy, claims in relation to the bankruptcy estate (a legal entity separate from the debtor) due to costs relating to the bankruptcy (including fees payable to the receiver in bankruptcy), may have priority over claims in relation to the debtor.

Limitations on the value of a guarantee or security interest

Certain provisions of the Swedish Companies Act (Sw. *aktiebolagslagen (2005:551)*) may limit a guarantee or security interest provided by a Swedish Guarantor.

According to the Swedish Companies Act, a value transfer from a Swedish limited liability company (a "**Swedish Company**") would be unlawful to the extent (i) the Swedish Company after such transfer would not have sufficient funds to cover its debts and its restricted equity or (ii) to the extent it would not be considered prudent by the Swedish Company to undertake the value transfer after having taken into consideration the equity requirements imposed by the nature, scope and risks relating to the Swedish Company's business or the Swedish Company's need to strengthen its balance sheet, liquidity or financial position. Should the Swedish Company be a parent company, the latter assessment should be made also on group level. The provision of a guarantee or security interest by a Swedish company for a third party's obligation would typically be deemed to constitute a value transfer to the extent the guarantee or security interest is deemed to be made for an obligation, if the obligor in relation to such obligation would be deemed not able to fulfil its obligation to repay the Swedish Company at the time the guarantee or security interest is provided by the Swedish Company.

Furthermore, according to the Swedish Companies Act, a Swedish Company may not, subject to certain exceptions, provide a guarantee or security interest for an obligation of, among other things, its shareholder or a shareholder of another company within the same group of companies. The most important exception in this case would be that the prohibition does not apply to any guarantee or security interest provided for an obligation of another company within the same group of companies where the parent company of the group is domiciled within the EEA.

Finally, the Swedish Companies Act prohibits a Swedish Company from providing a guarantee or security interest for a loan that is provided to facilitate the acquisition of shares in the Swedish Company or any of its parent or fellow subsidiary companies.

All three of the above described provisions of the Swedish Companies Act may under certain conditions limit a guarantee or security interest provided by a Swedish Guarantor, and the guarantees and security interests provided by the Swedish Guarantor has been limited accordingly to ensure compliance with the Swedish Companies Act.

Limitations on the validity of certain transactions

In bankruptcy and company reorganization proceedings, transactions can (in certain circumstances and subject to specific time limits) be reversed and the goods or money can then be returned to the bankruptcy estate or the company subject to company reorganization. Broadly, these transactions include, among others, situations where the debtor has conveyed property fraudulently or preferentially to one creditor to the detriment of its other creditors before the initiation of the relevant insolvency proceedings, created a new security interest, granting a guarantee or security that was either not stipulated at the time when the secured obligation arose, or not perfected without delay after such time and the delay is not considered to be ordinary, or has not been perfected within the statutory time before the bankruptcy or company reorganization proceedings, or paid a debt that is not due or that is considerable compared to the value of the debtor's assets or if the payment is made by using unusual means of payment. In the majority of situations, a claim for recovery can be made concerning actions that were made during the three months preceding the commencement of the relevant insolvency proceedings. In certain situations, longer time limits apply and in others there are no time limits. These include, among others, situations where the other party to an agreement or other arrangement is deemed to be a closely related party to the debtor, such as a subsidiary or parent company.

Security granted in favor of an agent

It is generally possible under Swedish law to grant security interests in favor of an agent acting on behalf of the secured parties. However, it is not established by judicial precedent or otherwise by law that a power of attorney or a mandate of agency, including the appointment of an agent, can be made irrevocable. Therefore, any powers of attorney or mandates of agency can under Swedish law be revoked and will in addition terminate by operation of law and without notice at the bankruptcy or temporal demise of the party giving such powers.

Limitations on enforceability due to the Swedish Reorganization Act

The Swedish Reorganization Act (Sw. *lag (1996:764) om företagsrekonstruktion*) provides companies facing economic difficulty with an opportunity to resolve these difficulties without being declared bankrupt. Corporate reorganization proceedings continue for an initial period of three months from commencement but may under certain conditions be extended for up to one year.

An administrator (Sw. *rekonstruktör*) is appointed by the court and supervises the day-to-day activities and safeguards the interests of creditors. However, the debtor remains in full possession of the business except that, for important decisions such as paying a debt that has fallen due prior to the order of reorganization, granting security for a debt that arose prior to the order, undertaking new obligations or transferring, pledging or granting rights in respect of assets of a substantial value for the business, the consent of the administrator is required. However, the absence of such consent does normally not affect the validity of the transaction (but may jeopardize the reorganization).

The making of an order under the Swedish Reorganization Act does not have the effect of terminating contracts with the debtor and, during the reorganization procedure, the debtor's business activities continue in the normal way. However, the procedure includes a suspension of payments to creditors and the debtor cannot pay a debt that fell due prior to the order without the consent of the administrator and such consent may only be granted should there be exceptional reasons for doing so and any petition for bankruptcy in respect of the debtor will be stayed. A moratorium also applies to execution in respect of a claim or enforcement of security during corporate reorganization proceedings unless the security assets are in the physical possession of the secured creditor or any agent acting on behalf of such creditor, which is the case with a share pledge over the shares in a Swedish limited liability company where the share certificates of such company have been physically delivered to the agent.

The debtor may apply to the court requesting public composition proceedings (*Sw. offentligt ackord*) which means that the amount of a creditor's claim may be reduced. The proposal for a public composition must meet certain requirements such as that a sufficient proportion of the creditors which are allowed to vote, in respect of a sufficient proportion of the outstanding claims vote in favour of such public composition. Creditors with set-off rights and secured creditors will not participate in the composition unless they wholly or partly waive their set-off rights or priority rights. Should the security not cover a secured creditor's full claim, the remaining claim will, however, be part of a composition. A creditors' meeting is convened to vote on the proposed composition. The public composition is binding for all known and unknown creditors that had a right to participate in the public composition proceedings.

Enforcement

Pursuant to the Swedish Bankruptcy Act (Sw. konkurslag (1987:627)), if a Swedish company is unable to rightfully pay its debts as they fall due and such inability is not merely temporary, it is deemed insolvent and can be declared bankrupt following a bankruptcy petition filed with the competent district court (Sw. *tingsrätt*) by the debtor or by a creditor of the debtor.

In the event of bankruptcy (Sw. *konkurs*), the court will appoint a receiver in bankruptcy (Sw. *konkursförvaltare*) who will work in the interest of all creditors with the objective of selling the debtors assets and distribute the proceeds among the creditors. The bankruptcy estate is deemed to constitute a separate legal entity.

The purpose of bankruptcy proceedings is to wind up the company in such a way that the company's creditors receive as high a proportion of their claims as possible. The receiver in bankruptcy is required to safeguard the assets and can decide to continue the business or to close it down, depending on what is best for all creditors. In general, the receiver in bankruptcy is required to sell the assets of the debtor as soon as possible and to distribute the proceeds. In the interim, the receiver will take over the management and control of the company and the company's directors or managing director will no longer be entitled to represent the company or dispose of the company's assets.

When distributing the proceeds, the receiver must follow the mandatory provisions of the Swedish Rights of Priority Act, as amended, which states the order in which creditors have a right to be paid. As a general principle, in bankruptcy proceedings competing claims have equal right to payment in relation to the size of the amount claimed from the debtor's assets. However, preferential or secured creditors have the benefit of payment before other creditors.

A declaration of bankruptcy does not automatically terminate existing contracts; instead, the receiver in bankruptcy may in its discretion choose to have the bankruptcy estate itself step into any such existing contracts. A clause in a contract which provides that the contract is terminated by reason of bankruptcy proceedings or similar is likely to be unenforceable (the bankruptcy estate shall always be given a right to fulfil the company's obligations according to a contract). If the bankruptcy estate steps into the contract and performance by the creditor is due, the creditor may demand that the bankruptcy estate performs its newly assumed obligations as well or, if a grace period has been granted, request that the bankruptcy estate, without unreasonable delay, provides acceptable security for its performance. If performance by the creditor is not due, the creditor may request security where this is necessary in order to protect it against loss. If the bankruptcy estate does not step into the contract within a reasonable time after the creditor's demand or if it does not comply with the creditor's request to provide security, the creditor may terminate the contract.

In case of enforcement outside of bankruptcy, an enforcement process is initiated by the creditor obtaining an enforcement order from the Swedish Enforcement Authority (*Sw. Kronofogdemyndigheten*) or the court. Upon obtaining an enforcement order against a debtor, a creditor may apply to the Swedish Enforcement Authority for enforcement of its claim. If agreed upon between a pledgor and a secured creditor and the secured creditor or its agent is in physical possession of the security assets, the agent may under certain circumstances enforce the pledge without the involvement of the Swedish Enforcement Authority or a court. A provision granting the secured party or its agent such right of enforcement is typically included in any pledge agreement between the pledgor and the secured party or its agent but it should be noted that the secured party or its agent has, in case of such a right of enforcement, extensive obligations to observe the pledgor's interest when enforcing the pledge.

Creation of valid security interests

In order to create a valid security interest under Swedish law, the asset subject to such security interest must generally fulfil the following criteria: (a) there must be an underlying debtor-creditor relationship in respect of the obligations which the security purports to secure; (b) the security provider must grant the security interest, typically in the form of a pledge agreement; (c) the security assets must be sufficiently specified; and (d) an act perfecting the security interest must take place. The method for perfection varies depending on the asset type.

Under Swedish law, in addition to certain actions that must be taken to perfect a security interest by the secured party and the grantor, for any security to be validly created, the grantor must be effectively deprived of its right to control, deal with or dispose of the assets subject to the security interest. Any security interests purported to be created under Swedish law over assets which the security provider may remain in possession of, retain exclusive control over, freely operate or collect, invest and dispose of any income from until the occurrence of an enforcement event would therefore not be effective until an enforcement event has occurred and the security interests have been perfected. Security interests that are subject to such delayed perfection stand the risk of being subject to clawback claims whereby the

security interest might be held invalid and unenforceable. Thus, a security provider must be effectively deprived of its right to control, deal with or dispose of the secured assets, and arrangements providing for the release of a security interest over an asset in connection with the disposal thereof or upon the occurrence of other circumstances would be at risk of impairing the validity of the security.

In the case of a pledge over shares, the perfection of the pledge is achieved by transferring the share certificates to the possession of the pledgee.

The right to future shares and dividends can be pledged. As set out above, any security purported to be created over, *inter alia*, (i) future shares before such shares are issued and/or (ii) dividends after a certain triggering event, will not be perfected from the outset and may as such be vulnerable under applicable provisions of Swedish law of being set aside as a preference in any Swedish insolvency proceeding affecting the security provider.

Trust

Currently, Swedish law does not contain any provisions for trusts to be formed and trustees to be appointed. While Swedish law does not know the concept of trust, it is generally believed that a trustee that has been appointed under foreign law, provided that a trustee is capable of being appointed under the laws governing such appointment, will be recognised and acknowledged in Sweden and that such an appointed trustee may be able to claim and enforce or procure the enforcement of the rights of the beneficiaries under the trust, subject to the terms of the relevant documents.

Parallel Debt

The concept of parallel debt arrangements is not generally recognised under Swedish law and any agreement or document may not be enforceable to the extent it purports to effect such arrangements.

Switzerland

Limitations on guarantees and securities provided by the Swiss Guarantors

One of the Guarantors is incorporated in Switzerland (the "**Swiss Guarantor**").

The validity or enforceability of a security interest granted or a guarantee issued by a Swiss Guarantor may be limited by applicable debt collection and bankruptcy laws, insolvency, re-organization, corporate, tax, contract or similar laws, regulations or defenses affecting creditors and secured parties in general (including provisions relating to fraudulent transfer, voidable preference, corporate purpose, financial assistance, capital maintenance and solvency) or laws or principles of general application (including the abuse of rights (*Rechtsmissbrauch*) and the principle of good faith *(Grundsatz von Treu und Glauben*) and public policy.

In particular, Swiss rules regarding capital maintenance, including but not limited to Articles 671(1) to (4), 675(2) and 680(2) of the Swiss Code of Obligations, prohibit the direct or indirect repayment of a Swiss corporation's share capital and legal reserves to its shareholders and restrict the distribution of a Swiss corporation's accrued earnings to its shareholders. Guarantees, share pledges, assignments for security purposes and any other collateral granted by a Swiss corporation in order to guarantee or secure liabilities of a direct or indirect parent or sister company as well as any other undertaking contained in any agreement having the same or a similar effect, such as, but not limited to, the waiver of set off or subrogation rights or the subordination of intra-group claims may be considered as an indirect distribution of assets which are subject to the limitation provided by Swiss law to protect the share capital and legal reserves of Swiss corporation. Similar rules apply in case the guarantee or collateral is granted by a Swiss limited liability company (*GmbH*). Therefore, it is standard market practice for indenture agreements, credit agreements, guarantees and security documents to contain so-called "limitation language" in relation to Swiss subsidiaries essentially providing for that if and to the extent a Swiss Guarantor becomes liable under the relevant agreement for obligations of any direct or indirect shareholder or subsidiary of such shareholder (other than direct or indirect subsidiaries of such Swiss Guarantor (the "**Restricted Obligations**") and if complying with such obligations would constitute a repayment of capital (*Einlagerückgewähr*), a violation of the legally protected reserves (*gesetzlich geschützte Reserven*) or the payment of a (constructive) dividend (*Gewinnausschüttung*) by such Swiss Guarantor or would otherwise be restricted under Swiss law and practice then applicable, such Swiss Guarantor's aggregate liability for Restricted Obligations shall not exceed the amount of the Swiss Guarantor's freely disposable equity (*frei verfügbares Eigenkapital*) at the time it becomes liable in accordance with Swiss law, and providing for that if the secured/guaranteed obligations are "Restricted Obligations", then any obligation to gross-up for tax (such as, in particular, Swiss withholding tax of currently 35% on a deemed dividend distribution or of a lower tax rate resulting from a refund procedure applicable under a double-taxation treaty)

triggered by the enforcement of the security interest/guarantee would equally be limited under the context of "Restricted Obligations" as described above. The Restricted Obligations are only valid if approved by the general meeting at the time of enforcement in accordance with the rules applicable to the distribution of dividend. There are restrictions for companies that have obtained a COVID-19 credit, including the prohibition, amongst other things, of distribution of dividend as long as such credit has not been repaid or terminated. As a result, the creditors to be secured by any Restricted Obligations should take into account that the actual value of such Restricted Obligations may be very limited. This shall in particular be relevant for the purpose of the Guarantee (or any other security) to be granted by a Swiss Guarantor for the benefits of the holders of the relevant Notes.

Insolvency

In the event of insolvency, insolvency proceedings relating to the Swiss Guarantor's Guarantee and any security interests provided by such Swiss Guarantor would likely be subject to Swiss insolvency law. Swiss insolvency law may not be as favorable to your interests as creditors as the laws of the United States or other jurisdictions with which you may be familiar. The following is a brief description of certain aspects of insolvency law in Switzerland. In the event that the Issuers or the Parent or any of its Swiss subsidiaries experienced financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings. Pursuant to Swiss insolvency laws, your ability to receive payment under the relevant Notes may be more limited that would be the case under U.S. or other non-Swiss insolvency laws. Under Swiss law, there are two primary insolvency regimes, the bankruptcy procedure (*Konkurs*) and the composition procedure (*Nachlassvertrag*) (altogether referred to as insolvency proceedings) that may be opened against an entity having it registered offices or assets in Switzerland.

In the event of a Swiss entity's insolvency, the respective insolvency proceedings would be governed by Swiss law as a result of such Swiss entity's offices being registered in the competent commercial register in Switzerland. In addition, Swiss debt enforcement and insolvency laws may be applicable in case of an enforcement of security interests over assets of a foreign entity located in Switzerland. The enforcement of claims and questions relating to insolvency and bankruptcy in general are dealt with by the Swiss Federal Act on Debt Enforcement and Bankruptcy, as amended from time to time. Under these rules, claims that are pursued against a Swiss entity can lead to the opening of bankruptcy (*Konkurs*) and, hence, a general liquidation of all assets, even if located outside Switzerland, and liabilities of the debtor. However, with regard to assets located outside Switzerland, a Swiss bankruptcy decree is enforceable only if it is recognized at the place where such assets are located. Creditors secured by a pledge must generally initiate enforcement proceedings pursuant to the Swiss Federal Act on Debt Enforcement and Bankruptcy except in the event that (i) the parties have agreed on a private enforcement; or (ii) the security provider has been adjudicated bankrupt. A private enforcement is subject to certain requirements (including notification and pricing requirement) and is generally to be made in accordance with the principles of good faith, adequately taking into account the interests of the security provider. If the security provider has been adjudicated bankrupt, secured creditors participate in the bankruptcy proceedings with the other creditors and a private enforcement is no longer permitted. Certain particular rules apply to security interests created over intermediated securities pursuant to the Swiss Federal Intermediated Securities Act.

As a rule, the opening of bankruptcy by the competent court needs to be preceded by a prior debt enforcement procedure which involves, *inter alia*, the issuance of a payment summons by local debt enforcement authorities (*Betreibungsamt*). However, the competent court may also declare a debtor bankrupt without such prior proceedings if the following requirements are met: (i) at the request of the debtor, if the debtor's board of directors or the auditors of the company (in case of failure of the board of directors) declare that the debtor is overindebted (*überschuldet*) within the meaning of art. 725 (2) of the Swiss Code of Obligations (or the corresponding provision of the Swiss Code of Obligations in case of a limited liability company (*GmbH*)) or if it declares to be insolvent (*zahlungsunfähig*), and (ii) at the request of a creditor, if the debtor commits certain acts to the detriment of its creditors or ceases to make payments (*Zahlungseinstellung*) or if certain events happen during composition proceedings. The bankruptcy proceedings are carried out and the bankrupt estate is managed by the receiver in bankruptcy (*Konkursverwaltung*) which will draw up an inventory of the assets and, further to a creditor's call for the filling of claims, establish a schedule of claims (*Kollakationsplan*).

All assets at the time of the declaration of bankruptcy and all assets acquired or received subsequently form the bankrupt estate which, after deduction of costs and certain other expenses, is used to satisfy the creditors. However, in respect of assets located abroad, the Swiss authorities do not have jurisdiction to collect such assets for the purpose of including them in the Swiss bankruptcy estate of the debtor. It is therefore the foreign law applicable at the place where the assets are located abroad, or treaties between Switzerland and the state in which such assets are located, that will determine whether and to what extent the foreign authorities can assist in the collection of these assets. Assets of the bankrupt estate over which a pledge was created in favor of a creditor before the declaration of bankruptcy are included in the bankrupt estate. The pledgee is under an obligation to remit the pledged assets to the bankrupt estate. The assets are

liquidated by the receiver in bankruptcy in the same manner as the other assets of the bankrupt estate, but the creditor secured by the pledge retains its privilege to be satisfied from the proceeds of the liquidation of the assets pledged to it with priority over the unsecured creditors. Final distribution of non-secured claims is based on a ranking of creditors in three classes. The first and the second class, which are privileged, comprise claims under employment contracts, accident insurance, pension plans and family law. Certain privileges can also be claimed by the government and its subdivisions based on specific provisions of Swiss Federal law. All other creditors are treated equally in the third class. A secured party participates in the third class to the extent its claim is not covered by its collateral.

Any creditor wishing to contest the schedule of claims because his claim has been entirely or partially rejected by the receiver in bankruptcy or not allocated in the rank requested must bring an action against the estate before the competent court. If any creditor wishes to contest the admission of another creditor to the schedule of claims or the allocated rank, he must bring an action against such creditor. Such court proceedings could cause the holders of the relevant Notes to recover less than the principal amount of their notes or less than they could recover in a United States liquidation. Such proceedings could also cause payment to the holders of the relevant Notes to be delayed, as compared with holders of undisputed claims.

With the opening of bankruptcy proceedings, interest ceases to accrue against the debtor. However, interest on claims secured by pledges continues to accrue until the realization of the pledge, provided the proceeds exceed the amount of the claim and the interest which had accrued by the date of the opening of bankruptcy proceedings.

Swiss insolvency laws also provide for reorganization procedures by composition with the debtor's creditors. Reorganization is initiated by a request with the competent court for a stay (*Nachlassstundung*) pending negotiation of the composition agreement with the creditors and confirmation of such agreement by the competent court. A distinction is made between a composition agreement providing for the assignment of assets (*Nachlassvertrag mit Vermögensabtretung*) which leads to a private enforcement and in many instances has analogous effects as a bankruptcy, and a dividend composition (*Dividenden-Vergleich*) providing for the payment of a certain percentage on the creditors' claims and the continuation of the debtor. Further, there is the possibility of a composition in the form of a mere payment term extension (*Stundungsvergleich*). During a moratorium, debt collection proceedings cannot be initiated and pending proceedings are stayed. Furthermore, the debtor's power to dispose of its assets and to manage its affairs is restricted. In case of a pledge, the secured party is not entitled to proceed with a private enforcement until the confirmation of the settlement by the competent court. A secured creditor participates in the settlement only for the amount of its claim not covered by the collateral. The moratorium does not affect the agreed due dates of debts (contrary to bankruptcy, in which case all debts become immediately due upon adjudication). The moratorium aims at facilitating the conclusion of one of the above composition agreements. Any composition agreement needs to be approved by the creditors and confirmed by the competent court. With the judicial confirmation, the composition agreement becomes binding on all creditors, whereby secured claims are only subject to the composition agreement to the extent that the collateral proves to be insufficient to cover the secured claims.

Foreign bankruptcy decrees issued in the country of a debtor's domicile may be recognized in Switzerland only, *provided* that (i) the bankruptcy decree is enforceable in the country where it was issued, (ii) its recognition is, *inter alia*, not against Swiss public policy, and (iii) the bankruptcy decree was issued (a) in the state of the debtor's domicile or (b) in the state where the center of the debtor's main interests are located, provided that the debtor was not domiciled in Switzerland when the foreign bankruptcy proceedings were initiated.

Security in the form of pledge

Under Swiss law, a valid pledge only arises if the pledgor loses the exclusive possession over the pledged assets (which includes the delivery of the share certificates representing all shares in the Swiss Guarantor whose share are pledged). Until a pledgor loses exclusive control over the assets purported to be pledged under a Swiss pledge agreement, a third party may acquire preferential property rights over such assets, including a right of pledge.

The undertaking to pledge assets which is granted by the Swiss Guarantor is a way that is being used in practice in Switzerland whereby an undertaking to pledge is entered into initially and the pledge is perfected at a later stage if certain events occur. One should also be aware that the pledge to be created under the undertaking to pledge upon the occurrence of certain events may be challenged under Swiss avoidance rules

Under Swiss conflict of law rules, although Swiss law permits a choice of law with respect to a pledge of shares or an assignment of bank accounts, such choice of law may not be opposable to third parties.

A sale or transfer of shares in the Swiss Guarantor in the context of the realization of the share pledge agreement concerning such shares may be subject to Swiss transfer stamp duty if a Swiss securities dealer, as defined in the Swiss stamp tax act, is involved in the transaction as party or intermediary.

Under Swiss law, pledges are accessory to the obligations they secure and, therefore, pledges may only be constituted for the benefit of the creditors of the secured obligations. Any pledge governed by Swiss law to secure claims of the holders of the Senior Secured Notes under the Senior Secured Notes Indenture should therefore be constituted for the benefit of the holders of the Notes acting as pledgees (being represented for the purposes thereof by the Security Agent acting in its capacity as security agent for itself and as direct representative (*direkter Stellvertreter*) in the name and for the account of each other pledgees). Because any such pledge is likely to be constituted for the benefit of the Security Agent acting as a fiduciary (*Treuhänder*) in its own name but for the benefit of the holders of the Senior Secured Notes (but not as a direct representative (*direkter Stellvertreter*) acting in its own name and in the name and for the account of each other Secured Party), there is a risk regarding the enforceability of such pledge granted in favor of the holders of the Senior Secured Notes. In order to mitigate these risks and in order to give the Security Agent as much flexibility as possible, the Intercreditor Agreement provides for the creation of a parallel debt structure, whereby the pledge would not directly secure the claims of the holders of the Senior Secured Notes but an independent claim of the Security Agent stated to be at all times equal to the outstanding claims of the holders of the Senior Secured Notes, under in particular, the Senior Secured Notes and the Senior Secured Notes Indenture. Under this structure the holders of the Senior Secured Notes will bear some risks associated with a possible insolvency or bankruptcy of the Security Agent. There are no published court decisions confirming the validity of the parallel debt structure and hence it is uncertain whether such structure would be valid and enforceable under Swiss law as it could be viewed as a circumvention of the accessory nature of the pledge.

Avoidance

Certain arrangements or dispositions that are made during a certain period (the "suspect period") preceding the declaration of bankruptcy or the confirmation of a composition agreement with assignment of assets (*Nachlassvertrag mit Vermögensabtretung*) may be challenged by the receiver in bankruptcy (*Konkursverwaltung*) and certain creditors under the applicable rules of avoidance. The avoidance may relate to (i) gifts, gratuitous transactions and transactions pursuant to which the debtor received consideration which was disproportionate to its own performance made in the suspect period of 12 months prior to being declared bankrupt or the confirmation of a composition agreement with assignment of assets (*Nachlassvertrag mit Vermögensabtretung*), (ii) certain acts of a debtor (e.g. repayment of a debt which has not yet fallen due, settlement of a debt by unusual means of payment, granting of a collateral for previously unsecured liabilities without previously being obliged to do so) in the suspect period of 12 months prior to being declared bankrupt or the confirmation of a composition agreement with assignment of assets (*Nachlassvertrag mit Vermögensabtretung*) if the debtor at that time was overindebted, and (iii) dispositions made by the debtor within a suspect period of five years prior to being declared bankrupt or the confirmation of a composition agreement with assignment of assets (*Nachlassvertrag mit Vermögensabtretung*) with the intent, identifiable by the other party, to disadvantage its creditors or to prefer certain of its creditors to the detriment of other creditors. In case of avoidance action regarding a disposition in favor of an affiliated person, including a group company, the favored person bears the burden of proof that the intent of disadvantaging the creditors was not identifiable. The transactions potentially subject to avoidance also include those contemplated by a Swiss entity's guarantee of the relevant Notes or the granting of security interests under the Security Documents by a Swiss entity. If they are challenged successfully, the rights granted by a Swiss entity under the guarantee of the relevant Notes or in connection with security interests under the Security Documents may become unenforceable and any amounts received must be refunded to the bankrupt estate. The creditors (such as the holder of the relevant Notes) who have restituted the avoided amount paid to them regain their original claims against the Swiss Guarantor and are entitled to list their claims in the schedule of claims in their respective rank and priority. The Swiss principles on avoidance may therefore limit the holders of the relevant Notes' ability to recover payments due under the Guarantees or security interest.

United States

Fraudulent Transfer

Under the U.S. Bankruptcy Code or comparable provisions of state fraudulent transfer or fraudulent conveyance laws, the incurrence of the obligations under the Notes, the issuance of the guarantees and the grant of security, whether now or in the future, by the Issuers and the Guarantors (together, the "**Obligors**") could be avoided, if, among other things, at the time the Obligors incurred the obligations, issued the related guarantee or gave the security, the Obligors intended to hinder, delay or defraud any present or future creditor; or received less than reasonably equivalent value or fair consideration for the incurrence of such indebtedness or the grant of such security and either:

- were insolvent or rendered insolvent by reason of such incurrence or grant of security;
- were engaged in a business or transaction for which the Obligors' remaining assets constituted unreasonably small capital; or
- intended to incur, or believed that they would incur, debts beyond their ability to pay such debts as they mature.

Preference

Any future grant of security interest with regard to the Senior Secured Notes Collateral in favor of the Senior Secured Notes, including pursuant to security documents delivered after the date of the Senior Secured Indenture, might be avoidable in a U.S. bankruptcy case by the grantor (as debtor-in-possession) or by its bankruptcy trustee as a preference if certain events or circumstances exist or occur, including, among others, if the grantor is insolvent at the time of the grant, the security interest permits the holders of the Senior Secured Notes to receive a greater recovery than if the bankruptcy case were a case under chapter 7 of the Bankruptcy Code and the security had not been given and a bankruptcy case in respect of the grantor is commenced within 90 days following the grant, or in certain circumstances, a longer period.

The Automatic Stay

The right of a holder of the Senior Secured Notes to enforce its security interests against the Obligors upon the occurrence of an event of default under the Senior Secured Notes Indenture is likely to be significantly impaired by applicable U.S. bankruptcy law if one or more of the Obligors became a debtor in a case under the U.S. Bankruptcy Code before such security interest was enforced. Upon the commencement of a case under the U.S. Bankruptcy Code, a secured creditor such as a holder of Senior Secured Notes is prohibited by the automatic stay imposed by the U.S. Bankruptcy Code from taking any act to obtain possession of or exercise control over, property of the bankruptcy estate. The automatic stay in a bankruptcy case of one or more of the Obligors could therefore prevent the holders of the Notes from obtaining possession or exercising control over the Collateral or commencing any action in an attempt to obtain possession or exercise control over the Collateral the automatic stay could be lifted or modified with bankruptcy court approval in certain circumstances, but parties may object to any creditor request to lift or modify the automatic stay, and the bankruptcy court deny such a request.

Right of Debtor-In-Possession to Remain In Control of Collateral and the Bankruptcy Process

An entity that becomes a debtor under chapter 11 of the U.S. Bankruptcy Code remains in possession of its property and is authorized to operate and manage its business as a "debtor-in-possession," subject to certain limitations. This remains the case unless a chapter 11 trustee is appointed or the chapter 11 case is converted to a chapter 7 liquidation under the U.S. Bankruptcy Code.

Moreover, the U.S. Bankruptcy Code permits the debtor to continue to retain and use collateral even though the debtor is in default under the applicable debt instruments, *provided* that the secured creditor is given "adequate protection" of its interest in the debtor's property. The term "adequate protection" is not defined in the U.S. Bankruptcy Code, but it may include making periodic cash payments, providing an additional or replacement lien or granting other relief, in each case to the extent that the collateral decreases in value during the pendency of the bankruptcy case as a result of, among other things, the use, sale or lease of such collateral or the imposition of the automatic stay.

The type of adequate protection provided to a secured creditor may vary according to circumstances. A U.S. bankruptcy court may determine that a secured creditor is not entitled to additional adequate protection for a diminution in the value of its collateral if the value of the collateral exceeds the amount of the debt that it secures.

Only the debtor in a chapter 11 bankruptcy case may propose a chapter 11 plan unless the debtor fails to file a plan within the first 120 days of the case or fails to solicit sufficient acceptances of its plan within the first 180 days of the case. The bankruptcy court may reduce or enlarge these periods. The 120-day period could be extended for up to 18 months after a chapter 11 filing, while the 180-day period could be extended for up to 20 months after a chapter 11 filing. During these "exclusive periods," other parties such as secured creditors would be precluded from proposing or soliciting acceptances of their own chapter 11 plans.

In view of the automatic stay, the lack of a precise definition of the term "adequate protection," the exclusive periods, and the broad discretionary power of a U.S. bankruptcy court, it is impossible to predict:

- whether or when a holder of the Notes could enforce its security interests;
- the value of the collateral at the time of the bankruptcy petition or at the time a chapter 11 plan is proposed or confirmed; or
- whether or to what extent holders of the Notes would be compensated for any delay in payment or loss of value of the collateral through the requirement of "adequate protection."

A Debtor-In-Possession May Obtain New Credit Secured By a Lien That is Senior or Equal to Existing Liens

The U.S. Bankruptcy Code permits a debtor-in-possession or trustee in a chapter 11 case to obtain an extension of new credit from an existing lender or from a new lender. The bankruptcy court may, depending on the facts and circumstances, authorize the debtor-in-possession or trustee to obtain new credit or incur new debt that is secured by a lien that is senior or equal to existing liens. In other words, it is possible that in connection with a chapter 11 case of one or more of the Obligors, such Obligor or Obligors would be permitted to incur new debt that is secured by a lien that is senior or equal to the liens that exist at the time of the chapter 11 filing.

Ability to Confirm a Chapter 11 Plan Notwithstanding the Dissenting Votes of Creditors

Under the U.S. Bankruptcy Code, a chapter 11 plan can be imposed on a creditor or equityholder (or class of creditors or equityholders) that does not accept the plan. A chapter 11 plan provides for the comprehensive treatment of all claims asserted against the debtor and its property, and may provide for the readjustment or extinguishment of equity interests. Claims and interests may be classified by type. Only those classes of claims and interests impaired by the plan may vote to accept or reject such plan. Classes of claims and interests that are unimpaired are not entitled to vote on the plan, and are deemed to accept it. Classes of claims and interest that receive no distributions under the plan are not entitled to vote on the plan, and are deemed to reject it.

A class of claims is deemed to accept the plan if more than one-half in number of claims holders and two-thirds in claims amount in that class vote in favor of the plan. A plan can be confirmed by the bankruptcy court over the dissenting votes of members of a class that accepts the plan overall. Furthermore, even if one or more impaired classes reject the plan, it may still be confirmed, subject to specific statutory requirements, in accordance with the "cram-down" provisions of the U.S. Bankruptcy Code, so long as the plan does not discriminate unfairly, and is fair and equitable, with respect to each class of claims or interests that is impaired under, and has not accepted, the plan. This could allow the debtor or other plan proponent to confirm its plan over the objection of one or more dissenting classes.

CERTAIN TAX CONSIDERATIONS

PROSPECTIVE PURCHASERS OF THE NOTES ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE NOTES, INCLUDING THE EFFECT OF ANY STATE OR LOCAL TAXES UNDER THE TAX LAWS IN THE JURISDICTION IN WHICH THEYARE RESIDENT, IN WHICH THEY HAVE THEIR STATUTORY SEAT OR THE SEAT OF THEIR MANAGEMENT, AND EACH COUNTRY IN WHICH THEY ARE RESIDENTS OR WHOSE TAX LAWS APPLY TO THEM FOR OTHER REASONS.

U.S. Federal Income Tax Considerations

The following discussion is a summary based on present law of the material U.S. federal income tax considerations relevant to the purchase, ownership and disposition of the Notes. This discussion addresses only U.S. Holders (as defined below) who purchase the Notes in the original issuance at the "issue price" (generally, the first price at which a substantial amount of the applicable series of Notes is sold to the public for cash), hold the Notes as capital assets and use the U.S. dollar as their functional currency. This summary does not address the tax consequences to subsequent purchasers of the Notes.

This discussion is not a complete description of all U.S. federal income tax considerations relating to the Notes. It does not address the tax treatment of prospective purchasers subject to special rules, such as banks, dealers, traders that elect to mark to market, insurance companies, real estate investment trusts, regulated investment companies, grantor trusts, investors liable for the alternative minimum tax, U.S. expatriates, accrual method taxpayers who are required to recognize income for U.S. federal income tax purposes no later than when such income is taken into account for financial accounting purposes, tax-exempt entities or persons holding the Notes as part of a hedge, straddle, conversion or other integrated financial transaction. This summary does not discuss any tax consequences arising under U.S. federal estate and gift tax laws or the laws of any state, local, non-U.S. or other taxing jurisdiction.

YOU ARE URGED TO CONSULT YOUR OWN TAX ADVISOR ABOUT THE U.S. FEDERAL, STATE AND LOCAL INCOME TAX CONSEQUENCES TO YOU OF PURCHASING, HOLDING AND DISPOSING OF THE NOTES, AS WELL AS THE CONSEQUENCES TO YOU ARISING UNDER THE LAWS OF ANY OTHER TAXING JURISDICTION OR DUE TO CHANGES IN TAX LAW.

For purposes of this discussion, a "**U.S. Holder**" is a beneficial owner that is, for purposes of U.S. federal income taxation, (i) a citizen or resident alien of the United States, (ii) a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States or its political subdivisions, (iii) a trust that (a) is subject to the primary supervision of a court within the United States and one or more U.S. persons have the authority to control all substantial decisions of the trust or (b) has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a U.S. person or (iv) an estate, the income of which is subject to U.S. federal income taxation regardless of its source.

If a an entity or arrangement treated as a partnership for U.S. federal income tax purposes acquires or holds the Notes, the tax treatment of a partner generally will depend upon the status of the partner and the activities of the partnership. A partner or partnership that acquires or holds the Notes should consult its own tax advisors.

This summary is based on the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), U.S. Treasury Regulations promulgated thereunder, rulings and judicial decisions all as of the date hereof, which are subject to change (possibly with retroactive effect), so as to result in U.S. federal income tax consequences different from those summarized below. No rulings from the U.S. Internal Revenue Service ("**IRS**") have been or will be sought with respect to the matters discussed below. There can be no assurance that the IRS will not take a different position concerning the tax consequences of the purchase, ownership or disposition of the Notes and that any such position would not be sustained.

Characterization of the Notes

In certain circumstances we may be obligated to make payments on the Notes in excess of stated principal and interest. These potential payments may implicate provisions of the U.S. Treasury Regulations relating to "contingent payment debt instruments." Although the issue is not free from doubt, we intend to take the position that the foregoing contingencies should not cause the Notes to be treated as contingent payment debt instruments. Assuming such position is respected, a U.S. Holder would be required to include in income the amount of any such additional payments at the time such payments are received or accrued in accordance with such U.S. Holder's method of accounting for U.S. federal

income tax purposes. Our determination that the possibility of such additional payments does not result in the notes being treated as contingent payment debt instruments is binding on a holder, unless such holder explicitly discloses to the IRS on its tax return for the year during which it acquires the Notes that it is taking a different position. If the IRS takes a contrary position to that described above, then the Notes may be treated as contingent payment debt instruments. In that case, regardless of a holder's regular method of accounting for U.S. federal income tax purposes, a holder subject to U.S. federal income taxation may be required to accrue ordinary interest income on the Notes at a rate in excess of their yield to maturity, and to treat any gain realized on the sale, redemption or other taxable disposition of the Notes as ordinary income rather than capital gain. You are urged to consult your own tax advisors regarding the tax consequences of the Notes being treated as contingent payment debt instruments. The remainder of this discussion assumes that the Notes will not be treated as contingent payment debt instruments for U.S. federal income tax purposes.

Stated Interest

Stated interest paid on the Notes generally will be taxable to you as ordinary income at the time the interest accrues or is received, in accordance with your regular method of accounting for U.S. federal income tax purposes. Interest generally will be income from sources outside the United States and, for purposes of the U.S. foreign tax credit, generally will be considered "passive category income."

If you use the cash basis method of accounting and you receive stated interest payments in euro, as you would as a holder of any Euro Senior Secured Notes or Euro Senior Notes, you will be required to include in income the U.S. dollar value of the amount received, determined by translating the euros received at the "spot rate" in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars. You will not recognize exchange gain or loss with respect to the receipt of such payment of stated interest.

If you use the accrual method of accounting and you receive stated interest payments in euro, you may determine the amount of income recognized with respect to such interest in accordance with either of two methods. Under the first method, you will be required to include in income for each taxable year the U.S. dollar value of the stated interest that has accrued during such year, determined by translating such interest at the average rate of exchange for the period during which such interest accrued, or, in the case of an accrual period that spans two taxable years, at the average rate for the partial period within your taxable year. Under the second method, you may elect to translate stated interest income at the spot rate on (i) the last day of the accrual period, (ii) the last day of the taxable year if the accrual period straddles your taxable year or (iii) the date the stated interest payment is received if such date is within five days of the end of the accrual period. Such election must be applied consistently to all debt instruments from year to year and cannot be changed without the consent of the IRS. In addition, upon receipt of a stated interest payment in euros (including amounts received upon the sale, redemption or other taxable disposition of a Note attributable to accrued interest previously included in income), you will recognize exchange gain or loss, generally treated as U.S. source ordinary income or loss (and not as an adjustment to interest income or expense), in an amount equal to the difference, if any, between the U.S. dollar value of such payment (determined by translating the euros received at the spot rate in effect on the date of receipt) and the U.S. dollar value of the stated interest income that you previously included in income with respect to such payment, regardless of whether the payment is actually converted into U.S. dollars.

Disposition

You generally will recognize gain or loss on a sale, redemption or other taxable disposition of a Note in an amount equal to the difference between the amount realized (less any accrued but unpaid stated interest, which if not previously included in income is taxed as interest income) and your adjusted tax basis in the Note. Your adjusted tax basis in a Note generally will be the U.S. dollar cost for the Note decreased by any payments on the Note other than stated interest previously received. If you purchased a Note with euros, your cost generally will be the U.S. dollar value of the euros paid for such Note determined at the spot rate on the date of such purchase (or on the settlement date of the purchase, in the case of an electing accrual basis taxpayer if the Note is traded on an established securities market or a cash basis taxpayer). If your Note is sold, redeemed or otherwise disposed of in a taxable transaction for euros, then your amount realized generally will be the U.S. dollar value of any euros received based on the spot rate in effect on the date of such sale, redemption or other taxable disposition (or on the settlement date of the sale or other disposition, in the case of an electing accrual basis taxpayer if the Note is traded on an established securities market or a cash basis taxpayer). If you use the accrual method of accounting and have not elected to translate euro amounts at the spot rate of exchange on the settlement date, upon receipt of a payment in euros, you may recognize exchange gain or loss (taxable as ordinary income or loss) equal to the difference (if any) between the U.S. dollar value of the amount received based on the spot rate in effect on the date of sale, redemption or other taxable disposition and spot rate in effect on the settlement date.

Subject to the foreign currency rules discussed below, your gain or loss on disposition of a Note generally will be U.S. source capital gain or loss and will be long-term capital gain or loss if you have held the Note for more than one

year at the time of disposition. A non-corporate U.S. Holder generally will be eligible for reduced rates of taxation on any long-term capital gain recognized. Deductions for capital losses are subject to limitations.

If you hold a Euro Senior Secured Note or a Euro Senior Note, a portion of your gain or loss may be treated as exchange gain or loss. Such exchange gain or loss will be treated as ordinary income or loss and generally will be U.S. source gain or loss. For these purposes, the principal amount of the Notes is your purchase price for the Note in euros on the date of purchase, and the amount of exchange gain or loss recognized is equal to the difference between the (i) U.S. dollar value of the principal amount determined on the date of the sale, redemption or other taxable disposition of the Note (or on the settlement date, if you are an electing accrual basis taxpayer and the Note is traded on an established securities market or if you are a cash basis taxpayer) and (ii) U.S. dollar value of the principal amount determined on the date you purchased the Note. The amount of exchange gain or loss with respect to the principal and with respect to accrued and unpaid stated interest will be limited to the amount of overall gain or loss realized on the disposition of the Note. In certain circumstances, U.S. Treasury Regulations require foreign exchange losses in excess of a threshold amount to be reported to the IRS. If you hold a Euro Senior Secured Note or a Euro Senior Note, you should consult your tax advisors to determine the tax return obligations, if any, with respect to an investment in the Note, including any requirement to file IRS Form 8886.

Exchange of Foreign Currency

On a sale, redemption or other taxable disposition of foreign currency, you generally will recognize gain or loss in an amount equal to the difference between (i) the amount of U.S. dollars, or the fair market value in U.S. dollars of other property, received by you in the disposition and (ii) your tax basis in the foreign currency. Any such gain or loss will be ordinary income or loss and will not be treated as interest income or expense, except to the extent provided by administrative pronouncements of the IRS. Foreign currency received as interest on a Note or on the sale, redemption or other taxable disposition of a Note will have a tax basis equal to its U.S. dollar value at the time the foreign currency is received. Foreign currency that is purchased will generally have a tax basis equal to the U.S. dollar value of the foreign currency on the date of purchase.

Information Reporting and Backup Withholding

Payments of interest and proceeds from the sale, redemption or other taxable disposition of a Note may be subject to U.S. information reporting to the IRS unless you establish a basis for exemption. Backup withholding may apply to amounts subject to reporting if you fail to provide an accurate taxpayer identification number and otherwise comply with applicable backup withholding rules. Backup withholding is not an additional tax. You generally can claim a credit against your U.S. federal income tax liability for the amount of any backup withholding and a refund of any excess, provided that the required information is timely furnished to the IRS.

Information with Respect to Foreign Financial Assets

Individuals that own "specified foreign financial assets" with an aggregate value in excess of $50,000 on the last day of the tax year or $75,000 at any time during the tax year are generally required to file information reports with respect to such assets with their U.S. federal income tax returns. Depending on the individual's circumstances, higher threshold amounts may apply. "Specified foreign financial assets" include any financial accounts maintained by foreign financial institutions, as well as any of the following, but only if they are not held in accounts maintained by financial institutions: (i) stocks and securities issued by non-U.S. persons, (ii) financial instruments and contracts held for investment that have non-U.S. issuers or counterparties and (iii) interests in non-U.S. entities. The Notes may be treated as specified foreign financial assets. You may be subject to this information reporting regime and required to file IRS Form 8938 listing these assets with your U.S. federal income tax return. Failure to file information reports may subject you to penalties. You are urged to consult your own tax advisor regarding your obligations to file information reports with respect to the Notes.

Additional Tax on Net Investment Income

The "net investment income" (or undistributed "net investment income," in the case of a trust or estate) of certain U.S. Holders that are individuals, trusts or estates and that have modified adjusted gross income (or adjusted gross income, in the case of a trust or estate) above a certain threshold (which in the case of an individual is between $125,000 and $250,000, depending on the individual's circumstances) is subject to a 3.8% tax, in addition to otherwise applicable U.S. federal income tax. A U.S. Holder's "net investment income" generally includes, among other things, interest income on and capital gain from the disposition of securities like the Notes, subject to certain exceptions. If you are a

U.S. Holder that is an individual, estate or trust, you are urged to consult your own tax advisor regarding the applicability of this tax to your investment in the Notes.

The above description is not intended to constitute a complete analysis of all tax consequences relating to the ownership of the Notes. Prospective purchasers of the Notes should consult their own tax advisors concerning the tax consequences of their particular situations.

United Kingdom Tax Considerations

The following is a general description of certain U.K. tax consequences of acquiring, holding and disposing of the Notes and is based on the Issuer's understanding of current U.K. law and HM Revenue & Customs ("**HMRC**") practice as at the date hereof, both of which are subject to change, possibly with retrospective effect. This description is not exhaustive and relates only to the position of persons who are the absolute beneficial owners of the Notes and may not apply to certain classes of persons, such as brokers, dealers in securities, individuals holding the Notes through an ISA, persons connected with the Issuers or certain professional investors, to whom special rules may apply. Further, these comments do not deal with holders of the Notes who are individuals treated as non-domiciled in the United Kingdom for U.K. tax purposes. This description does not purport to constitute legal or tax advice and any holders who are in any doubt as to their tax position should consult their independent professional advisors. Any holders of the Notes who are subject to tax in a jurisdiction other than the United Kingdom should consult their independent professional advisors.

Interest on the Notes

The Notes will constitute "quoted Eurobonds" within the meaning of Section 987 of the Income Tax Act 2007 ("ITA") while they carry a right to interest and are and remain listed on a "recognised stock exchange" within the meaning of Section 1005 of the ITA for the purposes of section 987 of the ITA. While the Notes are, and continue to be, quoted Eurobonds, payments of interest on the Notes may be made without deduction or withholding for or on account of U.K. income tax. Securities that have been admitted to the Official List of the Luxembourg Stock Exchange and are admitted to trading on the Euro MTF Market will meet the requirement to be listed on a recognized stock exchange. So long as this remains the case with respect to the Notes and that the Notes carry a right to interest, they will therefore constitute quoted Eurobonds.

If the Notes are not or cease to constitute "quoted Eurobonds", an amount may, subject to any relief available under any applicable double taxation treaty and to the availability of any other relief, have to be withheld on account of U.K. income tax from payments of interest on the Notes at the "basic rate" of U.K. income tax (currently 20%).

If interest were to be paid under deduction of U.K. income tax, holders of the Notes who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in an applicable double taxation treaty. Where Notes are issued on terms that a premium is or may be payable on redemption then any such element of premium may constitute a payment of interest for tax purposes and, if so, the provisions described above relevant to interest will apply.

Payments by a Guarantor

If a Guarantor which is resident for tax purposes in the United Kingdom or which otherwise makes a payment which is considered to arise in the United Kingdom for the purposes of Part 15 of the ITA makes any payments in respect of interest on the Notes (or other amounts due under the Notes other than the repayment of amounts subscribed for the Notes), it is possible that such payments may be subject to U.K. withholding tax, subject to any claim which could be made under an applicable double taxation treaty. Such payments by a Guarantor may not be eligible for the quoted Eurobond relief under Section 882 of the ITA which is available for "quoted Eurobonds" within the meaning of Section 987 of the ITA.

The references to "interest" and "premium" in the "Interest on the Notes" and "Payments by a Guarantor" sections above are to "interest" and "premium" as understood for the purposes of U.K. tax law. They do not take into account any different definitions of "interest" and "premium" that may prevail under any other tax law or that may apply under the terms and conditions of the Notes or any related document.

Stamp Duty and Stamp Duty Reserve Tax

No U.K. stamp duty or stamp duty reserve tax should be payable on the issue of the Notes. No U.K. stamp duty or stamp duty reserve tax should be payable on a transfer of, or an agreement to transfer, the Notes provided that the

Notes do not carry and will not at any time carry (i) a right to interest the amount of which exceeds a reasonable commercial return on the nominal amount of the capital and (ii) a right on repayment to an amount which exceeds the nominal amount of the capital and is not reasonably comparable with what is generally repayable (in respect of a similar nominal amount of capital) under the terms of issue of loan capital listed in the Official List of the London Stock Exchange.

NOTICE TO INVESTORS

You are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of any of the Notes offered hereby.

The Notes and Guarantees have not been and will not be registered under the Securities Act, any state securities laws or the securities laws of any other jurisdiction and, unless so registered, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable securities laws in any other jurisdiction. Accordingly, the Notes offered hereby are being offered and sold only to qualified institutional buyers (as defined in Rule 144A under the Securities Act) in reliance on Rule 144A under the Securities Act and to non-U.S. persons in offshore transactions in reliance on Regulation S under the Securities Act (and only to investors who: (a) if resident in a Member State of the EEA, are not retail investors, defined as a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II); or not a "qualified investor" as defined in the EU Prospectus Regulation; or (b) If resident in the United Kingdom, a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("EUWA"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "FSMA") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation.

We have not registered and will not register the Notes or the Guarantees under the Securities Act and, therefore, the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Issuers are offering and selling the Notes to the Initial Purchasers for re-offer and resale only:

- in the United States to "qualified institutional buyers," commonly referred to as "**QIBs**," as defined in Rule 144A in compliance with Rule 144A; and

- outside the United States to non-U.S. persons in accordance with Regulation S.

We use the terms "**offshore transaction**," "**U.S. person**" and "**United States**" with the meanings given to them in Regulation S.

Each purchaser of the Notes, by its acceptance thereof, will be deemed to have acknowledged, represented to and agreed with us and the Initial Purchasers and their affiliates as follows:

1. It understands and acknowledges that the Notes and Guarantees have not been registered under the Securities Act or any other applicable securities laws, and that the Notes are being offered for resale in transactions not requiring registration under the Securities Act or any other securities laws, including sales pursuant to Rule 144A under the Securities Act, and, unless so registered, may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the Securities Act or any other applicable securities laws, pursuant to an exemption therefrom or in any transaction not subject thereto and in each case in compliance with the conditions for transfer set forth in paragraphs 4 and 5 below.

2. It is not an "affiliate" (as defined in Rule 144 under the Securities Act) of the Issuers or acting on the Issuers' behalf and it is either:

   (i) a QIB, within the meaning of Rule 144A under the Securities Act, and is aware that any sale of the Notes to it will be made in reliance on Rule 144A under the Securities Act, and such acquisition will be for its own account or for the account of another QIB; or

   (ii) a non-U.S. person and it is purchasing the Notes in an offshore transaction in accordance with Regulation S under the Securities Act and if it is an investor resident in a Member State of the European Economic Area or the United Kingdom, it is a qualified investor (within the meaning of Article 2(e) of the EU Prospectus Regulation and any relevant implementing

measure in each Member State of the European Economic Area and, in the United Kingdom, the UK Prospectus Regulation).

3. It acknowledges that none of the Issuers, the Guarantors or the Initial Purchasers or their affiliates, nor any person representing the Issuers, the Guarantors or the Initial Purchasers or their affiliates, has made any representation to it with respect to us or the offering or sale of any Notes, other than the information contained in this offering memorandum, which offering memorandum has been delivered to it and upon which it is relying in making its investment decision with respect to the Notes. It acknowledges that neither the Initial Purchasers or their affiliates nor any person representing the Initial Purchasers or their affiliates make any representation or warranty as to the accuracy and completeness of this offering memorandum. It has had access to such financial and other information concerning us and the Notes as it has deemed necessary in connection with its decision to purchase any of the Notes, including an opportunity to ask questions of, and request information from, us and the Initial Purchasers.

4. It is purchasing the Notes for its own account, or for one or more investor accounts for which it is acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the Securities Act, any state securities laws or the securities laws of any other jurisdiction, subject to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and subject to its or their ability to resell such Notes pursuant to Rule 144A, Regulation S or any other exemption from registration available under the Securities Act.

5. Each holder of the Notes issued in reliance on Rule 144A ("Rule 144A Notes") or Regulation S ("Regulation S Notes") agrees on its own behalf and on behalf of any investor account for which it is purchasing the Notes, and each subsequent holder of the Notes by its acceptance thereof will be deemed to agree, to offer, sell or otherwise transfer such Notes prior to the date (the "Resale Restriction Termination Date") that is one year after the latest of the date of the original issue, the date of the issuance of any additional notes and the last date on which the relevant Issuer or any of its affiliates was the owner of such Notes (or any predecessor thereto) (in the case of Rule 144A Notes) or 40 days after the later of the date of the original issue and the last date on which the relevant Issuer or any of its affiliates was the owner of such Notes (or any predecessor thereto) (in the case of Regulation S Notes) only (i) to the relevant Issuer, (ii) pursuant to a registration statement that has been declared effective under the Securities Act, (iii) for so long as the Notes are eligible pursuant to Rule 144A under the Securities Act, to a person it reasonably believes is a QIB that purchases for its own account or for the account of a QIB to whom notice is given that the transfer is being made in reliance on Rule 144A under the Securities Act, (iv) to non-U.S. persons pursuant to offers and sales that occur outside the United States in compliance with Regulation S under the Securities Act, or (v) pursuant to any other available exemption from the registration requirements of the Securities Act, subject in each of the foregoing cases to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and to compliance with any applicable state securities laws, and any applicable local laws and regulations, and further subject to the relevant Issuer's and the relevant Trustee's rights prior to any such offer, sale or transfer (I) pursuant to clauses (iv) and (v) to require the delivery of an opinion of counsel, certification or other information satisfactory to each of them and (II) in each of the foregoing cases, to require that a certificate of transfer in the form appearing on the reverse of the security is completed and delivered by the transferor to the relevant Trustee. The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date.

Each purchaser acknowledges that each Note will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR FOR WHICH IT HAS PURCHASED

SECURITIES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, [IN THE CASE OF REGULATION S NOTES: PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") WHICH IS 40 DAYS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF THIS SECURITY)] [IN THE CASE OF 144A NOTES: PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") WHICH IS ONE YEAR AFTER THE LATEST OF THE ORIGINAL ISSUE DATE HEREOF, THE ORIGINAL ISSUE DATE OF THE ISSUNCE OF ANY ADDITIONAL NOTES AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF THIS SECURITY)] ONLY (A) TO THE ISSUER, THE GUARANTORS OR ANY SUBSIDIARY THEREOF, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) TO NON-U.S. PERSONS PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS, AND FURTHER SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSE (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM, (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS SECURITY IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE AND (III) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

Each purchaser of Notes will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in these Notes as well as to holders of these Notes.

6. It agrees that it will give to each person to whom it transfers the Notes notice of any restrictions on the transfer of such Notes.

7. It acknowledges that until 40 days after the commencement of the Offering, any offer or sale of the Notes within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the Securities Act.

8. It acknowledges that the relevant Trustee will not be required to accept for registration or transfer any Notes acquired by it except upon presentation of evidence satisfactory to us and the relevant Trustee that the restrictions set forth therein have been complied with.

9. It acknowledges that we, the Initial Purchasers and others will rely upon the truth and accuracy of its acknowledgements, representations, warranties and agreements and agrees that if any of the acknowledgements, representations, warranties and agreements deemed to have been made by its purchase of the Notes is no longer accurate, it shall promptly notify the Initial Purchasers. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such investor account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such investor account.

10. (a) If resident in a Member State of the EEA, it represents that it is not a "retail investor". For the purposes of this paragraph, the expression "retail investor" means a person who is one (or more) of the following:

    (i) a "retail client" as defined in point (11) of Article 4(1) of MiFID II;

    (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

    (iii) not a "qualified investor" as defined in the EU Prospectus Regulation.

(b) If resident in the United Kingdom, it represents that it is not a it is not a retail investor. For purposes of this paragraph, a "retail investor" means a person who is one (or more) of the following: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA, or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA) or (iii) not a "qualified investor" as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.

11. It acknowledges that:

    (a) the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any "retail investor" (as defined in paragraph 10 above) in the EEA or in the United Kingdom; and

    (b) no key information document required by the EU PRIIPs Regulation or the UK PRIIPs Regulation for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the United Kingdom has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the United Kingdom may be unlawful under the EU PRIIPs Regulation or the UK PRIIPs Regulation.

12. It understands that no action has been taken in any jurisdiction (including the United States) by the Issuers or the Initial Purchasers or their affiliates that would result in a public offering of the Notes or the possession, circulation or distribution of this offering memorandum or any other material relating to the Issuers or the Notes in any jurisdiction where action for such purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set forth under "*Plan of Distribution*."

ERISA CONSIDERATIONS

Any purchaser, including, without limitation, any fiduciary purchasing on behalf of (i) an employee benefit plan (as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**")) subject to the provisions of Part 4 of Subtitle B of Title I of ERISA or a plan, individual retirement account or other arrangement to which Section 4975 of the Code applies (each, a "**Plan**"), (ii) an entity whose underlying assets include "plan assets" with respect to a Plan by reason of a Plan's investment in such entity or otherwise (each, a "**Benefit Plan Investor**") or (iii) a "governmental plan" (as defined in Section 3(32) of ERISA), "church plan" (as defined in Section 3(33) of ERISA or Section 4975(g)(3) of the Code) or non-U.S. plan (as described in Section 4(b)(4) of ERISA) or other arrangement that is subject to any Federal, state, local, non-U.S. or other laws or regulations that are substantially similar to the fiduciary responsibility or prohibited transaction provisions of ERISA or the provisions of Section 4975 of the Code ("**Similar Laws**"), transferee or holder of the Notes will be deemed to have represented, agreed and acknowledged (as applicable) in its corporate and fiduciary capacity, that:

(a) With respect to the acquisition, holding and disposition of the Notes, or any interest therein, (1) either (A) it is not, and it is not acting directly or indirectly on behalf of (and for so long as it holds such Notes or any interest therein will not be, and will not be acting directly or indirectly on behalf of), a Plan, a Benefit Plan Investor, or a governmental, church or non-U.S. plan or other arrangement that is subject to Similar Laws, and no part of the assets used or to be used by it to acquire or hold such Notes or any interest therein constitutes the assets of any such Plan, Benefit Plan Investor or governmental, church or non-U.S. plan or other arrangement that is subject to Similar Laws, or (B) (i) its acquisition, holding and disposition of such Notes or any interest therein does not and will not constitute or otherwise result in a non-exempt prohibited transaction under Part 4 of Subtitle B of Title I of ERISA or Section 4975 of the Code, as applicable (or, in the case of a governmental, church or non-U.S. plan or other arrangement, a violation of any applicable Similar Laws); and (ii) none of the relevant Issuer, the Guarantors, the Initial Purchasers, the relevant Trustee or any of their respective affiliates, is a sponsor of, or a fiduciary (within the meaning of Section 3(21) of ERISA or, with respect to a governmental, church or non-U.S. plan or other arrangement, any definition of "fiduciary," or any substantially similar concept, under any applicable Similar Laws) with respect to the purchaser, transferee or holder in connection with any acquisition, holding or disposition of such Notes, or as a result of any exercise by the relevant Issuer or any of its affiliates of any rights in connection with such Notes, and no advice provided by the relevant Issuer or any of its affiliates has formed a primary basis for any investment or other decision by or on behalf of the purchaser, transferee or holder in connection with such Notes and the transactions contemplated with respect to such Notes; and (2) it will not sell or otherwise transfer such Notes or any interest therein other than to a purchaser or transferee that is deemed (or if required by the applicable indenture, certified) to make these same representations, warranties and agreements with respect to its acquisition, holding and disposition of such Notes or any interest therein.

(b) The acquirer and any fiduciary causing it to acquire an interest in any Notes agrees to indemnify and hold harmless the relevant Issuer, the Guarantors, the Initial Purchasers, the relevant Trustee and their respective affiliates, from and against any cost, damage or loss incurred by any of them as a result of any of the foregoing representations and agreements being or becoming false.

(c) Any purported acquisition or transfer of any Note or beneficial interest therein to a purchaser or transferee that does not comply with the requirements of the above provisions shall be void *ab initio*.

Section 406 of ERISA and Section 4975 of the Code, prohibit certain transactions involving the assets of an ERISA Plan or Benefit Plan Investor (as well as those plans that are not subject to ERISA but which are subject to Section 4975 of the Code, such as individual retirement accounts) and certain persons who are "parties in interest," within the meaning of Section 3(14) of ERISA, or "disqualified persons," within the meaning of Section 4975, having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction. A party in interest or disqualified person who engages in a prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and/or the Code. In addition, the fiduciary of a Plan who engages in a prohibited transaction may be subject to penalties and liabilities under ERISA and/or the Code.

Section 406 of ERISA and Section 4975 of the Code prohibit ERISA Plans from engaging in specified transactions involving plan assets with persons or entities who are "parties in interest," within the meaning of ERISA, or "disqualified persons," within the meaning of Section 4975 of the Code, unless a statutory or administrative exemption is available.

A party in interest or disqualified person who engages in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code. In addition, the fiduciary of the Plan that engages in such a non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA and the Code. The acquisition, holding and/or disposition of Notes by an ERISA Plan with respect to which a Transaction Party is considered a party in interest or disqualified person may constitute or result in a direct or indirect prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, unless the investment is acquired and is held in accordance with an applicable statutory, class or individual prohibited transaction exemption. In this regard, certain exemptions from the prohibited transaction rules could be applicable to the purchase and holding of notes by a Plan, depending on the type and circumstances of the fiduciary making the decision to acquire such notes and the relationship of the party in interest or disqualified person to the Plan. Included among these exemptions are Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code for certain transactions between a Plan and non-fiduciary service providers to the Plan. In addition, the United States Department of Labor has issued prohibited transaction class exemptions ("PTCEs") that may apply to the acquisition and holding of the notes. These class exemptions (as may be amended from time to time) include, without limitation, PTCE 84-14 (respecting transactions effected by independent "qualified professional asset managers"), PTCE 90-1 (respecting insurance company pooled separate accounts), PTCE 91-38 (respecting bank collective investment funds), PTCE 95-60 (respecting insurance company general accounts) and PTCE 96-23 (respecting transactions directed by in-house asset managers).

Each of these PTCEs contains conditions and limitations on its application. Thus, the fiduciaries of a Plan that is considering acquiring and/or holding the Notes in reliance of any of these, or any other, PTCEs should carefully review the conditions and limitations of the PTCE and consult with their counsel to confirm that it is applicable. There can be no, and we do not provide any, assurance that any PTCE or any other exemption will be available with respect to any particular transaction involving the Notes.

Because of the foregoing, the Notes should not be purchased or held by any person investing "plan assets" of any Plan, unless such acquisition, holding and subsequent disposition will not constitute a non-exempt prohibited transaction under ERISA and the Code or similar violation of any applicable Similar Laws.

The foregoing discussion is necessarily general in nature, is not intended to be all-inclusive, and should not be construed as legal advice or a legal opinion. Further, no assurance can be given that future legislation, administrative rulings, court decisions or regulatory action will not modify the conclusions set forth in this discussion. Any such changes may be retroactive and thereby apply to transactions entered into prior to the date of their enactment or release. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries or other persons considering purchasing the Notes (and holding the Notes) on behalf of, or with the assets of, any Plan, consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Code and any Similar Laws to such transactions and whether an exemption would be applicable to the purchase and holding of the Notes. The sale of a Note to a Plan is in no respect a representation by any Transaction Party or any of their respective representatives that such an investment meets all relevant legal requirements with respect to investments by any such Plan or that such investment is appropriate for any such Plan.

PLAN OF DISTRIBUTION

Subject to the terms and conditions set forth in the purchase agreement dated January 21, 2021 among the Issuers, the Initial Guarantors and the Dollar Initial Purchasers (the "**Dollar Purchase Agreement**") and the purchase agreement dated January 21, 2021 among the Issuers, the Initial Guarantors and the Euro Initial Purchasers (the "**Euro Purchase Agreement**" and, together with the Dollar Purchase Agreement, the "**Purchase Agreements**"), the Senior Secured Notes Issuer and the Senior Notes Issuer have agreed to sell the Senior Secured Notes and the Senior Notes, respectively, to the Initial Purchasers, and each Initial Purchaser has agreed, severally and not jointly, to purchase the Senior Secured Notes and the Senior Notes from the Senior Secured Notes Issuer and the Senior Notes Issuer, respectively.

Subject to the terms and conditions set forth in the Purchase Agreements, the applicable Initial Purchasers have agreed, severally and not jointly, to purchase all of the Notes sold under the applicable Purchase Agreement if any of the Notes are purchased. If an Initial Purchaser defaults, each Purchase Agreement provides that the purchase commitments of the non-defaulting Initial Purchasers may be increased or such Purchase Agreement may be terminated. The Initial Purchasers may make offers and sales into the United States through U.S. broker-dealers. The Initial Purchasers may offer and sell Notes through certain of their affiliates.

We have agreed to indemnify the Initial Purchasers against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the Initial Purchasers may be required to make in respect of those liabilities.

The Initial Purchasers are offering the Notes, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the Notes, and other conditions contained in the Purchase Agreements, such as the receipt by the Initial Purchasers of officer's certificates and legal opinions. The Initial Purchasers reserve the right to withdraw, cancel or modify offers to investors and to reject orders in whole or in part.

ICBC Standard Bank Plc is restricted in its U.S. securities dealings under the United States Bank Holding Company Act and may not underwrite, subscribe, agree to purchase or procure purchasers to purchase notes that are offered or sold in the United States. Accordingly, ICBC Standard Bank Plc shall not be obligated to, and shall not, underwrite, subscribe, agree to purchase or procure purchasers to purchase notes that may be offered or sold by other underwriters in the United States. ICBC Standard Bank Plc shall offer and sell the Notes constituting part of its allotment solely outside the United States.

Offer Price

The Initial Purchasers propose initially to offer the Notes at the respective offering prices set forth on the cover page of this offering memorandum. After the initial offering of the Notes, the offering prices and other selling terms of the Notes may from time to time be varied by the Initial Purchasers without notice. To the extent that any Initial Purchasers that are not U.S. registered broker-dealers intend to effect any sales of the Notes in the United States, they will only do so through one or more U.S. registered broker-dealers affiliates as permitted by Financial Industry Regulatory Authority guidelines.

Notes Are Not Being Registered

The Notes and the Guarantees have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except to qualified institutional buyers in reliance on Rule 144A under the Securities Act and to persons who are not U.S. persons (as defined in Regulation S under the Securities Act) in offshore transactions in reliance on Regulation S under the Securities Act. In addition, until 40 days following the later of (i) the commencement of this Offering and (ii) the issue date of the Notes, an offer or sale of the Notes initially sold in reliance on Regulation S within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the Securities Act unless the dealer makes the offer or sale in compliance with Rule 144A or another exemption from registration under the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Each purchaser of the Notes will be deemed to have made acknowledgments, representations and agreements as described under "Notice to Investors."

No action has been taken in any jurisdiction, including the United States and the United Kingdom, by us or the Initial Purchasers or their affiliates that would permit a public offering of the Notes or the possession, circulation or

distribution of this offering memorandum or any other material relating to us or the Notes in any jurisdiction where action for this purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this offering memorandum nor any other offering material or advertisements in connection with the Notes may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction. This offering memorandum does not constitute an offer to sell or a solicitation of an offer to purchase in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession this offering memorandum comes are advised to inform themselves about and to observe any restrictions relating to the Offering, the distribution of this offering memorandum and resale of the Notes. See "Notice to Investors."

The Issuers and the Guarantors have agreed that they will not at any time offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any securities under circumstances in which such offer, sale, pledge, contract or disposition would cause the exemption afforded by Section 4(a)(2) of the Securities Act or the safe harbor of Rule 144A and Regulation S under the Securities Act to cease to be applicable to the offer and sale of the Notes.

EEA

Each Initial Purchaser has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the EEA. For the purposes of this provision:

- the expression "retail investor" means a person who is one (or more) of the following: (i) a "retail client" as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); (ii) a customer within the meaning of Directive 2016/97/EU (as amended, the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a "qualified investor" as defined in the EU Prospectus Regulation; and

- the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

United Kingdom

Each Initial Purchaser has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the United Kingdom. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

  (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (EUWA); or

  (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or

  (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation; and

(b) the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Each Initial Purchaser has represented, warranted and agreed that it:

- has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuers; and

- has complied and will comply with all applicable provisions of the FSMA in respect of anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Hong Kong

Each Initial Purchaser has represented and agreed that:

- it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "SFO") and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions Ordinance (Cap. 32) of Hong Kong (the "C(WUMP)O") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

- it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

New Issue of Securities

The Euro Senior Secured Notes, the Dollar Senior Secured Notes and the Euro Senior Notes are new issues of securities with no established trading market. We do not intend to apply for listing of the Euro Senior Secured Notes, the Dollar Senior Secured Notes or the Euro Senior Notes on any U.S. securities exchange or for inclusion of such Notes on any automated dealer quotation system. We have been advised by certain of the Initial Purchasers that they presently intend to make a market in the Notes after completion of the Offering. However, they are under no obligation to do so and may discontinue any market-making activities at any time without any notice. We cannot assure the liquidity of the trading market for the Notes. If an active trading market for the Notes does not develop, the market price and liquidity of the Notes may be adversely affected. If the Notes are traded, they may trade at a discount from their initial offering price, depending on prevailing interest rates, the market for similar securities, our operating performance and financial condition, general economic conditions and other factors. There may not be an active trading market for the Notes, in which case your ability to sell your Notes may be limited. See "*Risk Factors—Risks Relating to the Notes and Our Capital Structure—Lack of public market—There may not be an active trading market for the applicable Notes, in which case your ability to sell your Notes may be limited.*"

We have applied to list the Notes on the Official List of the Luxembourg Stock Exchange and trade the Notes on the Euro MTF market, however, we cannot assure you that such listing will be maintained.

No Sales of Similar Securities

We have agreed that we will not, for a period of 60 days after January 21, 2021, without the prior written consent of the Initial Purchasers, directly or indirectly, pledge, issue, sell, offer to sell, grant any option for the sale of, or otherwise dispose of any of our other debt securities having a maturity of more than one year from the date of issue, except for debt securities (A) issued or guaranteed in accordance with, or as permitted under, the Existing Term Loan B Facilities Agreement or the Term Loan and Revolving Credit Facility Agreement, (B) issued or guaranteed in connection with the sales of receivables pursuant to securitization or factoring arrangements or issuances of debt securities pursuant to sales of such receivables, or the implementation of any receivables securitization or factoring facility or (C) issued or guaranteed in immaterial amounts in the ordinary course of business or (D) except as otherwise permitted pursuant to the Purchase Agreements.

Price Stabilization and Short Positions

In connection with the Offering, the Initial Purchasers (or persons acting on their behalf) may engage in transactions that stabilize the market price of the Notes. Such transactions consist of bids or purchases to peg, fix or maintain the price of the Notes. Purchases of a security to stabilize the price or to reduce a short position may cause the price of the security to be higher than it might be in the absence of such purchases.

In connection with the Offering, the Initial Purchasers may purchase and sell the Notes in the open market. These transactions may include short sales and purchases on the open market to cover positions created by short sales. Short sales involve the sale by the Initial Purchasers of a greater principal amount of Notes than they are required to purchase in the Offering. The Initial Purchasers must close out any short position by purchasing the Notes in the open market. A short position is more likely to be created if the Initial Purchasers are concerned that there may be downward pressure on the price of the Notes in the open market after pricing that could adversely affect investors who purchase in the Offering. Similar to other purchase transactions, the Initial Purchasers' purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of the Notes or preventing or retarding a decline in the market price of the Notes. As a result, the price of the Notes may be higher than the price that might otherwise exist in the open market.

Neither we nor any of the Initial Purchasers or their affiliates make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Notes. In addition, neither we nor any of the Initial Purchasers or their affiliates make any representation that the representatives will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Any stabilizing action, if commenced, must end no later than the earlier of 30 days after the Issue Date and 60 days after the date of the allotment of the Notes. See "*Risk Factors—Risks Relating to the Notes and Our Capital Structure—Lack of public market—There may not be an active trading market for the applicable Notes, in which case your ability to sell your Notes may be limited.*"

Other Relationships

The Initial Purchasers and their affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial investment banking, financial advising, investment management, principal investment, hedging, financing and brokerage activities. The Initial Purchasers or their respective affiliates have engaged in, and may in the future engage in, investment banking, financial advisory, consulting, commercial banking and other commercial dealings in the ordinary course of business with us, our principal shareholders or our affiliates. They have received, and expect to receive, customary fees, commissions and expense reimbursements for these transactions. In addition, in the ordinary course of their business activities, the Initial Purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and trading activities may involve securities and/or instruments of the Group or the Group's affiliates. The Initial Purchasers or their respective affiliates may receive allocations of the Notes and may be lenders under the New Term Loan B Facilities. Certain of the Initial Purchasers or their affiliates have a lending relationship with the Group, including under the Existing Credit Facilities, and routinely hedge their credit exposure to the Group consistent with their customary risk management policies. Typically, such Initial Purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such short positions could adversely affect future trading prices of Notes. The Initial Purchasers and their affiliates may also publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. We may enter into hedging or other derivative transactions as part of our risk management strategy with one or more of the Initial Purchasers, which may include transactions relating to our obligations under the Notes. Each of the Initial Purchasers or their affiliates are arrangers, lenders, administrative agent and/or security agent under the Bridge Facility and the INOVYN Senior Secured Term Loan B Facility. The net proceeds of the Offering will be used, *inter alia*, to repay such Initial Purchasers or their respective affiliates in their role as lenders under the Bridge Facility and the INOVYN Senior Secured Term Loan B Facility. An affiliate of an Initial Purchaser is also acting as the trustee under the Indentures. In connection with their services in such capacities, the Initial Purchasers have also received, or will receive, customary fees.

Certain entities controlled by our shareholders will buy a portion of the Notes in the initial offering.

LEGAL MATTERS

Certain legal matters in connection with the Offering will be passed upon for us by Cravath, Swaine & Moore LLP, as to matters of U.S. federal and New York law, and by Slaughter and May, as to matters of English law. Certain legal matters in connection with the Offering will be passed upon for the Initial Purchasers by Latham & Watkins (London) LLP, as to matters of U.S. federal and New York law and English law.

INDEPENDENT AUDITORS

The Audited Parent Consolidated Financial Statements as of and for each of the years ended December 31, 2018 and 2017, included elsewhere in this offering memorandum, have been audited by PricewaterhouseCoopers LLP, who were the independent auditors, as stated in their reports appearing herein. PricewaterhouseCoopers LLP is a member of the Institute of Chartered Accountants in England and Wales (the "**ICAEW**"). PwC has resigned as the independent auditors of the Parent and its subsidiaries as of September 6, 2019.

Deloitte LLP are currently the independent auditors of the Parent and its consolidated subsidiaries. The Audited Parent Consolidated Financial Statements as of and for the year ended December 31, 2019, included elsewhere in this offering memorandum, have been audited by Deloitte LLP, independent auditors, as stated in their report appearing herein. Deloitte LLP is registered to carry out work in the United Kingdom and Ireland by the ICAEW.

The Audited INOVYN Consolidated Financial Statements as of and for each of the years ended December 31, 2018 and 2017, included elsewhere in this offering memorandum, have been audited by PricewaterhouseCoopers LLP, were the independent auditors, as stated in their reports appearing herein. PricewaterhouseCoopers LLP is a member of the Institute of the ICAEW. PwC has resigned as the independent auditors of INOVYN and its subsidiaries as of October 21, 2019.

Deloitte LLP are currently the independent auditors of INOVYN and its consolidated subsidiaries. The Audited INOVYN Consolidated Financial Statements as of and for the year ended December 31, 2019, included elsewhere in this offering memorandum, have been audited by Deloitte LLP independent auditors, as stated in their report appearing herein. Deloitte LLP is registered to carry out work in the United Kingdom and Ireland by the ICAEW.

The audited financial statements of BP Petrochemicals as of and for each of the years ended December 31, 2019 and 2018, included elsewhere in this offering memorandum, have been audited by Deloitte LLP, independent auditors, as stated in their report appearing herein. Deloitte LLP is registered to carry out work in the United Kingdom and Ireland by the ICAEW.

WHERE YOU CAN FIND MORE INFORMATION

We are not currently subject to the periodic reporting and other information requirements of the Exchange Act.

Each purchaser of Notes from the Initial Purchasers will be furnished with a copy of this offering memorandum and any amendments or supplements to this offering memorandum. Each person receiving this offering memorandum and any amendments or supplements to this offering memorandum acknowledges that:

(1) such person has been afforded an opportunity to request from the Issuers, and to review and has received all additional information considered by it to be necessary to verify the accuracy and completeness of the information contained herein;

(2) such person has not relied on the Initial Purchasers or any person affiliated with the Initial Purchasers in connection with its investigation of the accuracy, adequacy or completeness of such information or its decision to invest in the Notes; and

(3) except as provided pursuant to (1) above, no person has been authorized to give any information or to make any representation concerning the Notes or the Guarantees offered hereby other than those contained herein and, if given or made, such other information or representation should not be relied upon as having been authorized by us or the Initial Purchasers.

A copy of the form of each of the Indentures will be made available to prospective purchasers of the Notes upon request to the relevant Issuer during normal business hours on any business day. We will agree in each of the Indentures that, for so long as the relevant Notes remain outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, we will, during any period in which we are neither subject to Section 13 or 15(d) of the Exchange Act, nor exempt from reporting pursuant to Rule 12g3-2(b) of the Exchange Act, upon written request of a holder or beneficial owner of the relevant Notes, furnish to such holder or beneficial owner or to the relevant Trustee or any relevant paying agent for delivery to such holder or beneficial owner or prospective purchaser of the relevant Notes, as the case may be, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act, to permit compliance with Rule 144A thereunder in connection with resales of the relevant Notes. Any such request should be directed to Mainzer Landstraße 50, 60325 Frankfurt am Main, Germany, Attention: Head of Group Treasury & Investor Relations.

SERVICE OF PROCESS AND ENFORCEMENT OF JUDGMENTS

The Issuers and some of the Guarantors and security providers are companies incorporated in England and Wales. Other Guarantors are organized under the laws of Belgium, Canada, France, Germany, Hong Kong, Mexico, Norway, Singapore, Sweden, Switzerland, South Korea, and future guarantors and security providers may also be organized under the laws of non-U.S. jurisdictions. The majority of our directors and executive officers and the majority of the directors and officers of many of the Guarantors and security providers are non-residents of the United States. Although we and each of the Guarantors have submitted to the jurisdiction of certain New York courts in connection with any action under U.S. securities laws, you may be unable to effect service of process within the United States on our directors and executive officers and the directors and executive officers of the Guarantors or security providers. In addition, as many of our and the Guarantors' and security providers' assets and the assets of our and their directors and executive officers are located outside of the United States, you may be unable to enforce against them or us judgments obtained in U.S. courts predicated on civil liability provisions of the federal securities laws of the United States.

If a judgment is obtained in a U.S. court against us, a Guarantor or a security provider, investors will need to enforce such judgment in jurisdictions where the relevant company has assets. Even though the enforceability of U.S. court judgments outside the United States is described below for the countries in which our Guarantors are located, you should consult with your own advisors in any pertinent jurisdictions, as needed, to enforce a judgment in those countries or elsewhere outside the United States.

Belgium

In the absence of any bilateral or multilateral treaty, a final and enforceable judgment of the courts exercising jurisdiction in the United States would be recognized and enforced by the courts of Belgium without review on the merits subject to the conditions specified in Articles 22 to 25 of the law of July 16, 2004 which implements the Code of Private International Law (*Wetboek van Internationaal Privaatrecht/Code de droit international privé*), as amended (the "**Belgian Code of Private International Law**").

Pursuant to Article 24 of the Belgian Code of Private International Law, the following documents must be produced in court by the claimant seeking enforcement:

- an official copy of the judgment (*uitgifte van de beslissing/expédition de la décision*) fulfilling all conditions required for its authentication under applicable foreign law;
- if obtained by default, an original or legalized copy of the document demonstrating that the originating process has been served on the defendant in accordance with the applicable foreign law; and
- any document demonstrating that, under the applicable foreign law, the judgment is enforceable and has been notified to the defendant.

Articles 22 et seq. of the Belgian Code of International Private Law mainly require that the recognition or enforcement of the foreign judgment should not be a manifest violation of public policy, that the foreign courts must have respected the rights of defense, that the foreign judgment should be final, and that the assumption of jurisdiction by the foreign court may not have breached certain principles of Belgian law.

However, the court will refuse enforcement in the circumstances described in Article 25 of the Belgian Code of International Private Law and notably, if:

- the rights of defense have been violated;
- such recognition or enforcement of the decision would be manifestly incompatible with Belgian public policy;
- the jurisdiction of the courts of the foreign judge was based solely on the presence of the defendant or assets in such state without any further connection with the litigation in such state;
- the judgment is not final and may still be appealed under the applicable foreign law (however, provisional enforcement could then be granted) or does not meet the requirements of authenticity pursuant to applicable laws;

- if in relation to matters for which parties cannot freely dispose of their rights, the decision has been sought with the sole purpose of escaping from the application of the laws applicable in accordance with Belgian conflict of law rules;

- the judgment is incompatible with a decision rendered in Belgium or a prior judgment rendered in another jurisdiction that can be recognized in Belgium;

- the claim was introduced before the courts of such state after the filing in Belgium of a claim that is still pending between the same parties with respect to the same subject matter;

- the Belgian courts have exclusive jurisdiction in relation to the claim; or

- the decision is in conflict with the rules on the recognition and enforcement of court decisions in relation to insolvency proceedings.

As a general principle, procedural rules are governed by the law of the jurisdiction of the court (*lex fori*). In Belgium the procedural rules set out in, among others, the Belgian Judicial Code and the Belgian Code of Private International Law will apply when recognition and enforcement of judgments rendered by United States courts is sought in Belgium.

In the case of an enforcement through legal proceedings in Belgium (including the exequatur of foreign court decisions in Belgium), a registration tax at the rate of 3% of the amount of the judgment is payable by the debtor if the sum of money that the debtor is ordered to pay by (a) Belgian court, or (b) a foreign court judgment that is either (i) automatically enforceable and registered in Belgium or (ii) rendered enforceable by a Belgian court, exceeds EUR12,500. A nominal registration tax would be due on the registration of bailiff deeds.

The Code of Private International Law contains specific rules for the enforcement of judgments that relate to insolvency matters.

Canada

The following discussion with respect to the enforceability of certain United States court judgments in the Canadian province of Ontario is based upon advice provided to us by our Canadian counsel.

The United States and Canada currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments (as opposed to arbitration awards) in civil and commercial matters. Consequently, a final judgment rendered by any federal or state court in the United States, whether predicated solely upon U.S. federal securities laws, would not automatically be recognized or enforceable in the Province of Ontario. However, under the laws of the Province of Ontario and the federal laws of Canada applicable therein, a court of competent jurisdiction in Ontario (an "**Ontario Court**") would permit an action to be brought in such Ontario Court on a final, conclusive and subsisting in personam judgment of a court exercising competent jurisdiction in the U.S. (a "**U.S. Court**") for a sum certain, obtained against the relevant Issuer or the Guarantors (a "**U.S. Judgment**"), without reconsideration of the merits, *provided* that:

- the U.S. Court rendering such judgment had jurisdiction over the relevant Issuer or the Canadian Guarantor, as recognized by the Ontario Court (and submission by the relevant Issuer and the Canadian Guarantor to the non-exclusive jurisdiction of the U.S. Court would be sufficient for that purpose);

- an action to enforce the U.S. Judgment must be commenced in the Ontario Court within any applicable limitation period;

- the Ontario Court has discretion to stay or decline to hear an action on the U.S. Judgment if the U.S. Judgment is under appeal or there is another subsisting judgment in any jurisdiction relating to the same cause of action as the U.S. Judgment;

- under the Currency Act (Canada), an Ontario Court may only render judgment for a sum of money in Canadian currency, and in enforcing a foreign judgment for a sum of money in a foreign currency, an Ontario Court will render its decision in the Canadian currency equivalent of such foreign currency;

- an action in the Ontario Court on the U.S. Judgment may be affected by bankruptcy, insolvency or laws affecting the enforcement of creditors' rights generally; and

such enforcement would be subject to the following defenses:

- the U.S. Judgment was obtained by fraud or in a manner contrary to the principles of natural justice, provided that the U.S. Judgment would not be contrary to natural justice by reason only that service of process was effected on the agent for service of process appointed by the relevant Issuer or the Guarantors;

- the U.S. Judgment is for a claim which under applicable Canadian law would be characterized as based on a foreign revenue, expropriatory, penal or other public law;

- the U.S. Judgment is contrary to Ontario public policy, as applicable, or to an order made by the Attorney General of Canada under the Foreign Extraterritorial Measures Act (Canada) or by the Competition Tribunal under the Competition Act (Canada) in respect of certain judgments referred to in these statutes; and

- the U.S. Judgment has been satisfied or is void or voidable under applicable foreign laws.

England and Wales

The following summary with respect to the enforceability of certain U.S. court judgments in England and Wales is based upon advice provided to us by U.S. and English legal advisors. The United States and England currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments (as opposed to arbitration awards) in civil and commercial matters. Consequently, a final judgment for payment rendered by any federal or state court in the United States based on civil liability, whether or not predicated solely upon U.S. federal securities laws, would not automatically be recognized or enforceable in England and Wales. In order to enforce any such U.S. judgment in England and Wales, proceedings must first be initiated before a court of competent jurisdiction in England and Wales. In such an action, an English court would not generally reinvestigate the merits of the original matter decided by the U.S. court (subject to the following) and it would usually be possible to obtain summary judgment on such a claim (assuming that there is no good defense to it). Recognition and enforcement of a U.S. judgment by an English court in such an action is conditional upon (among other things) the following:

- the U.S. court having had jurisdiction over the original proceedings according to English conflicts of laws principles and rules of English private international law;

- the U.S. judgment having not been given contrary to an applicable jurisdiction or arbitration clause or other agreement for the settlement of disputes under which the dispute in question was to be settled otherwise than by proceedings in a U.S. court (to whose jurisdiction the judgment debtor did not submit);

- the U.S. judgment being final and conclusive on the merits in the sense of being final and unalterable in the court which pronounced it and being for a definite sum of money;

- the U.S. judgment not contravening English public policy or statute (including the Human Rights Act 1998);

- the U.S. judgment not being for a sum payable in respect of taxes, or other charges of a like nature, or in respect of a penalty or fine;

- the U.S. judgment not having been arrived at by doubling, trebling or otherwise multiplying a sum assessed as compensation for the loss or damages sustained and not being otherwise in breach of Section 5 of the Protection of Trading Interests Act 1980;

- the U.S. judgment not having been obtained by fraud or in breach of English principles of natural or substantial justice;

- there not having been a prior inconsistent decision of an English court, or another court whose judgment is entitled to recognition in England and Wales, in respect of the same matter; and

- the English enforcement proceedings being commenced within six years from the date of the U.S. judgment.

Subject to the foregoing, investors may be able to enforce in England and Wales judgments in civil and commercial matters that have been obtained from U.S. federal or state courts. However, we cannot assure you that those judgments will be recognized or enforceable in England and Wales. In addition, it is questionable whether an English court would accept jurisdiction and impose civil liability if the original action was commenced in England and Wales, instead of the United States, and predicated solely upon U.S. federal securities laws.

France

The United States and France are not parties to a treaty providing for reciprocal recognition and enforcement of judgments, other than arbitral awards, rendered in civil and commercial matters. Accordingly, a judgment rendered by any U.S. Federal or state court based on civil liability, whether or not predicated solely upon U.S. Federal or state securities laws, enforceable in the United States, would not directly be recognized or enforceable in France. A party in whose favor such judgment was rendered could initiate enforcement proceedings (*exequatur*) in France before the relevant civil court (*Tribunal Judiciaire*). Enforcement in France of such U.S. judgment could be obtained following proper (*i.e.*, *non-ex parte*) proceedings if the civil court is satisfied that the following conditions have been met (which conditions, under prevailing French case law, do not include a review by the French court of the merits of the foreign judgment):

- such U.S. judgment was rendered by a court having jurisdiction over the matter in accordance with French rules of international conflicts of jurisdiction (*i.e.*, the dispute is clearly connected to the United States and the French courts did not have exclusive jurisdiction over the matter);

- such U.S. judgment does not contravene French international public policy rules, both pertaining to the merits and to the procedure of the case;

- such U.S. judgment is not tainted with fraud; and

- such U.S. judgment does not conflict with a French judgment or a foreign judgment which has become effective in France and there are no proceedings pending before French courts at the time enforcement of the judgment is sought and having the same or similar subject matter as such U.S. judgment.

If the French court is satisfied that such conditions are met, the U.S. judgment would have res judicata and be enforceable in France, even during the period to lodge an appeal against the civil first instance Court decision and during potential appeal proceedings, unless its enforceability is suspended by Court decision until the end of such appeal proceedings.

In addition, the discovery process under actions filed in the United States could be adversely affected under certain circumstances by French criminal law No. 68-678 of July 26, 1968, as modified by French law No. 80-538 of July 16, 1980 and French Ordinance No. 2000-916 of September 19, 2000 (relating to communication of documents and information of an economic, commercial, industrial, financial or technical nature to foreign authorities or persons), which could prohibit or restrict obtaining evidence in France or from French persons in connection with a judicial or administrative U.S. action. Pursuant to the regulations above, the U.S. authorities would have to comply with international (the 1970 Hague Convention on the Taking of Evidence Abroad) or French procedural rules to obtain evidence in France or from French persons. Similarly, European and French data protection rules (including Regulation (EU) 2016/679 of the European Parliament and of the Council of April 27, 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data and French law No. 78-17 of January 6, 1978 on data processing, data files and individual liberties, as amended from time to time) can limit under certain circumstances the possibility of obtaining information in France or from French persons in connection with a judicial or administrative U.S. action in a discovery context.

If an original action is brought in France, French courts may refuse to apply the designated law (or part of it) if its application contravenes French public policy. In an action brought in France on the basis of U.S. Federal or state securities laws, French courts may not have the requisite power to grant all the remedies sought.

Pursuant to articles 14 and 15 of the French Civil Code, a French national (either a company or an individual) can sue a foreign defendant before French courts (article 14) and can be sued by a foreign claimant before French courts (article 15). For a long time, case law has interpreted these provisions as meaning that a French national, either claimant

or defendant, could not be forced against its will to appear before a jurisdiction other than French courts and that the foreign decision issued in such circumstances would not be recognized and enforced in France. However, according to currently established case law, the French courts' jurisdiction towards French nationals is no longer mandatory to the extent an action has been commenced before a court in a jurisdiction which has sufficient contacts with the dispute and the choice of jurisdiction is not fraudulent, and does not prevent the recognition and enforcement of the decision of such foreign court. In addition, the French and foreign nationals may respectively waive their rights to benefit from the provisions of articles 14 and 15 of the French Civil Code, including implicitly, by way of conduct by voluntarily appearing before the foreign court.

It must be noted that under Regulation (EU) No. 1215/2012 of the European Parliament and of the Council of December 12, 2012, as regards legal actions falling within the scope of said Regulation, the privileges granted to French nationals pursuant to Articles 14 and 15 of the French Civil Code may not be invoked against a person domiciled in an EU Member State. Conversely, pursuant to Article 6.2 of Regulation (EU) No. 1215/2012, the privilege granted by Article 14 of the French Civil Code may be invoked by a claimant domiciled in France, regardless of the claimant's nationality, to sue before French courts a defendant domiciled outside the EU.

The French Supreme Court (*Cour de cassation*) has recently held that a contractual provision submitting one party to the exclusive jurisdiction of a court and giving another party the discretionary option to choose any competent jurisdiction was invalid. Accordingly, any provisions to the same effect in any relevant documents would not be binding on the party submitted to the exclusive jurisdiction of the court or prevent a French party from bringing an action before the French courts.

Germany

The following discussion with respect to the enforceability of certain U.S. court judgments in Germany is based upon advice provided to us by our German legal advisors.

The United States and Germany currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments in civil and commercial matters. Consequently, a final judgment for a payment rendered by any court in the United States would not automatically be enforceable in Germany.

Notwithstanding the preceding, a final judgment for payment rendered by any federal or state court in the United States based on civil liability, whether or not predicated solely upon U.S. federal securities laws, would generally be recognized and enforced in Germany in an action before a German court, and such German court generally will not investigate the merits of the original matter decided by a U.S. court. The recognition and enforcement of the U.S. judgment by a German court would be conditional upon a number of factors, including all of the following:

- the ability of the U.S. court to take jurisdiction of the case in accordance with the principles of jurisdictional competence under German law;
- the document introducing the proceedings having been duly made known to the defendant in a timely manner that allowed for adequate defense;
- the judgment not being contrary to (i) any prior judgment which became res judicata rendered by a German court or (ii) any prior judgment which became res judicata rendered by a foreign court which is recognized in Germany, and the procedure leading to the U.S. judgment is not in contradiction to any such prior judgment;
- the effects of its recognition not being in conflict with material principles of German law, including, without limitation, fundamental rights under the constitution of Germany (*Grundrechte*). In this context, it should be noted that any component of a U.S. federal or state court civil judgment awarding punitive damages or any other damages which do not serve a compensatory purpose, such as treble damages, will not be enforced in Germany, as they are regarded to be in conflict with material principles of German law;
- the reciprocity of enforcement of judgments being guaranteed; and
- the judgment having become res judicata in accordance with the law of the place where it was pronounced.

Enforcement and foreclosure based on U.S. judgments may be sought against German defendants after having received an enforcement decision from a competent German court in accordance with the above principles. Subject to the

foregoing, investors may be able to enforce judgments in Germany in civil and commercial matters obtained from U.S. federal or state courts. However, we cannot assure you that those judgments will be enforceable. In addition, it is doubtful whether a German court would accept jurisdiction and impose civil liability in an original action predicated solely upon U.S. federal securities laws.

Furthermore, in the past the recognition and enforcement of punitive damages has been denied by German courts as incompatible with the substantial foundations of German law. Moreover, a German court may reduce the amount of damages granted by a U.S. court and recognize damages only to the extent that they are necessary to compensate actual losses or damages.

German civil procedure differs substantially from U.S. civil procedure in a number of respects. With respect to the production of evidence, for example, U.S. federal and state law and the laws of several other jurisdictions based on common law provide for pre-trial discovery, a process by which parties to the proceedings may, prior to trial, compel the production of documents by adverse or third parties and the deposition of witnesses. Evidence obtained in this manner may be decisive in the outcome of any proceeding. No such pretrial discovery process exists under German law.

If the party in whose favor such final judgment is rendered brings a new lawsuit in a competent court in Germany, such party may submit to the German court the final judgment rendered in the United States. Under such circumstances, a judgment by a federal or state court of the United States against the Issuer or such persons will be regarded by a German court only as evidence of the outcome of the dispute to which such judgment relates. A German court may choose to re-hear the dispute and may render a judgment not in line with the judgment rendered by a federal or state court of the United States.

Hong Kong

Hong Kong has no arrangement for the reciprocal enforcement of judgments with the United States. However, under Hong Kong common law, a foreign judgment (including one from a court in the United States predicated upon U.S. federal or state securities laws) may be enforced in Hong Kong by bringing an action in a Hong Kong court, and then seeking summary or default judgment on the strength of the foreign judgment, provided that the foreign judgment is for a debt or definite sum of money and is final and conclusive on the merits. In addition, the Hong Kong courts may refuse to recognize or enforce a foreign judgment if such judgment:

(a) was obtained by fraud;

(b) was rendered by a foreign court that lacked the appropriate jurisdiction at the time;

(c) is contrary to public policy or natural justice;

(d) is for penal damages; or

(e) is based on foreign penal, revenue or other public law.

Korea

Any judgment for a monetary claim rendered against a Korean company by a foreign court would be recognized and enforced by the courts in Korea without reexamination of the merits, provided that:

(a) such judgment was finally and conclusively given by a court having valid jurisdiction in accordance with the international jurisdiction principles under Korean law and applicable treaties;

(b) in light of the substance of such judgment and the procedures of litigation, recognition of such judgment is not contrary to the public policy of Korea;

(c) such Korean company was duly served with a service of process (otherwise than by publication or similar means) in sufficient time to enable the Korean company to prepare its defense in conformity with applicable laws or responded to the action without being served with process; and

(d) judgments of the courts of Korea are accorded reciprocal treatment in the jurisdiction of such foreign court which had issued such judgment or the requirements for the recognition of such foreign judgment

in the jurisdiction of the court which had issued such judgment are not considerably prejudicial and substantially different in material aspects from those in Korea.

Mexico

No treaty exists between the United States and Mexico for the reciprocal enforcement of judgments issued in the other country in civil and commercial matters. The recognition by Mexican courts of a judgment rendered in the United States is usually done under the principle of reciprocity, which means that Mexican courts would reexamine judgments rendered in the United States if such foreign country would reexamine Mexican judgments. Generally, Mexican courts would enforce final judgments rendered in the United States if certain requirements were met, including that (i) such judgment is obtained in compliance with legal requirements of the jurisdiction of the court rendering such judgment and in compliance with all legal requirements of the relevant document, and such judgment is considered final in the rendering state; (ii) such judgment is strictly for the payment of a certain sum of money and has been rendered in an *in personam* action, as opposed to an *in rem* action; (iii) process in the action has been served personally to the defendant, its attorney-in-fact or its duly appointed process agent, it being noted that service of process by mail is ineffective under Mexican due process rules; (iv) such judgment does not contravene Mexican law, the public policy of Mexico, international treaties or agreements binding upon Mexico; (v) such judgment is rendered under a system that provides procedures compatible with Mexican due process requirements; (vi) the action in respect of which such judgment is rendered is the subject matter of a lawsuit among the same parties, pending before a Mexican court; and (vii) such judgment does not conflict with another final judgment.

In order to enforce a security interest in Mexico, the creditor must initiate a lawsuit. When the collateral is located within the Mexican territory, filing the lawsuit before a Mexican court would be more effective than trying to enforce the judgment of a foreign court in Mexico. Nevertheless, judgments of non-Mexican courts are enforceable in Mexico.

Notwithstanding the foregoing, in the event that proceedings are brought in Mexico to enforce a Guarantor's obligations under the relevant Notes, the obligations would not be discharged in a currency other than the Mexican peso. Pursuant to Mexican law, an obligation in a currency other than the Mexican peso, which is payable in Mexico, may be satisfied in the Mexican currency at the rate of exchange in effect on the date on which payment is made. Such rate of exchange is currently determined by the Mexican Central Bank (*Banco de México*) each business day in Mexico and published the following business banking day in the Official Gazette of Mexico (*Diario Oficial de la Federación*).

There are no limitations on the election of remedies in Mexico, and creditors can pursue multiple remedies at the same time until the total amount of the indebtedness is fully paid. Once the secured obligations have been paid in full to the creditors, a debtor is entitled to receive any outstanding amount incurred in the enforcement and foreclosure of all security interests.

Norway

A judgment in the courts of a state which is not, under the terms of the Lugano Convention on the Recognition of Judgments in Civil and Commercial Matters, a Contracting State (as defined in the Lugano Convention) or a state with which Norway has entered into a convention on the mutual recognition and enforcement of judgments, would as a main rule not be recognized or enforceable in Norway as a matter of right without a retrial of the merits of the case.

In the absence of any bilateral or multilateral treaty, a final and enforceable judgment of the courts exercising jurisdiction in the United States could however be enforced in Norway without a retrial of the merits of the case if the jurisdiction of such court has been specifically agreed to and accepted by the respective parties in writing, in respect of the civil matter in dispute, in accordance with the Norwegian Civil Procedure Act of June 17, 2005 No. 90 Section 19-16 cf. Section 4-6 and there is no other mandatory venue for the dispute, but only insofar as such recognition and enforcement would not be in breach of mandatory law or contrary to public policy in Norway.

Only creditors of a claim may have active judicial standing in a Norwegian court; therefore, a security agent or other representative of the creditors may seek enforcement of a claim but such claim may have to be supported by the actual creditors of such claim.

Singapore

Judgments by courts in the United States of America are not directly enforceable in Singapore as if they were judgments of the Singapore courts. However, a final and conclusive judgment on the merits properly obtained against (as

the case may be) us or a Guarantor in any competent court of the United States of America for a fixed sum of money payable by (as the case may be) us or a Guarantor in respect of any legal suit or proceeding and which could be enforced by execution against (as the case may be) us or a Guarantor in the jurisdiction of the relevant court and has not been stayed or satisfied in whole may be sued on in Singapore as a debt due from (as the case may be) us or a Guarantor if:

- the relevant court had jurisdiction over (as the case may be) us or a Guarantor in that (as the case may be) us or a Guarantor was, at the time such proceeding was instituted, resident in the jurisdiction in which such proceeding had been commenced or had submitted to the jurisdiction of the relevant court;
- that judgment was not obtained by fraud;
- the judgment does not amount to judgment on a matter previously determined by a Singapore court and does not conflict with a judgment on the same matter given by any other court that is enforceable in Singapore;
- the enforcement of that judgment will not be contrary to public policy of Singapore;
- that the judgment had not been obtained in contravention of the principles of natural justice; and
- that the judgment of the relevant court did not include the payment of taxes, a fine or penalty.

Sweden

The United States and Sweden currently do not have a treaty providing for the reciprocal recognition and enforcement of court judgments in civil and commercial matters. Therefore, a final judgment for payment rendered by any federal or state court in the United States based on civil liability, whether or not predicated solely upon U.S. federal securities laws (a "**U.S. Judgment**"), would not automatically be recognized or enforceable in Sweden. In order to enforce any such U.S. Judgment in Sweden, proceedings must first be initiated before a court of competent jurisdiction in Sweden. Assuming that a U.S. Judgement has been rendered by a U.S. Court due to a U.S. Court has been given jurisdiction through a prorogation clause, the U.S. Judgement will form the basis for a Swedish judgement in the same matter without any reassessment of the merits. However, the competent Swedish court may refuse rendering a judgment based on a U.S. Judgement should the U.S. Judgement be contrary to public policy. In case the U.S. Judgement has not been rendered by a U.S. Court by reason of a prorogation clause, the competent Swedish court will view the U.S. Judgment only as evidence of the outcome of the dispute to which the judgment relates, and the court will have to reassess the merits of the dispute.

Any legal proceedings in the courts of Sweden will be conducted in Swedish and a court or enforcement authority in Sweden may require, as a further condition for admissibility and/or enforceability the translation into Swedish of any relevant document, and assistance from Swedish authorities in the service of process in connection with foreign proceedings might require the observance of certain procedural and other regulations.

Swedish courts may award judgments or give awards in currencies other than the local currency, but the judgment debtor has the right under the laws of Sweden to pay the judgment debt (even though denominated in a foreign currency) in the local currency at the rate of exchange prevailing at the date of payment (however, the judgment creditor may, subject to availability of the foreign currency, convert such local currency into the foreign currency after payment and remove such foreign currency from Sweden), and a choice of currency provisions by the parties to an agreement may not be upheld by Swedish courts to constitute a right to refuse payment in Swedish kronor.

Any powers of attorney or mandates of agency for service of process cannot be made irrevocable under Swedish law and can therefore be revoked and will in addition terminate by operation of law and without notice at the bankruptcy or temporal demise of the party giving such powers.

Switzerland

Judgments in civil or commercial matters of a non-Swiss court or authority will be recognized and enforced against an individual or a legal entity with legal domicile or seat in Switzerland pursuant to a bilateral or multilateral treaty or convention between the foreign country and Switzerland, *e.g.,* the Lugano Convention on Jurisdiction and Enforcement of Judgments of October 30, 2007. In case no applicable treaty or convention exists, the rules of the Swiss Federal Act on Private International Law ("**PILA**"; *Bundesgesetz vom 18. Dezember 1987 über das Internationale Privatrecht (IPRG)*) apply.

Except for arbitral awards, there is currently no treaty or convention in effect pertaining to the recognition and enforcement of judgments in civil and commercial matters between the United States of America and Switzerland. Thus, Art. 25-32 PILA applies for the recognition and enforcement of a U.S. federal or state court judgment in Switzerland. In cases where a U.S. money judgment shall be enforced, the Swiss Federal Act on Debt Enforcement and Bankruptcy and the Swiss Code of Civil Procedure (*Schweizerische Zivilprozessordnung vom 19. Dezember 2008 (ZPO)*) applies in addition to the PILA. Please see "*Limitations on the Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Considerations—Switzerland*."

A United States judgment may be recognized and enforced upon request by the courts of Switzerland if certain requirements of the Swiss Federal Act on Private International Law are met, in particular, that (i) the Swiss court determines that the foreign court had jurisdiction, (ii) the judgment of such court has become final and non-appealable, (iii) the recognition of the foreign judgment is not manifestly contrary to the public policy or the law in Switzerland, (iv) the counterparty has been properly served with process according to the law of the state of his/her/its domicile or ordinary residence (if in Switzerland, through judicial aid granted by the Swiss authorities) or the counterparty has unconditionally joined the proceedings, (v) the proceedings leading to the judgment have respected the principles of a fair trial (as understood in Switzerland) and, in particular, that the counterparty has been granted the right to be heard and the possibility to properly defend his/her/its case and (vi) no action between the same parties and on the same subject matter has been commenced or decided first in a Swiss court and no judgment between the same parties and on the same subject matter has been first rendered by a foreign court, which judgment may be recognized in Switzerland.

Further, valid submission to the jurisdiction of a foreign court, in particular of a U.S. court or authority, is established (i) if a provision of the PILA so provides or, in the absence of such provision, the defendant had his legal domicile in the country in which the decision was rendered; or (ii) if parties who, in a pecuniary dispute, entered into an agreement valid under PILA, submitted their dispute to the jurisdiction of the court or authority which rendered the judgment; or (iii) if the defendant, in a pecuniary dispute, proceeded on the merits without objecting to jurisdiction; or (iv) if, in the event of a counterclaim, the court or authority which rendered the decision had jurisdiction over the principal claim and there is a factual connection between the principal claim and the counterclaim. It is uncertain whether this practice extends to default judgments as well.

Moreover, a Swiss court may reduce the amount of damages granted by a U.S. court and recognize damages only to the extent that they are necessary to compensate actual losses or damages. Enforcement and recognition of judgments of U.S. courts in Switzerland are governed by the provisions of the Swiss Civil Procedure Code. The judgment of a Swiss court or authority of first instance concerning recognition and enforcement of a foreign judgment, including a U.S. judgment, is generally subject to appeal (on the cantonal level as well as on the federal level).

Subject to the foregoing, holders of the Notes may be able to enforce in Switzerland judgments in civil and commercial matters obtained from U.S. federal or state courts; however, we cannot assure you that those judgments will be enforceable. Awards of punitive damages or other types of penalty in original actions outside Switzerland may also not be enforceable in Switzerland. It is doubtful whether a Swiss court would accept jurisdiction and impose civil liability if proceedings were commenced in Switzerland predicated solely upon U.S. federal or state securities law. In addition, in an action brought in a Swiss court on the basis of U.S. federal or state securities laws, the Swiss courts may not have the requisite power to grant the remedies sought. Swiss civil procedure differs substantially from U.S. civil procedure in a number of respects. Insofar as the production of evidence is concerned, U.S. law and the laws of several other jurisdictions based on common law provide for pre-trial discovery, a process by which parties to the proceedings may prior to trial compel the production of documents by adverse or third-parties and the deposition of witnesses. Evidence obtained in this manner may be decisive in the outcome of any proceeding. No such pre-trial discovery process exists under Swiss law. No statement can be made as to the time and efficiency of the recognition and enforcement in Switzerland of a foreign judgment considering that recognition and enforcement proceedings tend to be time consuming in Switzerland.

Under Swiss law, any amount denominated in a foreign currency which has to be enforced through Swiss debt collection authorities (*schweizerische Zwangsvollstreckungsbehörden*) has to be converted into Swiss francs.

Swiss law documents may be executed in English. However, in case of enforcement the Swiss courts or any other official Swiss authority may require that the transaction documents and any judgment obtained in a foreign court be translated into one of the official languages of Switzerland.

The instruction and appointment of an agent and any power of attorney may be revoked at any time under Swiss law notwithstanding the appointment, instruction or power of attorney being said to be irrevocable and any mandate may, as a matter of statutory Swiss law, be terminated at any time by each party to the mandate.

Judicial documents may not be served directly from abroad, including from the United States of America, to a person in Switzerland (see Switzerland's reservations to the Hague Convention on Service Abroad of Judicial or Extra-Judicial Documents in Civil and Commercial Matter concluded on November 15, 1965). Instead, service needs to be effected by way of judicial assistance.

LISTING AND GENERAL INFORMATION

1. The Senior Secured Notes Issuer is a public limited company incorporated under the laws of England and Wales on December 18, 2020. It is presently registered with Companies House under the number 13091130. The address of the Senior Secured Notes Issuer's registered office and of the directors of the Senior Secured Notes Issuer is Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG. The LEI number of the Senior Secured Notes Issuer is 213800V48W4Y5MT5Q131. The Senior Notes Issuer is a public limited company incorporated under the laws of England and Wales on December 18, 2020. It is presently registered with Companies House under the number 13091138. The address of the Senior Notes Issuer's registered office and of the directors of the Senior Notes Issuer is Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG. The LEI number of the Senior Notes Issuer is 213800QO23X11QXPVT49.

2. Application has been made for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and to be admitted to trading on the Euro MTF Market thereof.

3. For the time that the Notes are listed on the Official List of the Luxembourg Stock Exchange and are traded on the Euro MTF Market, copies of the following documents will be available in electronic form at the registered office of the relevant Paying Agent referred to below during normal business hours on any business day:

   - the organizational documents of the relevant Issuer and each of the Guarantors;
   - the Consolidated/Combined Carve-out Financial Statements included elsewhere in this offering memorandum;
   - the most recent audited historical consolidated financial statements and any interim financial statements published by the Parent;
   - the relevant Indenture (which include the Guarantees and the forms of the relevant Notes);
   - copies of the relevant security documents; and
   - the Intercreditor Agreement.

4. Except as disclosed herein, there has been no material adverse change in the Issuers' or the Group's consolidated financial position or prospects since September 30, 2020.

5. Except as disclosed herein, neither we nor any of our subsidiaries is a party to any material governmental, legal or arbitration proceedings relating to claims or amounts and, so far as the Issuers are aware, no such governmental, legal or arbitration proceeding is pending or threatened.

6. The Senior Secured Notes Trustee and the Senior Notes Trustee is HSBC Corporate Trustee Company (UK) Limited and its address is Issuer Services, Level 22, 8 Canada Square, London E14 5HQ. The Senior Secured Notes Trustee will be acting in its capacity as trustee for the holders of the Senior Secured Notes and will provide such services to the holders of the Senior Secured Notes as described in the Senior Secured Indenture. The Senior Notes Trustee will be acting in its capacity as trustee for the holders of the Senior Notes and will provide such services to the holders of the Senior Notes as described in the Senior Notes Indenture.

7. The Issuers have each appointed HSBC Bank PLC as its Paying Agent, Registrar and Transfer Agent for the Euro Senior Secured Notes and the Euro Senior Notes and HSBC Bank USA, National Association as its Paying Agent, Registrar and Transfer Agent for the Dollar Senior Secured Notes. We reserve the right to vary such appointment and we will provide notice of such change of appointment to holders of the Notes and the Luxembourg Stock Exchange. The relevant Paying Agent will act as intermediary between the holders of the relevant Notes and us, and so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market thereof, we will maintain paying and transfer agents.

8. There are no conflicts of interest between the duties of the Directors of the Parent and their private interests.

9. The issuance of the Notes was authorized on January 20, 2021.

10. The Dollar Global Notes have been accepted for clearance under DTC and the Euro Global Notes have been accepted for clearance through the facilities of Clearstream Banking and Euroclear, as applicable. Certain trading information with respect to the Notes is set forth below.

Global Note	Common Code/CUSIP	ISIN
Senior Secured Notes		
Rule 144A Dollar Global Senior Secured Note	229414160/ 45674G AA2	US45674GAA22
Rule 144A Euro Global Senior Secured Note	229192990	XS2291929904
Regulation S Dollar Global Senior Secured Note	229388916/ G4772G AA3	USG4772GAA34
Regulation S Euro Global Senior Secured Note	229192957	XS2291929573
Senior Notes		
Rule 144A Euro Global Senior Note	229192981	XS2291929813
Regulation S Euro Global Senior Note	229192884	XS2291928849

11. Set forth below is certain information with respect to the Issuers and the Guarantors. For more information, see "*Description of the Senior Secured Notes—Brief Description of the Notes, the Guarantees and the Security—The Guarantees*" and "*Description of the Senior Notes—Brief Description of the Notes, the Guarantees and the Security—The Guarantees"*.

BP America Chembel Holding LLC is a limited liability company incorporated under the laws of Delaware whose registered office is at Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware, 19801, United States.

BP Amoco Chemical Company is a limited liability company incorporated under the laws of Delaware whose registered office is at Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware, 19801, United States.

INEOS Aromatics Holding Company (formerly, BP Amoco Chemical Holding Company) a limited liability company incorporated under the laws of Delaware whose registered office is at Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware, 19801, United States.

BP Amoco Chemical Indonesia Limited is a limited liability company incorporated under the laws of Delaware whose registered office is at Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware, 19801, United States.

INEOS Aromatics Holdings Limited (formerly, BP Aromatics Holdings Limited) is a limited liability company incorporated under the laws of England and Wales with registered number 06226615 and whose registered office is at Chertsey Road, Sunbury-On-Thames, Middlesex TW16 7BP.

INEOS Aromatics Limited (formerly, BP Aromatics Limited) is a limited liability company incorporated under the laws of England and Wales with registered number 06226624 and whose registered office is at Chertsey Road, Sunbury-On-Thames, Middlesex TW16 7BP.

BP Asia Limited is a private company limited by shares incorporated under the laws of Hong Kong with registered number 0024836 and whose registered office is at Unit 25-150, 25/F, Two Harbour Square, 180 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong.

BP Chembel NV is a limited liability company organized under the laws of Belgium. It is registered with the RLE of Antwerp, division Turnhout under Company Number 0404.137.533 and the address of its statutory seat is Amocolaan 2, 2440 Geel, Belgium.

INEOS Acetyls (Korea) Limited (formerly, BP Chemicals (Korea) Limited) is a limited liability company incorporated under the laws of England and Wales with registered number 02316280 and whose registered office is at Chertsey Road, Sunbury-On-Thames, Middlesex TW16 7BP.

INEOS Acetyls Investments Limited (formerly, BP Chemicals Investments Limited) is a limited liability company incorporated under the laws of England and Wales with registered number 00304682 and whose registered office is at Chertsey Road, Sunbury-On-Thames, Middlesex TW16 7BP.

INEOS World-Wide Technical Services Limited (formerly, BP World-Wide Technical Services Limited) is a limited liability company incorporated under the laws of England and Wales with registered number 00510676 and whose registered office is at Chertsey Road, Sunbury-On-Thames, Middlesex TW16 7BP.

INEOS Acetyls Americas Limited (formerly, Exploration Service Company Limited) is a limited liability company incorporated under the laws of England and Wales with registered number 03947697 and whose registered office is at Chertsey Road, Sunbury-On-Thames, Middlesex TW16 7BP.

INEOS Acetyls UK Limited is a limited liability company incorporated under the laws of England and Wales with registered number 09925357 and whose registered office is at Hawkslease, Chapel Lane, Lyndhurst, Hampshire, United Kingdom SO43 7FG.

INEOS Quattro Financing Limited, formerly INEOS Styrolution Financing Limited, is a limited liability company incorporated under the laws of England and Wales with registered number 09922303 and whose registered office is at Hawkslease, Chapel Lane, Lyndhurst, Hampshire, United Kingdom SO43 7FG.

INEOS Quattro Holdings Limited, formerly INEOS Styrolution Holding Limited, is a limited liability company incorporated under the laws of England and Wales with registered number 09922632 and whose registered office is at Hawkslease, Chapel Lane, Lyndhurst, Hampshire, United Kingdom SO43 7FG.

INEOS 226 Limited, is a limited liability company incorporated under the laws of England and Wales with registered number 12698648 and whose registered office is at Hawkslease, Chapel Lane, Lyndhurst, Hampshire, United Kingdom SO43 7FG.

INEOS Styrolution Belgium NV is a limited liability company organized under the laws of Belgium. It is registered with the RLE of Antwerp, division Antwerp under Company Number 0806.439.291 and the address of its statutory seat is Haven 725, Scheldelaan 600, 2040 Antwerpen, Belgium..

INEOS Styrolution Canada Ltd. is a corporation organized under the laws of Canada. It is registered under the Canada Business Corporation Act under Corporation Number 683170-2 and the address of its registered office is 872 Tashmoo Avenue, Sarnia ON N7T 8A3 Ontario, Canada.

INEOS Styrolution Group GmbH is a limited liability company (*Gesellschaft mit beschränkter Haftung*) organized under the laws of Germany. It is presently registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Frankfurt am Main under the number HRB 91762 and the address of its registered office is Mainzer Landstraße 50, 60325 Frankfurt, Germany.

INEOS Styrolution Holding GmbH is a limited liability company (*Gesellschaft mit beschränkter Haftung*) organized under the laws of Germany. It is presently registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Frankfurt am Main under the number HRB 92003 and the address of its registered office is Mainzer Landstraße 50, 60325 Frankfurt, Germany.

INEOS Styrolution Investment GmbH is a limited liability company (*Gesellschaft mit beschränkter Haftung*) organized under the laws of Germany. It is presently registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Frankfurt am Main under the number HRB 98997 and the address of its registered office is Mainzer Landstraße 50, 60325 Frankfurt, Germany.

INEOS Styrolution Europe GmbH is a limited liability company (*Gesellschaft mit beschränkter Haftung*) organized under the laws of Germany. It is presently registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Frankfurt am Main under the number HRB 97351 and the address of its registered office is Mainzer Landstraße 50, 60325 Frankfurt, Germany.

INEOS Styrolution Ludwigshafen GmbH is a limited liability company (*Gesellschaft mit beschränkter Haftung*) organized under the laws of Germany. It is presently registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Frankfurt am Main under the number HRB 93185 and the address of its registered office is Mainzer Landstraße 50, 60325 Frankfurt, Germany.

INEOS Styrolution Köln GmbH is a limited liability company (*Gesellschaft mit beschränkter Haftung*) organized under the laws of Germany. It is presently registered with the commercial register (*Handelsregister*) of the local court

(*Amtsgericht*) of Cologne under the number HRB 61332 and the address of its registered office is Alte Straße 201, 50769 Cologne, Germany.

INEOS Styrolution Korea Ltd. is a limited company organized under the laws of Korea. It is registered under the number 610-81-94885 and the address of its registered office is Sanggae-ro 143 (Sanggae-dong), Nam-gu, Ulsan, Korea.

INEOS Styrolution Mexicana, S.A. de C.V. is a variable capital stock corporation (*sociedad anonima de capital variable*) incorporated under the laws of Mexico. It is registered under the number SME1101034E1 and the address of its registered office is Avenida Insurgentes Sur No. 859, Piso 11, Oficina 1102, Colonia Nápoles, 03810, Mexico City, Mexico.

INEOS Styrolution APAC Pte. Ltd. is a private limited liability company incorporated under the laws of Singapore on September 12, 2008. It is incorporated in Singapore with Registration Number 200818085M and the address of its registered office is 111 Somerset Road, #14-16-21, 111 Somerset, Singapore 238164.

INEOS Quattro Finance 2 Plc is a public limited company incorporated under the laws of England and Wales with registered number 13091130 and whose registered office is at Hawkslease, Chapel Lane, Lyndhurst, Hampshire, United Kingdom, SO43 7FG.

INEOS Quattro Finance 1 Plc is a public limited company incorporated under the laws of England and Wales with registered number 13091138 and whose registered office is at Hawkslease, Chapel Lane, Lydhurst, Hampshire, United Kingdom, SO43 7FG.

INEOS Styrolution Switzerland SA. is a corporation (*société anonyme*) incorporated and existing under the laws of Switzerland. It is registered under the number CHE-409.178.505 and its registered office is Avenue des Uttins 3, CH-1180 Rolle, Switzerland.

INEOS Styrolution US Holding LLC is a limited liability company formed under the laws of Delaware. Its registered office is at 1209 Orange Street, Wilmington DE 19801, Delaware, United States.

INEOS Styrolution America LLC is a limited liability company formed under the laws of Delaware. Its registered office is at 1209 Orange Street, Wilmington DE 19801, Delaware, United States.

INEOS US Petrochem LLC is a limited liability company formed under the laws of Delaware. Its registered office is at 1999 Bryan Street, Suite 900, Dallas TX 75201, Texas, United States.

INEOS Acetyls International Limited is a private limited company incorporated under the laws of England and Wales with registered number 12777775 and whose registered office is at Hawkslease, Chapel Lane, Lyndhurst, Hampshire SO343 7FG.

INOVYN Belgium SA is a limited liability company organized under the laws of Belgium. It is registered with the RLE of Brussels under Company Number 0466.279.394 and the address of its statutory seat is Avenue des Olympiades 20, 1140 Evere, Belgium.

INOVYN ChlorVinyls Holdings Limited is a private limited company incorporated under the laws of England and Wales with registered number 07085121 and whose registered office is at Runcorn Site HQ, South Parade, P.O. Box 9, Cheshire WA7 4JE.

INOVYN ChlorVinyls Limited is a private limited company incorporated under the laws of England and Wales with registered number 04068812 and whose registered office is at Runcorn Site HQ, South Parade, P.O. Box 9, Cheshire WA7 4JE.

INOVYN Deutschland GmbH is a limited liability company (*Gesellschaft mit beschränkter Haftung*) organized under the laws of Germany. It is presently registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Kleve under the number HRB 14538 and the address of its registered office is Ludwigstraße 12, 47495 Rheinberg, Germany.

INOVYN Enterprises Limited is a private limited company incorporated under the laws of England and Wales with registered number 04651437 and whose registered office is at Runcorn Site HQ, South Parade, P.O. Box 9, Cheshire WA7 4JE.

INOVYN Europe Limited is a private limited company incorporated under the laws of England and Wales with registered number 10398354 and whose registered office is at Runcorn Site HQ, South Parade, P.O. Box 9, Cheshire WA7 4JE.

INOVYN Finance PLC is a public limited company incorporated under the laws of England and Wales with registered number 07027513 and whose registered office is at Runcorn Site HQ, South Parade, P.O. Box 9, Cheshire WA7 4JE.

INOVYN FRANCE SAS is a company incorporated under the laws of France as a société par actions simplifiée, whose registered office is at 2 Avenue de la République, 39500 Tavaux, France and registered with the commercial and companies registry (Registre du Commerce et des Sociétés) of Lons-le-Saunier under number 625 780 135.

INOVYN Group Treasury Limited is a private limited company incorporated under the laws of England and Wales with registered number 06179953 and whose registered office is at Runcorn Site HQ, South Parade, P.O. Box 9, Cheshire WA7 4JE.

INOVYN Limited is a private limited company incorporated under the laws of England and Wales with registered number 08696245 and whose registered office is at Runcorn Site HQ, South Parade, P.O. Box 9, Cheshire WA7 4JE.

INOVYN Manufacturing Belgium SA is a limited liability company organized under the laws of Belgium. It is registered with the RLE of Brussels under Company Number 0403.147.638 and the address of its statutory seat is Avenue des Olympiades 20, 1140 Evere, Belgium.

INOVYN Newco 2 Limited is a private limited company incorporated under the laws of England and Wales with registered number 04772918 and whose registered office is at Runcorn Site Hq, South Parade, Runcorn, Cheshire WA7 4JE.

INOVYN Norge AS is a company incorporated under the laws of Norway with Business enterprise number 981 701 046.

INOVYN Olefines France SAS is a company incorporated under the laws of France *as a société par actions simplifiée* whose registered office is at 2 Avenue de la République, 39500 Tavaux, France and registered with the commercial and companies registry (*Registre du Commerce et des Sociétés*) of Lons-le-Saunier under number 414 573 964.

INOVYN Sverige AB is a limited liability company incorporated and organised under the laws of Sweden with registered number 556027-6635, having its registered address at SE-444 83 Stenungsund..

INOVYN Trade Services SA is a limited liability company organized under the laws of Belgium. It is registered with the RLE of Brussels under Company Number 0548.858.563 and the address of its statutory seat is Avenue des Olympiades 20, 1140 Evere, Belgium.

Kerling Newco 1 Limited is a private limited company incorporated under the laws of England and Wales with registered number 09613152 and whose registered office is at Runcorn Site Hq, South Parade, Runcorn, Cheshire WA7 4JE.

Kerling Newco 2 Limited is a private limited company incorporated under the laws of England and Wales with registered number 09613220 and whose registered office is at Runcorn Site Hq, South Parade, Runcorn, Cheshire WA7 4JE.

12. The Issuers and the Guarantors represented 97.5% of our combined consolidated EBITDA before special items in the nine months ended September 30, 2020 and held 92.2% of our combined consolidated total assets (in each case, prior to giving effect to pro forma adjustments and calculated in a consistent manner as the covenants in the Term Loan and Revolving Credit Facility Agreement, i.e., excluding the receivables sold to the securitization special purpose vehicles under the Securitization Programs and the consolidated EBITDA before special items and assets of our subsidiaries in the Excluded Jurisdictions as of September 30, 2020). Our subsidiaries in the Excluded Jurisdictions represented 18.1% of our total assets and 6.3% of our consolidated EBITDA before special items as of and for the nine months ended September 30, 2020 (in each case, excluding the EBITDA before special items and assets of the securitization special purpose vehicles under the Securitization Programs).

13. The proceeds of the Notes will be used outside Switzerland at all times while any Notes are outstanding unless (i) use in Switzerland is permitted under the Swiss taxation laws in force from time to time or (ii) it is confirmed in a tax ruling by the Swiss Federal Tax Administration that such use of proceeds is permitted without payments

in respect of the Notes becoming subject to withholding or deduction for Swiss withholding tax as a consequence of such use of proceeds in Switzerland.

14. The Issuers have obtained all necessary consents, approvals, authorisations or other orders for the issue of the Notes and other documents to be entered into by the Issuers in connection with the Offering.

15. The Issuers accept responsibility for the information contained in this offering memorandum. To the best of their knowledge, the information contained in this offering memorandum is in accordance with the facts and does not omit anything likely to affect the import of this offering memorandum.

GLOSSARY OF SELECTED TERMS

Term	Definition
Acetic Acid ("**AA**")	Acetic acid is an organic compound primarily used in the production of vinyl acetate monomer, PTA, ethyl acetate and other esters, acetic anhydride and monochloroacetic acid.
Acetic Anhydride ("**ANH**")	Acetic anhydride is an organic compound primarily used in the production of cellulose acetate and pharmaceuticals.
Acetylene	Acetylene is a chemical compound with the formula HC_2H. It is a hydrocarbon and the simplest alkyne. This colorless gas is widely used as a fuel and a chemical building block. It is unstable in pure form and thus is usually handled as a solution.
Acrylonitrile	Acrylonitrile is a petrochemical intermediate used in the production of SAN, ABS, ASA and alpha-methylstyrene acrylonitrile (AMSAN), as well as acrylic fiber, acrylonitrile butadiene rubber, acrylamide and adiponitrile (a nylon intermediate).
Acrylonitrile butadiene styrene ("**ABS**")	ABS is a tough, scratch-resistant material with high impact resistance, which can be readily processed by most thermoplastic fabrication techniques, including injection molding (used to produce a variety of consumable and industrial goods) and extrusion (used to produce, among other things, sheet, pipe and electrical conduit). ABS properties include rigidity, toughness, impact strength, heat resistance, chemical resistance, surface hardness, luster and the ability to be processed. ABS is often colored before use and customers typically choose to buy natural (uncolored) ABS if they have suitable self-coloring facilities or pre-colored ABS if they do not.
Acrylonitrile styrene acrylate ("**ASA**")	ASA is a styrene derivative produced by introducing a grafted acrylic ester elastomer (elastic polymer) during the copolymerization reaction between styrene and acrylonitrile. ASA has good toughness and rigidity, chemical resistance and thermal stability, outstanding resistance to weather, ageing and yellowing, and high gloss.
Advantaged feedstock	Feedstock that generates more product for the same cost as compared to another feedstock.
Alkane	A fully saturated (contains no double bonds) hydrocarbon.
Alkene	An unsaturated (contains a reactive carbon-to-carbon double bond) hydrocarbon.
Alkyne	An unsaturated (contains a very reactive carbon-to-carbon triple bond) hydrocarbon.
Benzene	Benzene is the main raw material for styrene (through its use in ethylbenzene) and is mainly produced from refinery processes or as a co-product of steam cracker operations.
Biodiesel	Biodiesel refers to a vegetable oil- or animal fat-based diesel fuel consisting of long-chain alkyl (methyl, propylorethyl) esters.
Biofuels	Biofuels are liquid fuels derived from plant materials.
Bitumen	Bitumen is a mixture of organic liquids that are highly viscous, black, sticky, entirely soluble in carbon disulfide, and composed primarily of highly condensed polycyclic aromatic hydrocarbons primarily used to produce paving materials, waterproofing products, including roofing felt, and for sealing flat roofs.
Benzene	Benzene is the main raw material for styrene (through its use in ethylbenzene) and is mainly produced from refinery processes or as a co-product of steam cracker operations.
Brine	Brine is a high concentration solution of salt in water. Brine is used as an essential raw material in a wide range of applications by the chemical industry, including the production of chlor alkali products, white salt for the food industry and for water softening, and soda ash.
Butadiene	Butadiene is a flammable, colorless gas used extensively in the rubber industry for various polymerizations for plastics manufacturing. It is the key input to polybutadiene (PB), which is used in the production of HIPS and is one of the three key inputs to ABS.
Butyl acrylate	Butyl acrylate is a petrochemical intermediate used in the production of polymers and other acrylic resins.

Carbon monoxide	Carbon monoxide is a key raw material in the production of acetic acid and is produced either by the reforming of simple hydrocarbons (e.g. natural Gas, fuel oil or coal) or via partial oxidation (POx) of hydrocarbons with oxygen.
Carbon tetrachloride	Carbon tetrachloride is an organic compound with the formula CCI_4. It is a reagent in synthetic chemistry and was formerly widely used in fire extinguishers, as a precursor to refrigerants, and as a cleaning agent. It is a colorless liquid with a "sweet" smell that can be detected at low levels.
Caustic Soda	Caustic Soda is known as sodium hydroxide, an inorganic compound which is produced, in water solution, in cellrooms by passing a powerful electric current through a NaCl brine solution. Caustic soda is a widely used industrial chemical, including in pulp and paper, detergents, packaging, agriculture, environmental protection, water treatment, foodstuffs, health, textiles and in the chemical, construction and car industries. Caustic soda comes in liquid and solid forms. Liquid caustic soda is a strong base used as a chemical reagent, a pH-regulator, an ion exchange resin regenerating agent, catalyst and etching and cleaning agent. Solid caustic soda has similar properties but is manufactured by evaporation of water from liquid caustic soda, followed by solidification into micro pearls.
Caustic Potash	Caustic Potash, also known as potassium hydroxide, is an inorganic compound which is produced in cellrooms by passing a powerful electric current through a KCl brine solution. Caustic potash is mainly used in the manufacture of other potassium salts for use in soaps and detergents, fertilizers, airport and aircraft de-icing fluids and batteries.
Chlorinated paraffin	Chlorinated paraffin is a chlorine derivative that can be used as a PVC plasticizer, an extreme pressure additive for metal working fluids, a fire retardant/plasticizer in paints, a fire retardant in other components, in polyurethane foams and in a range of rubbers and carbonless copying papers.
Chloroform	Chloroform is an organic compound with the formula $CHCl_3$. It is produced as a precursor to PTFE, as well as refrigerants.
Chlorine	Chlorine (Cl) is a chemical element. Elemental chlorine (Cl_2) is commercially produced by passing a powerful electric current through a brine solution, co-produced during caustic soda or caustic potash production. Chlorine is used in the manufacture of a wide range of consumer products, the main outlet is PVC.
Chloromethane	Chloromethane, also known as methyl chloride, is a chlorine derivative used as a vital intermediate in the manufacture of silicones and PTFE polymers, as well as refrigerants. The term chloromethanes is also sometimes used generically to describe the collection of all of the chlorinated methanes, such as: methyl chloride, methylene chloride, chloroform and carbon tetrachloride.
Copolymer	A copolymer is a material created by polymerizing two or more starting compounds (monomers).
Cracker	See "Olefins cracker."
Crude glycerin	Crude glycerin is a by-product of the biodiesel production process.
Electro-chemical unit ("**ECU**")	A caustic soda ECU is a measure for chlor-alkali production corresponding to one ton of chlorine and 1.1 tons of caustic soda.
Electrolysis	Electrolysis is a method of using an electric current to drive an otherwise non-spontaneous chemical reaction.
Epichlorohydrin ("**ECH**")	ECH is an organochlorine compound and an epoxide. It is a colorless liquid with a pungent odor. It is a chemical intermediate, mainly dedicated to the manufacturing of epoxy resins used in paints and coatings, composites, adhesives and electronics. It is also used in non-epoxy applications, such as pulp and paper chemicals, water treatment and healthcare products.
Esters	Esters are chemical compounds derived by reacting an oxoacid with a hydroxyl compound such as an alcohol or phenol.
Ethylbenzene	Ethylbenzene is an intermediate made from benzene and ethylene and used to make styrene. Virtually all worldwide ethylbenzene production is consumed in the production of styrene.

Ethylbenzene dehydrogenation ("**EB**" and "**EBSM**")	EBSM is the more traditional method for producing styrene, where ethylene is alkylated with benzene to produce ethylbenzene, which is dehydrogenated to produce styrene. This basic method has been used commercially for about 50 years, during which time it has been adapted and refined to improve the quality of the end product and to minimize the amount of energy and other resources, such as electricity, fuel, steam and cooling water, used in its production. Both the EBSM and POSM processes are large scale and capital intensive. We use the EBSM method to produce our styrene because the alternative, the POSM process, is used only when the aim is to produce propylene oxide.
Ethylene	Ethylene is a flammable gas obtained in a process called cracking, in which hydrocarbons are briefly heated, causing chemical reactions that split the carbon-hydrogen or carbon-carbon bonds of the feedstock. Ethylene is a key building block of the petrochemical industry and is used to produce a large number of higher value added chemicals, including styrene.
Ethylene dichloride ("**EDC**")	Ethylene dichloride, also known as dichloroethane (DCE), is a liquid used as an intermediate to make PVC. It is made from ethylene and chlorine.
Ethylene glycol ("**EG**")	EG is an industrial chemical, primarily used in the manufacture of polyesters and antifreeze/coolants. It is produced from ethylene oxide.
Ethylene oxide ("**EO**")	Ethylene oxide is a commodity monomer used as a building block for the manufacture of a wide range of products and intermediates in the chemical industry. EO is mainly used to produce EG and industrial detergents. The products derived from ethylene oxide have many familiar applications: coolants for auto engines, polyester fibers and film. It is manufactured from ethylene and oxygen.
Expandable polystyrene ("**EPS**")	EPS is a polystyrene that, when heated, forms a lightweight foam used for packaging and insulation purposes. Styrene is the main feedstock to produce EPS.
Feedstock	Raw materials required for an industrial process. Common feedstocks include natural gas liquids (such as naphtha), ethylene, propylene and other olefins.
Fluoroelastomer	Fluoroelastomer is a special purpose fluorocarbon-based synthetic rubber. It has wide chemical resistance and superior performance, especially in high temperature applications in different media.
Fluoropolymer	Fluoropolymer is a fluorocarbon-based polymer with multiple strong carbon-fluorine bonds. It is characterized by a high resistance to solvents, acids and bases.
General purpose polystyrene ("**GPPS**")	GPPS is a clear, hard, usually colorless thermoplastic resin. GPPS products are crystal-clear amorphous polystyrenes utilized in packaging, foamed containers, foam insulation, cutlery, medical lab-ware, clear cups and containers, CD jewel cases and cassette boxes.
Glycerin	See "Crude glycerin."
High density polyethylene ("**HDPE**").	HDPE is a type of polyethylene and is a relatively tough thermoplastic. Its most common household use is container plastics. HDPE is also commonly used for molding, pipe and thin film applications.
High impact polystyrene ("**HIPS**")	HIPS is one of the most widely used thermoplastics, with great dimensional strength, balanced properties of impact strength and heat resistance, is easily machined, and is relatively low in cost. HIPS is essentially GPPS with around 5-10% rubber incorporated through a grafting process prior to polymerization.
Hydrocarbons	Hydrocarbons is a term used to describe all compounds that consist of hydrogen and carbon. These include crude oil, natural gas, olefins and their derivatives.
Hydrochloric acid ("**HCl**")	HCl is used in a wide variety of industrial and chemical applications, including as a manufacturing aid in the pharmaceuticals industry, metallurgy, electronics and the food industry.
Hydrochlorofluorocarbons ("**HCFCs**")	HCFCs are compounds consisting of hydrogen, chlorine, fluorine and carbon. These compounds have a small ozone depletion potential and as such are regulated under the Montreal Protocol. The products are widely used in refrigeration, air conditioning and foam blowing and as a raw material feedstock.

Methanol	Methanol is a chemical with the formula CH_3OH. It is the simplest alcohol, and at room temperature it is a polar liquid and is used as an antifreeze, solvent, fuel and as a denaturant for ethanol. It is also used for producing biodiesel via transesterification reaction.
Methyl chloride	See "Chloromethane".
Methylene chloride	Methylene chloride is an organic compound with the formula CH_2Cl_2. This colorless, volatile liquid is widely used as a solvent.
Methylene diphenyl diisocyanate	Methylene diphenyl diisocyanate, most often abbreviated as MDI, is an aromatic diisocyanate. It can be reacted with polyols to make polyurethane.
Methyl methacrylate-ABS ("**MABS**")	MABS is a copolymer of methyl methacrylate and ABS, producing a high-luster thermoplastic resin. MABS is a tough, transparent plastic, with high surface brilliancy and finish.
Metaxylene ("**MX**")	Metaxylene is a colourless, flammable liquid that is separated from mixed xylenes created during the reforming of petroleum naphtha. MX is the preferred feedstock for purified isophthalic acid (PIA) which is used in the manufacture of polyethylene terephthalate (PET) bottles and unsaturated polyester resins (UPR).
Mixed xylene	Mixed xylene is primarily a mixture of three different xylene monomers
Monomer	A monomer is a simple molecule capable of reacting to form a polymer.
Naphtha	Naphtha is a refinery product that is used as a gasoline component, but also serves as feedstock for petrochemical plants.
Natural gas liquids ("**NGLs**")	NGLs generally comprise a mixture of ethane, propane, butanes and smaller amounts of other lighter hydrocarbons.
Olefins	Olefins, including ethylene and propylene, are the key building blocks of the petrochemical industry and produce a large range of derivative products as well as butadiene and benzene.
Olefins cracker	An olefins cracker breaks down naphtha or gas feedstocks into olefins, principally ethylene and propylene.
Paraxylene ("**PX**")	Paraxylene is is an aromatic hydrocarbon primarily used in the manufacture of PTA. It is a colourless, flammable liquid that is separated from mixed xylenes created during the reforming of petroleum naphtha.
Polyamide ("**PA**")	A polyamide is a polymer containing monomers of amides joined by peptide bonds, examples being nylons, aramids and polyaspartate. Polyamides are commonly used in textiles, automotives, carpet and sportswear due to their extreme durability and strength.
Polyamide/ABS ("**PA+ABS**")	PA+ABS is a blend based on polyamide and ABS, combining excellent impact strength at high and low temperatures, high surface quality, easy processing, chemical resistance, heat resistance and a pleasant feel.
Polybutadiene ("**PB**")	PB is a homopolymer (only one monomer) of 1,3 butadiene. PB is noted for its high resistance to abrasion, low heat buildup and resistance to cracking.
Polybutylene terephthalate ("**PBT**")	PBT is a thermoplastic engineering polymer made by polycondensation of terephthalic acid and butanediol. PBT is used as an insulator in the electrical and electronics industries. It is a thermoplastic (semi-)crystalline polymer, and a type of polyester.
Polycarbonate ("**PC**")	Polycarbonate is an engineering thermoplastic material which, due to its optical qualities, structural strength and weight, has a wide range of uses, including CDs and DVDs, optic fibers, optical lenses, structural parts in cars and trucks and housings for electrical household appliances and office equipment.
Polyethylene ("**PE**")	Polyethylene is a thermoplastic produced by aggregating many ethylene and co-monomer molecules in a process called polymerization.
Polyethylene terephthalate ("**PET**")	PET is a thermoplastic polymer resin used in synthetic fibers. PET is commonly known as Polyester.
Polylactic acid ("**PLA**")	Poly(lactic acid) or polylactide is a thermoplastic aliphatic polyester derived from renewable resources, such as corn starch (in the United States), tapioca products (roots, chips or starch mostly in Asia) or sugarcanes (in the rest of the world).
Polymer	A polymer is a chemical compound usually made up of a large number of identical components linked together into long molecular chains.

Polymethyl methacrylate ("**PMMA**").	PMMA is a transparent thermoplastic produced by polymerization of methylmethacrylate. PMMA is often used as a light or shatter-resistant alternative to glass.
Polypropylene ("**PP**")	PP is the world's second most widely used thermoplastic after polyethylene. It is produced by the polymerization of propylene. It is used mainly for molding, filaments, fibers and films. Polypropylene is the most significant thermoplastic material used in molded containers and automotive applications.
Polystyrene ("**PS**")	PS is a thermoplastic resin produced by the polymerization of styrene. It exists in solid state at room temperature, but melts if heated and becomes solid again once cooled. It is converted through extrusion, thermoforming, stamping or injection molding into end products for a wide range of end applications. PS may either be general purpose (GPPS) or high-impact (HIPS).
Polytetrafluoroethylene ("**PTFE**").....	PTFE is a synthetic fluoropolymer of tetrafluoroethylene with numerous applications. PTFE is most well-known under its brand name Teflon, marketed by DuPont.
Potash	Potash incudes various mined and manufactured salts that contain potassium in water-soluble form. Potash is one of the basic raw materials for the production of chlorine and caustic potash, through the electrolyse of KCl.
Propylene.....	Propylene is a flammable gas which is largely derived either as a co-product of the refinery process used to make gasoline, or as a co-product of the steam cracking process used to make ethylene. Propylene has virtually no independent end use, but is an important input for a significant number of industrial products and is the main feedstock used to make polypropylene and acrylonitrile.
Propylene oxide ("**PO**" and "**POSM**")	POSM is an alternative process to produce SM whereby propylene oxide is produced and styrene is generated as a co-product. Both the EBSM and POSM processes are large scale and capital intensive. We use the EBSM method to produce our styrene because the alternative, the POSM process, is used only when the aim is to produce propylene oxide.
Polyvinyl chloride ("**PVC**").....	PVC is the second most common type of plastic in the world after polyethylene.
PS_3	PS_3 is a unique blend of oleum and sulphuric acid, 98% of which is produced to meet specific customer requirements.
Purified Terephthalic Acid ("**PTA**") ...	Purified terephthalic acid is an aromatic hydrocarbon, which is primarily used in the manufacture of polyesters used in fibres, textiles, film, and polyethylene terephthalate (PET) bottles.
Smelter acid.....	Smelter acid is a by-product, lower grade sulphuric acid produced in the manufacture of specific metals (*e.g.*, nickel, copper and zinc from metal sulphide ores).
SO_2	SO_2 is the chemical formula for sulphur dioxide. It is manufactured as a chemical intermediate in the manufacture of SO_3 and sulphuric acid. It is used in water treatment, in the food industry as a preservative and as a chemical intermediate.
SO_3 derivatives.....	SO_3 derivatives include Oleum, SO_2, ultrapure acids and PS_3. It is sold to the cosmetics, lubricant and high tech polymer industries.
Sodium hypochlorite	Sodium hypochlorite is a chemical compound with the formula NaClO. Sodium hypochlorite solution, commonly known as bleach, is frequently used as a disinfectant.
Styrene.....	See "Styrene monomer."
Styrene acrylonitrile ("**SAN**")	SAN is a rigid and transparent polymer made from styrene, used principally in the production of ABS.
Styrene-butadiene block copolymers ("**SBCs**")	SBCs is a class of block copolymers of styrene and butadiene which is produced either as an elastomer or as a "rigid product." Rigid products have a high transparency and are often used to "toughen" GPPS. Elastomers have high performance abrasion resistance and are frequently used for injection-molded parts.
Styrene butadiene styrene ("**SBS**")	SBS is a thermoplastic rubber made from styrene and butadiene. SBS is a hard rubber with applications in areas such as the soles of shoes or tire treads.
Styrene methylmethacrylate ("**SMMA**").....	SMMA is a clear, impact-resistant resin, which can be used in homeware, packaging, office, medical and electronic applications.

Styrene monomer ("**SM**")	Styrene is a liquid hydrocarbon produced from ethylene and benzene. Styrene is an intermediate used in the production of plastics, resins, rubbers and latexes, with key end applications in areas such as packaging, electronics & appliances, construction (primarily insulation) and automotive components.
Sulphur	Sulphur is a key raw material for producing sulphuric acid and SO_3 derivatives. It is a by-product from the oil and gas refining industry, the removal of which is necessary to meet fuel emissions standards.
Sulphuric acid.....	Sulphuric acid is a strong mineral acid. It is soluble in water at all concentrations. Sulphuric acid has many applications and is one of the largest volume products of the chemical industry.
Sulphur burnt sulphuric acid	Sulphur burnt sulphuric acid is a higher-priced, higher quality grade of sulphuric acid.
Thermoplastic.....	A thermoplastic is a plastic which softens when heated and hardens again when cooled. Thermoplastics include polyethylene, polypropylene and polystyrene.
Turnaround.....	Temporary shutdown of a refinery or petrochemical production facility for required maintenance. Turnarounds can be scheduled (planned, routine maintenance, inspections and tests to comply with industry regulations) or unscheduled (in response to an unexpected outage or plant failure).
Ultrapure acids	Ultrapure acids are very pure forms of sulphuric acid, which are used in the electronics industry.
Vinyl chloride monomer ("**VCM**").....	VCM is the primary raw material used in the manufacture of PVC resins and is produced by the reaction of ethylene and chlorine, which produces EDC that is transformed into VCM by thermal cracking.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The following Unaudited Pro Forma Condensed Consolidated Financial Information gives effect to the Transactions. The Transactions give effect to include (i) the BP Acquisition, (ii) the INOVYN Contribution, (iii) the borrowings under the Term Loan A Facilities, the Bridge Facility, the New Term Loan B Facilities, the Offering of the Notes, (iv) the repayment of the existing INOVYN Senior Secured Term Loan B Facility and (v) the payment of estimated fees and expenses.

The Unaudited Pro Forma Condensed Consolidated Financial Information has been prepared as though the Transactions had occurred on (i) September 30, 2020 for the purpose of the unaudited pro forma condensed consolidated statement of financial position and (ii) January 1, 2019 for the purpose of the unaudited pro forma condensed consolidated statement of income for the year ended December 31, 2019 and the nine months ended September 30, 2019 and the nine months ended September 30, 2020.

The Unaudited Pro Forma Condensed Consolidated Financial Information has not been prepared in accordance with the requirements of Article 11 of Regulation S-X of the U.S. Securities Act, the EU Prospectus Regulation or any generally accepted accounting standards. The unaudited pro forma adjustments are based upon available information and certain assumptions that we believe to be reasonable and give effect to events that are directly attributable to the Acquisitions described therein and are factually supportable, and for the purposes of statement of income, are deemed to have a continuing effect on the Group.

The unaudited pro forma condensed consolidated statement of financial position as of September 30, 2020 and the unaudited pro forma condensed consolidated statements of income for the nine months ended September 30, 2020, the year ended December 31, 2019 and the nine months ended September 30, 2019 are based on the historical consolidated financial statements of INEOS Styrolution Holding Limited; INOVYN Limited and BP Petrochemicals, which are included elsewhere in this offering memorandum.

The Unaudited Pro Forma Condensed Consolidated Financial Information is for informational purposes only and should not be considered indicative of actual results that would have been achieved had the Transactions been completed on the dates indicated and do not purport to indicate our future consolidated results of operations or financial position. The actual results may differ significantly from those reflected in the Unaudited Pro Forma Condensed Consolidated Financial Information for a number of reasons, including, but not limited to, differences in assumptions used to prepare the Unaudited Pro Forma Condensed Consolidated Financial Information.

INEOS Styrolution Holding Limited
Unaudited Pro Forma Condensed Consolidated Statement of Income
for the Year Ended December 31, 2019

	Historical INEOS Styrolution Holding Limited (Note 3(a))	Historical INOVYN Limited (Note 4(a))	Historical BP Petrochemicals (Note 5(a))	Acquisition and Financing Adjustments (Note 6)	Pro Forma
			(€ in millions)		
Revenue	4,884.2	3,105.4	5,589.2	(27.4)[1]	13,551.4
Cost of sales	(4,003.2)	(2,183.9)	(5,150.9)	72.0[2]	(11,266.0)
Gross profit	**881.0**	**921.5**	**438.3**	**44.6**	**2,285.4**
Selling and distribution expenses	(286.8)	(348.8)	(235.7)	—	(871.3)
General and administrative expenses	(119.1)	(175.1)	17.0	—	(277.2)
Research and development expenses	(13.8)	(11.6)	(9.8)	—	(35.2)
Other operating expense	(11.9)	0.0	0.0	—	(11.9)
Operating profit	**449.4**	**386.0**	**209.8**	**44.6**	**1,089.8**
Share of profit of associates and joint ventures using the equity accounting method	0.0	0.0	66.1	—	66.1
Interest income	17.4	16.1	6.2	—	39.7
Interest expense	(38.3)	(39.5)	(28.6)	(122.6)[3]	(229.0)
Exchange movements	4.8	7.0	0.0	—	11.8
Net finance costs	(16.1)	(16.4)	(22.4)	(122.6)	(177.5)
Income before income tax	**433.3**	**369.6**	**253.5**	**(78.0)**	**978.4**
Income tax expense	(110.3)	(67.7)	(55.3)	21.1[4]	(212.2)
Net income	**323.0**	**301.9**	**198.2**	**(56.9)**	**766.2**

See accompanying "Notes to Unaudited Pro Forma Condensed Consolidated Financial Information."
Superscript footnote references in this unaudited pro forma condensed consolidated statement of income are references to the part of the Notes referred to in the related column heading.

INEOS Styrolution Holding Limited
Unaudited Pro Forma Condensed Consolidated Statement of Income
for the Nine-Month Period Ended September 30, 2020

	Historical INEOS Styrolution Holding Limited (Note 3(b))	Historical INOVYN Limited (Note 4(b))	Historical BP Petrochemicals (Note 5(b))	Acquisition and Financing Adjustments (Note 7)	Pro Forma
			(€ in millions)		
Revenue	2,834.2	2,118.1	2,658.4	(8.0)[1]	7,602.7
Cost of sales	(2,299.1)	(1,441.7)	(2,512.3)	16.0[2]	(6,237.1)
Gross profit	**535.1**	**676.4**	**146.1**	**8.0**	**1,365.6**
Selling and distribution expenses	(209.4)	(264.7)	(172.9)	—	(647.0)
General and administrative expenses	(80.5)	(98.2)	0.9	—	(177.8)
Research and development expenses	(9.3)	(9.3)	(7.1)	—	(25.7)
Other operating expense	(4.6)	(0.5)	0.0	—	(5.1)
Operating profit	**231.3**	**303.7**	**(33.0)**	**8.0**	**510.0**
Share of profit of associates and joint ventures using the equity accounting method	0.0	0.0	27.6	—	27.6
Interest income	5.9	17.4	4.5	—	27.8
Interest expense	(36.6)	(48.3)	(16.9)	(89.3)[3]	(191.1)
Exchange movements	(13.6)	5.1	0.0	—	(8.5)
Net finance costs	(44.3)	(25.8)	(12.4)	(89.3)	(171.8)
Income before income tax	**187.0**	**277.9**	**(17.8)**	**(81.3)**	**365.8**
Income tax expense	(59.5)	(53.1)	(4.5)	21.4[4]	(95.7)
Net income	**127.5**	**224.8**	**(22.3)**	**(59.9)**	**270.1**

See accompanying "Notes to Unaudited Pro Forma Condensed Consolidated Financial Information."
Superscript footnote references in this unaudited pro forma condensed consolidated statement of income are references to the part of the Note referred to in the related column heading.

INEOS Styrolution Holding Limited
Unaudited Pro Forma Condensed Consolidated Statement of Income
for the Nine-Month Period Ended September 30, 2019

	Historical INEOS Styrolution Holding Limited (Note 3(c))	Historical INOVYN Limited (Note 4(c))	Historical BP Petrochemicals (Note 5(c))	Acquisition and Financing Adjustments (Note 8)	Pro Forma
			(€ in millions)		
Revenue	3,798.3	2,365.3	4,222.9	(21.3)[1]	10,365.2
Cost of sales	(3,079.3)	(1,634.0)	(3,850.8)	57.7[2]	(8,506.4)
Gross profit	**719.0**	**731.3**	**372.1**	**36.4**	**1,858.8**
Selling and distribution expenses	(220.4)	(262.0)	(172.3)	—	(654.7)
General and administrative expenses	(89.3)	(107.3)	30.2	—	(166.4)
Research and development expenses	(9.8)	(8.7)	(9.8)	—	(28.3)
Other operating expense	(3.7)	0.0	0.0	—	(3.7)
Operating profit	**395.8**	**353.3**	**220.2**	**36.4**	**1,005.7**
Share of profit of associates and joint ventures using the equity accounting method	0.0	0.0	42.6	—	42.6
Interest income	14.1	11.7	4.4	—	30.2
Interest expense	(27.8)	(29.1)	(23.1)	(90.9)[3]	(170.9)
Exchange movements	7.5	6.2	0.0	—	13.7
Net finance costs	(6.2)	(11.2)	(18.7)	(90.9)	(127.0)
Income before income tax	**389.6**	**342.1**	**244.1**	**(54.5)**	**921.3**
Income tax expense	(86.0)	(66.9)	(48.0)	14.9[4]	(186.0)
Net income	**303.6**	**275.2**	**196.1**	**(39.6)**	**735.3**

See accompanying "Notes to Unaudited Pro Forma Condensed Consolidated Financial Information."
Superscript footnote references in this unaudited pro forma condensed consolidated statement of income are references to the part of the Note referred to in the related column heading.

INEOS Styrolution Holding Limited
Unaudited Pro Forma Condensed Consolidated Statement of Financial Position
as at September 30, 2020

	Historical INEOS Styrolution Holding Limited (Note 3(b))	Historical INOVYN Limited (Note 4(b))	Historical BP Petrochemicals (Note 5(b))	Acquisition and Financing Adjustments (Note 9)	Pro Forma
			(€ in millions)		
ASSETS					
Property, plant and equipment	1,373.0	1,397.0	1,697.2	—	4,467.2
Intangible assets and goodwill	1,289.7	27.8	—	1,578.6[1]	2,896.1
Investments accounted for using equity method	—	14.9	481.6	—	496.5
Deferred tax assets	45.8	158.1	56.3	—	260.2
Other receivables and miscellaneous non-current assets	6.0	657.6	16.2	—	679.8
Non-current assets:	**2,714.5**	**2,255.4**	**2,251.3**	**1,578.6**	**8,799.8**
Inventories	329.4	238.5	344.4	—	912.3
Trade receivables	413.4	354.0	433.0	(0.3)[2]	1,200.1
Income tax receivables	26.4	12.5	7.7	—	46.6
Other receivables and miscellaneous current assets	415.7	109.3	29.0	(341.0)[3]	213.0
Cash and cash equivalents	395.1	212.7	280.5	(137.0)[4]	751.3
Current assets:	**1,580.0**	**927.0**	**1,094.6**	**(478.3)**	**3,123.3**
Total assets	**4,294.5**	**3,182.4**	**3,345.9**	**1,100.4**	**11,923.2**
Total equity	**1,674.8**	**443.8**	**2,184.9**	**(2,285.1)[6][7]**	**2,018.4**
LIABILITIES					
Financial indebtedness	1,324.9	1,151.5	416.9	3,864.0[5]	6,757.3
Employee benefits obligations	75.9	241.4	6.0		323.3
Deferred tax liabilities	284.1	78.1	103.1		465.3
Other liabilities and other long term provisions	40.5	192.7	3.4		236.6
Non-current liabilities:	1,725.4	1,663.7	529.4	3,864.0	7,782.5
Trade payables	328.0	360.3	395.4	(0.3)[2]	1,083.4
Financial indebtedness	357.3	51.7	176.5	(478.2)[5]	107.3
Current tax liabilities	53.7	85.6	0.0		139.3
Other liabilities and short term provisions	155.3	577.3	59.7		792.3
Current liabilities:	894.3	1,074.9	631.6	(478.5)	2,122.3
Total liabilities	**2,619.7**	**2,738.6**	**1,161.0**	**3,385.5**	**9,904.8**
Total equity and liabilities	**4,294.5**	**3,182.4**	**3,345.9**	**1,100.4**	**11,923.2**

See accompanying "Notes to Unaudited Pro Forma Condensed Consolidated Financial Information."
Superscript footnote references in this unaudited pro forma condensed consolidated statement of financial position are references to the part of the Note referred to in the related column heading.

INEOS Styrolution Holding Limited

Notes to Unaudited Pro Forma Condensed Consolidated Financial Information

Note 1—Description of the Transactions

The unaudited pro forma condensed consolidated financial information gives effect to the Transactions. The Transactions give effect to the following events:

(i) the BP Acquisition, as described below:

- INEOS Styrolution Holding Limited entered into an agreement to acquire BP's global Aromatics and Acetyls Businesses for purchase consideration of $5 billion

(ii) the INOVYN Contribution, as described below:

- In connection with the BP Acquisition, INEOS Styrolution Holding Limited entered into an agreement pursuant to which it acquired a 94.9% interest in INOVYN Limited from INEOS Group Investments Limited in exchange for its shares

(iii) the borrowings under the Term Loan A Facilities, the Bridge Facility, the New Term Loan B Facilities and this Offering of the Notes, as described below:

- INEOS US Petrochem LLC and INEOS 226 Limited, subsidiaries of INEOS Styrolution Holding Limited, borrowings under the Euro Term Loan A Facilities as well as the Bridge Facility

- INEOS US Petrochem LLC and INEOS 226 Limited, subsidiaries of INEOS Styrolution Holding Limited, borrowings under the New Term Loan B Facilities

- Senior Secured Notes and Senior Notes offered hereby

(iv) the repayment of the existing INOVYN Senior Secured Term Loan B Facility

(v) the payment of estimated fees and expenses related to the Transactions.

Note 2—Basis of Preparation

The unaudited pro forma condensed consolidated financial information has been prepared as though the Transactions had occurred on (i) September 30, 2020 for the purpose of the unaudited pro forma condensed consolidated statement of financial position and (ii) January 1, 2019 for the purpose of the unaudited pro forma condensed consolidated statement of income for the year ended December 31, 2019, the nine months ended September 30, 2019 and the nine months ended September 30, 2020, collectively the "unaudited pro forma condensed consolidated financial statements".

All amounts, unless otherwise specified, are expressed in thousands of Euro ("€") which is the presentation currency of INEOS Styrolution Holding Limited.

The unaudited pro forma condensed consolidated financial statements are based on assumptions and adjustments that are described in the accompanying notes. The unaudited pro forma condensed consolidated financial statements do not give effect to the potential impact of current financial conditions, regulatory matters, operating efficiencies or other savings or expenses that may be associated with the integration of the Transactions. The unaudited pro forma condensed consolidated financial statements have been prepared for illustrative purposes only and are not necessarily indicative of the financial position or results of operations in future periods or the results that actually would have been realized if INEOS Styrolution Holding Limited and the acquired companies had been a consolidated company during the specified periods.

Additionally, the application of the acquisition method of accounting depends on certain valuations and other studies that have yet to be completed. Accordingly, the pro forma adjustments are preliminary, subject to further revisions as additional information becomes available and additional analyses are performed and have been made solely for the purposes of providing unaudited pro forma condensed consolidated financial statements. Differences between

these preliminary adjustments and the final acquisition accounting will occur and these differences could have a material impact on the accompanying unaudited pro forma condensed consolidated financial statements and the consolidated company's future earnings and financial position.

Note 3—Historical Financial Information of INEOS Styrolution Holding Limited

The historical financial information of INEOS Styrolution Holding Limited, as of September 30, 2020, for the year ended December 31, 2019, and for each of the nine months ended September 30, 2019 and 2020 was prepared using the following information:

(a) The consolidated statement of income of INEOS Styrolution Holding Limited for the year ended December 31, 2019. The audited financial information for the year ended December 31, 2019 has been extracted from the audited consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**") included in this offering memorandum.

(b) The unaudited condensed consolidated statement of financial position of INEOS Styrolution Holding Limited as at September 30, 2020 and the unaudited interim condensed consolidated statement of income for the nine months ended September 30, 2020. The unaudited condensed financial information has been extracted from the unaudited condensed consolidated financial statements prepared in accordance with International Accounting Standard 34 ("**IAS 34**") included in this offering memorandum.

(c) The unaudited interim condensed consolidated statement of income for the nine months ended September 30, 2019. The unaudited condensed financial information has been extracted from the unaudited condensed consolidated financial statements prepared in accordance with IAS 34 included in this offering memorandum.

Note 4—Historical Financial Information of INOVYN Limited

The historical financial information of INOVYN Limited as of September 30, 2020, for the year ended December 31, 2019, and for each of the nine months ended September 30, 2019 and 2020 has been adjusted to conform with the presentation of historical financial information of INEOS Styrolution Holding Limited and was prepared using the following information:

(a) The consolidated income statement of INOVYN Limited for the year ended December 31, 2019. The audited financial information for the year ended December 31, 2019 has been extracted from the audited consolidated financial statements prepared in accordance with IFRS included in this offering memorandum.

(b) The unaudited condensed consolidated statement of financial position of INOVYN Limited as at September 30, 2020 and the unaudited interim condensed consolidated income statement for the nine months ended September 30, 2020. The unaudited condensed financial information has been extracted from the unaudited condensed consolidated financial statements prepared in accordance with IAS 34 included in this offering memorandum.

(c) The unaudited interim condensed consolidated income statement of INOVYN Limited for the nine months ended September 30, 2019. The unaudited condensed financial information has been extracted from the unaudited condensed consolidated financial statements prepared in accordance with IAS 34 included in this offering memorandum.

Adjustments have been made to INOVYN Limited's historical financial information to conform with INEOS Styrolution Holding Limited's presentation of financial information for the periods presented (see Notes 10, 12, 13 and 14).

Note 5—Historical Financial Information of BP Petrochemicals

The historical financial information of BP Petrochemicals as of September 30, 2020, for the year ended December 31, 2019, and for each of the nine months ended September 30, 2019 and 2020 has been adjusted to conform

with the presentation of historical financial information of INEOS Styrolution Holding Limited and was prepared using the following information:

(a) The combined carve-out income statement of BP Petrochemicals for the year ended December 31, 2019. The audited financial information for the year ended December 31, 2019 has been extracted from the audited carve-out financial statements prepared in accordance with IFRS as modified by the principles in the Annexure to SIR 2000 - Investment Reporting Standards Applicable to Public Reporting Engagements on Historical Financial Information included in this offering memorandum.

(b) The unaudited interim combined carve-out statement of financial position of BP Petrochemicals as at September 30, 2020 and the unaudited interim combined carve-out income statement for the nine months ended September 30, 2020. The unaudited condensed financial information has been extracted from the unaudited combined carve-out financial statements prepared in accordance with IAS 34 as modified by the principles in the Annexure to SIR 2000 -Investment Reporting Standards Applicable to Public Reporting Engagements on Historical Financial Information included in this offering memorandum.

(c) The unaudited interim combined carve-out income statement of BP Petrochemicals for the nine months ended September 30, 2019. The unaudited condensed financial information has been extracted from the unaudited combined carve-out financial statements prepared in accordance with IAS 34 as modified by the principles in the Annexure to SIR 2000 - Investment Reporting Standards Applicable to Public Reporting Engagements on Historical Financial Information included in this offering memorandum.

Adjustments have been made to BP Petrochemicals' historical financial information to conform with INEOS Styrolution Holding Limited's presentation of financial information, accounting policies, and presentation currency for the periods presented. (see Note 11, 15, 16 and 17).

Note 6—Acquisition and Financing—Pro Forma Adjustments to the Unaudited Condensed Consolidated Statement of Income for the year ended December 31, 2019

(1) Revenue has been reduced by €27.4 million to eliminate intra-group sales between INEOS Styrolution Holding Limited and BP Petrochemicals for the year ended December 31, 2019. This adjustment reflects BP Petrochemical as a subsidiary of the consolidated group from 1 January 2019.

(2) Cost of sales has been reduced by €44.6 million to remove expenses incurred for turnaround costs by BP Petrochemicals for the year ended December 31, 2019, which are capitalized under the accounting policies adopted by INEOS Styrolution Holding Limited. Cost of sales has been further reduced by €27.4 million to eliminate intra-group purchases between INEOS Styrolution Holding Limited and BP Petrochemicals for the year ended December 31, 2019. This adjustment reflects BP Petrochemical as a subsidiary of the consolidated group from 1 January 2019 and therefore is conforming to INEOS Styrolution Holding Limited accounting policies and eliminates inter-company transactions.

(3) The unaudited pro forma condensed consolidated statement of income for the year ended December 31, 2019 reflects a pro forma adjustment to reflect an increase/(decrease) in interest expense composed of the following:

	Interest rate %	Interest charge € in millions[(a)]
Additional interest expense as a result of the Transactions:		
(1) Senior Secured Loans		
$140,000,000 Term Loan A—3 year maturity	3.148%	3.9
€120,000,000 Term Loan A—3 year maturity	3.000%	3.6
$210,000,000 Term Loan A—5 year maturity	3.648%	6.8
$2,000,000,000 Term Loan B	3.250%	58.0
€1,500,000,000 Term Loan B	2.750%	41.3
(2) Senior Notes offered hereby		
€500,000,000 Senior Notes	3.750%	18.8
(3) Senior Secured Notes offered hereby		
$500,000,000 Senior Secured Notes	3.375%	15.1
€800,000,000 Senior Secured Notes	2.500%	20.0

Less historical interest expense on extinguished debt as a result of the Transaction:	
BP Petrochemicals—Related Party loan	(24.1)
INOVYN Limited—Term Loan B Facilities	(20.8)
INEOS Styrolution Limited—Deposit Facility	—
Total incremental interest expense for the year ended December 31, 2019	**122.6**

(a) U.S. dollar denominated interest expense has been converted at a rate of $1.1202 per euro.

The effects of a 0.125% change in interest rates on the pro forma condensed consolidated statement of income would increase or decrease the interest expense by €6.8 million for the year ended December 31, 2019.

The impact of foreign exchange translation on the USD portions of the Senior Secured Loans, the Senior Notes, and the Senior Secured Notes to the functional currency are not included in the unaudited pro forma condensed consolidated statement of income for the year ended December 31, 2019. These translation gains have not been recognized on the basis that they are not factually supportable based on INEOS Quattro Holdings Limited's (formerly known as INEOS Styrolution Holding Limited) plans to manage the foreign exchange risk under their existing risk management strategy through derivative instruments that will effectively hedge this risk. This risk management strategy will be implemented subsequent to the close of the Transactions. This foreign exchange exposure could have a material impact to future period financial statements that is not reflected in the unaudited pro forma condensed consolidated financial statements which are not necessarily indicative of the financial position or results of operations in future periods or the results that actually would have been realized.

(4) Represents the income tax impact of the pro forma adjustments based on a blended tax rate for the year of 26.9%. The tax rate in respect of the accounting policy alignment for turnaround costs was 24.2% which was based on a blended tax rate of BP Petrochemicals operations within the USA, UK, Belgium and the Far East. The tax rate in respect of the pro forma incremental interest expense was 26.1% and was based on a blended tax rate of INEOS Styrolution Holding Limited, INOVYN Limited and the BP Petrochemicals businesses.

Note 7—Acquisition and Financing—Pro Forma Adjustments to the Statement of Income for the nine-month period ended September 30, 2020

(1) Revenue has been reduced by €8.0 million to eliminate intra-group sales between INEOS Styrolution Holding Limited and the BP Petrochemicals for the nine-month period ended September 30, 2020. This adjustment reflects BP Petrochemical as a subsidiary of the consolidated group from 1 January 2019.

(2) Cost of sales has been reduced by €8.0 million to remove expenses incurred for turnaround costs by BP Petrochemicals for the nine-month period ended September 30, 2020, which are capitalized under the accounting policies adopted by INEOS Styrolution Holding Limited. Cost of sales has been further reduced by €8.0 million to eliminate intra-group purchases between INEOS Styrolution Holding Limited and BP Petrochemicals for the nine-month period ended September 30, 2020. This adjustment reflects BP Petrochemical as a subsidiary of the consolidated group from 1 January 2019 and therefore is conforming to INEOS Styrolution Holding Limited accounting policies and eliminates inter-company transactions.

(3) The unaudited pro forma condensed consolidated statement of income for the nine-month period ended September 30, 2020 reflects a pro forma adjustment to reflect an increase/(decrease) in interest expense composed of the following:

	Interest rate %	Interest charge € in millions[(a)]
Additional interest expense as a result of the Transactions:		
(1) Senior Secured Loans		
$140,000,000 Term Loan A—3 year maturity	3.148%	2.9
€120,000,000 Term Loan A—3 year maturity	3.000%	2.7
$210,000,000 Term Loan A—5 year maturity	3.648%	5.1

$2,000,000,000 Term Loan B	3.250%	43.4
€1,500,000,000 Term Loan B	2.750%	30.9
(2) Senior Notes offered hereby		
€500,000,000 Senior Notes	3.750%	14.1
(3) Senior Secured Notes offered hereby		
$500,000,000 Senior Secured Notes	3.375%	11.3
€800,000,000 Senior Secured Notes	2.500%	15.0
Less historical interest expense on extinguished debt as a result of the Transaction:		
BP Petrochemicals—Related Party loan		(14.3)
INOVYN Limited—Term Loan B Facilities		(19.1)
INEOS Styrolution Holding Limited—Deposit Facility		(2.7)
Total incremental interest expense for the nine-month period ended September 30, 2020		**89.3**

(a) U.S. dollar denominated interest expense has been converted at a rate of $1.1221 per euro

The effects of a 0.125% change in interest rates on the pro forma condensed consolidated statement of income would increase or decrease the interest expense by €5.1 million for the nine-month period ended September 30, 2020.

The impact of foreign exchange translation on the USD portions of the Senior Secured Loans, the Senior Notes, and the Senior Secured Notes to the functional currency are not included in the unaudited pro forma condensed consolidated statement of income for the nine-month period ended September 30, 2020. These translation gains have not been recognized on the basis that they are not factually supportable based on INEOS Quattro Holdings Limited's (formerly known as INEOS Styrolution Holding Limited) plans to manage the foreign exchange risk under their existing risk management strategy through derivative instruments that will effectively hedge this risk. This risk management strategy will be implemented subsequent to the close of the Transactions. This foreign exchange exposure could have a material impact to future period financial statements that is not reflected in the unaudited pro forma condensed consolidated financial statements which are not necessarily indicative of the financial position or results of operations in future periods or the results that actually would have been realized.

(4) Represents the income tax impact of the pro forma adjustments based on a blended tax rate for the period of 26.3%. The tax rate in respect of the accounting policy alignment related to turnaround costs was 24.2% which was based on a blended tax rate of BP Petrochemicals operations within the USA, UK, Belgium and the Far East. The tax rate in respect of the pro forma incremental interest expense was 26.1% and was based on a blended tax rate of INEOS Styrolution Holding Limited, INOVYN Limited and the BP Petrochemicals businesses.

Note 8—Acquisition and Financing—Pro Forma Adjustments to the Statement of Income for the nine-month period ended September 30, 2019

(1) Revenue has been reduced by €21.3 million to eliminate intra-group sales between INEOS Styrolution Holding Limited and BP Petrochemicals for the nine-month period ended September 30, 2019. This adjustment reflects BP Petrochemical as a subsidiary of the consolidated group from 1 January 2019.

(2) Cost of sales has been reduced by €36.4 million to remove expenses incurred for turnaround costs by BP Petrochemicals for the nine-month period ended September 30, 2019, which are capitalized under the accounting policies adopted by INEOS Styrolution Holding Limited. Cost of sales has been reduced by €21.3 million to eliminate intra-group purchases between INEOS Styrolution Holding Limited and BP Petrochemicals for the nine-month period ended September 30, 2019. This adjustment reflects BP Petrochemical as a subsidiary of the consolidated group from 1 January 2019 and therefore is conforming to INEOS Styrolution Holding Limited accounting policies and eliminates inter-company transactions.

(3) The unaudited pro forma condensed consolidated statement of income for the nine-month period ended September 30, 2019 reflects a pro forma adjustment to reflect an increase/(decrease) in interest expense composed of the following:

	Interest rate %	Interest charge € in millions[(a)]
Additional interest expense as a result of the Transaction:		
(1) Senior Secured Loans		
$140,000,000 Term Loan A—3 year maturity	3.148%	2.9
€120,000,000 Term Loan A—3 year maturity	3.000%	2.7
$210,000,000 Term Loan A—5 year maturity	3.648%	5.1
$2,000,000,000 Term Loan B	3.250%	43.3
€1,500,000,000 Term Loan B	2.750%	30.9
(2) Senior Notes offered Hereby		
€500,000,000 Senior Notes	3.750%	14.1
(3) Senior Secured Notes offered hereby		
$500,000,000 Senior Secured Notes	3.375%	11.2
€800,000,000 Senior Secured Notes	2.500%	15.0
Less historical interest expense on extinguished debt as a result of the Transaction:		
BP Petrochemicals—Related Party loan		(18.7)
INOVYN Limited—Term Loan B Facilities		(15.6)
INEOS Styrolution Holding Limited—Deposit Facility		—
Total incremental interest expense for the nine-month period ended September 30, 2019		**90.9**

(a) U.S. dollar denominated interest expense has been converted at a rate of $1.1260 per euro.

The effects of a 0.125% change in interest rates on the pro forma condensed consolidated statement of income would increase or decrease the interest expense by €5.1 million for the nine-month period ended September 30, 2019.

The impact of foreign exchange translation on the USD portions of the Senior Secured Loans, the Senior Notes, and the Senior Secured Notes to the functional currency are not included in the unaudited pro forma condensed consolidated statement of income for the nine-month period ended September 30, 2019. These translation gains have not been recognized on the basis that they are not factually supportable based on INEOS Quattro Holdings Limited's (formerly known as INEOS Styrolution Holding Limited) plans to manage the foreign exchange risk under their existing risk management strategy through derivative instruments that will effectively hedge this risk. This risk management strategy will be implemented subsequent to the close of the Transactions. This foreign exchange exposure could have a material impact to future period financial statements that is not reflected in the unaudited pro forma condensed consolidated financial statements which are not necessarily indicative of the financial position or results of operations in future periods or the results that actually would have been realized.

(4) Represents the income tax impact of the pro forma adjustments based on a blended tax rate for the period of 27.1%. The tax rate in respect of the accounting policy alignment for turnaround costs was 24.2% which was based on a blended tax rate of BP Petrochemicals operations within the USA, UK, Belgium and the Far East. The tax rate in respect of the pro forma incremental interest expense was 26.1% and was based on a blended tax rate of INEOS Styrolution Holding Limited, INOVYN Limited and the BP Petrochemicals businesses.

Note 9—Pro Forma Adjustments to the Condensed Consolidated Statement of Financial Position

(1) Represents the difference between the consideration paid of €4,262.2 million ($5,000 million) and the provisional net assets acquired (as determined below) on the acquisition of the BP Petrochemicals business of €2,683.6 million ($3,148 million). The consideration was paid to BP International Limited ("**BP**") in two tranches with an initial €341.0 million ($400 million) deposit being paid in June 2020 followed by the balance of €3,921.2 million ($4,600 million) being on completion of the acquisition on December 31, 2020, which consisted of drawings under the Term Loan A Facilities and the Bridge

Facility along with proceeds of €852.4 million ($1,000 million) from the Equity Bridge Contribution (which was funded with the proceeds of the Vendor Loan Notes which is subsequently repaid as a result of the Transaction resulting in no deferred consideration). For the purposes of the pro forma financial information we have assumed that the historical carrying value of the net assets acquired approximates their fair value, but this allocation is expected to change based on our final analysis of such fair value. The difference between consideration and provisional net assets acquired, which has been recognized as an increase in goodwill is determined as follows:

	€ in millions	€ in millions
Deposit paid to BP	341.0	
Balance payable to BP	3,921.2	
Total consideration:		4,262.2
Provisional net assets acquired:		
Historic carrying value of net assets	2,184.9	
Adjustments to exclude acquired intercompany debt to BP[(a)]	498.7	
		2,683.6[(a)]
Difference between consideration and provisional net assets acquired:[(b)]		**1,578.6**

(a) This amount represents an intercompany debt, due to BP from the BP Petrochemicals business which was acquired by INEOS Quattro Holdings Limited (formerly known as INEOS Styrolution Holding Limited). This debt has been assumed by INEOS Quattro Holdings Limited (formerly known as INEOS Styrolution Holding Limited) as part of the acquisition.

(b) The actual goodwill recognized by INEOS Quattro Holdings Limited (formerly known as INEOS Styrolution Holding Limited) in relation to the acquisition of BP Petrochemicals is likely to differ significantly from the preliminary estimate due to differences that are likely to exist between the carrying amounts of the net assets recognized by BP Petrochemicals as of September 30, 2020 and the fair value of the identifiable assets and liabilities of BP Petrochemicals measured at the effective date of the acquisition.

(c) On satisfaction of the conditions for closing of the BP Acquisition, a BP supplier entity and INEOS Styrolution Holding Limited will enter into the Transitional Services Agreement (the "TSA") to support the operation of the BP Petrochemicals business on a short-term basis and its separation from the BP group. The corporate costs under the TSA of €27.4 million for the year ended December 31, 2019, and €20.4 million for the nine month period ended September 30, 2019 are not adjusted for in the Unaudited Pro Forma Condensed Consolidated Financial Information as they are nonrecurring in nature.

(2) Represents the extinguishment of intra-group trade receivables and trade payables between INEOS Styrolution Holding Limited and BP Petrochemicals of €0.3 million as of September 30, 2020.

(3) Represents the reclassification of a €341.0 million ($400 million) deposit paid by INEOS Styrolution Holding Limited to BP for the acquisition of the BP Petrochemicals business from Other receivables and miscellaneous current assets to Intangible assets and goodwill as it forms part of the total consideration paid on completion of the acquisition on December 31, 2020 (see footnote (1) above).

(4) Represents the net movement in cash and cash equivalents associated with the Transactions, as follows:

Net movement on cash and cash equivalents[(a)]:	**Translation rate $-€**	**€ in millions**	**€ in millions**
Sources of additional cash and cash equivalents:			
$2,450,000,000 Bridge Facility	1.1731	2,088.5	
€870,000,000 Bridge Facility	1.0000	870.0	
Total Bridge Facility			2,958.5
$350,000,000 Term Loan A Facilities	1.1731	298.4	
€300,000,000 Term Loan A Facilities	1.0000	300.0	
Total Term Loan A Facilities			598.4

$2,000,000,000 New Term Loan B Facilities	1.1731	1,704.9	
€1,500,000,000 New Term Loan B Facilities	1.0000	1,500.0	
Total Senior Secured Loans			3,204.9
€500,000,000 Senior Notes	1.0000	500.0	
Total Senior Notes offered hereby			500.0
$500,000,000 Senior Secured Notes	1.1731	426.2	
€800,000,000 Senior Secured Notes	1.0000	800.0	
Total Senior Secured Notes offered hereby			1,226.2
Total cash proceeds			8,488.0
Uses of cash and cash equivalents:			
Payment of balance of BP Acquisition consideration			(3,921.2)
Repayment of Deposit Facility			(341.0)
Repayment of Bridge Facility			(2,958.5)
Repayment of existing INOVYN Senior Secured Term Loan B Facility			(1,064.3)
Repayment of €180,000,000 Term Loan A Facilities			(180.0)
Estimated fees and expenses[(a)]			(160.0)
Total cash used			(8,625.0)
Net movement in cash and cash equivalents			**(137.0)**

(a) Total estimated fees and expenses of €160.0 million includes €94.4 million of fees and expenses in connection with the BP Acquisition and Bridge Facility which have been recognized in equity (see footnote (6) below) and €65.6 million of capitalized debt issue costs on the debt issued as part of the Transactions and original issue discount. Separately, €5.8 million of unamortized debt issue costs were written off and adjusted to equity on extinguishment of the existing INOVYN Senior Secured Term Loan resulting in a total net increase of unamortized debt issue costs of €59.8 million (see footnote (5) below).

(5) Represents the net movement on financial indebtedness as a result of the transaction as follows:

Net movement on financial indebtedness[(a)]:	**€ in millions**
Term Loan A Facilities	418.4
Senior Secured Loans	3,204.9
Senior Notes offered hereby	500.0
Senior Secured Notes offered hereby	1,226.2
Repayment of Deposit Facility	(341.0)
Repayment of INOVYN Senior Secured Term Loan B Facility	(1,064.3)
Adjustment to remove acquired intercompany debt to BP (see Note 9(1))	(498.7)
	3,445.5
Debt issue costs	(59.8)
Net movement on financial indebtedness	**3,385.8**
Analyzed between:	
Non-current financial indebtedness	3,864.0
Current financial indebtedness	(478.2)
	3,385.8

(a) Includes fees and expenses and original issue discount in respect of the new financial indebtedness.

The following table sets forth the total financial indebtedness on a pro forma basis after giving effect to the Transactions, as if they had occurred on September 30, 2020.

	Historic INEOS Styrolution Holding Limited as of September 30, 2020	Historic INOVYN Limited as of September 30, 2020	Historic BP Petrochemicals as of September 30, 2020	Net pro forma adjustments(a)	Pro forma as of September 30, 2020
			(€ in millions)		
Financial Indebtedness					
Senior Secured Notes offered hereby	—	—	—	1,226.2	1,226.2
New Term Loan B Facilities	—	—	—	3.204.9	3.204.9
Term Loan A Facilities	—	—	—	418.4	418.4
Revolving Credit Facility	—	—	—	—	—
Existing Senior Secured Notes	600.0	—	—	—	600.0
Existing Term Loan B Facilities	621.5	1,064.3	—	(1,064.3)	621.5
Styrolution Securitization Program	—	—	—	—	—
INOVYN Securitization Program	—	31.2	—	—	31.2
Senior Notes offered hereby	—	—	—	500.0	500.0
Deposit bank facility	341.0	—	—	(341.0)	—
Loans from related parties	—	37.6	498.7	(498.7)	37.6
Other financing	—	0.4	17.1	—	17.5
Leases under IFRS 16	131.7	75.6	77.6	—	284.9
Discounts and capitalized financing costs	(12.0)	(5.9)	—	(59.8)	(77.7)
Total financial indebtedness	**1,682.2**	**1,203.2**	**593.4**	**3,385.7**	**6,864.5**

(a) Represent pro forma adjustments to financial indebtedness as described within this Note.

(6) Represents elimination of BP Petrochemicals owners' Total equity of €2,184.9 million along with an adjustment to equity of € 94.4 million of fees and expenses (see footnote 4 above) in connection with the BP Acquisition and Bridge Facility, in addition to the adjustment to equity of unamortized debt issue costs of €5.8 million relating to the existing INVOYN Senior Secured Term Loan B Facility which was repaid as part of the Transactions. The €94.4 million of fees and expenses (see footnote 4 above) in connection with the BP Acquisition and Bridge Facility and the write off of unamortized debt issue costs of €5.8 million relating to the existing INVOYN Senior Secured Term Loan B Facility have not been reflected in the unaudited pro forma condensed consolidated statement of income for the periods presented as such expense will not have a continuing impact on the business.

(7) Represents the acquisition of a 94.9% interest in the INOVYN Limited business via a share for share exchange which has a nil impact on Total equity. This is a transaction under common control and thus will be accounted for by recognizing the net assets of INOVYN Limited received at their historical carrying amounts. The difference between the consideration transferred and the historical carrying amounts of the net assets is recognized in equity and is offset in equity by new share premium created via the issue of new shares to acquire the INOVYN business.

Impact to Total equity:	
Shares issued via share premium in INEOS Quattro Holdings Limited (formerly known as INEOS Styrolution Holding Limited)	3,416.4

Historical carrying value of INOVYN Limited net assets	(443.8)
Non-controlling interest in INOVYN Limited (5.1%)	22.6
Merger reserve	(2,995.2)
Impact to Total equity	—

Note 10—Reconciliation of Historical INOVYN Limited Statement of Financial Position Stucture and Unaudited Pro Forma Condensed Consolidated Statement of Financial Position Structure as at September 30, 2020

The Historical INOVYN Limited consolidated statement of financial position as at September 30, 2020 has been aligned to be presented on a consistent basis as the Group.

INOVYN Statement of Financial Position as at September 30, 2020

	Historical INOVYN Limited Statement of Financial Position	Representation Adjustments	INOVYN Limited Condensed Statement of Financial Position
		(€ in millions)	
ASSETS			
Non-current assets			
Property, plant and equipment[(C)]	1,397.0	—	1,397.0
Intangible assets and goodwill[(C)]	27.8	—	27.8
Investments accounted for using equity method[(C)]	14.9	—	14.9
Other investments[(1)(I)]	4.9	(4.9)	
Trade and other receivables[(1)(I)]	627.4	(627.4)	
Deferred tax assets[(C)]	158.1	—	158.1
Employee benefits[(1)(I)]	25.3	(25.3)	
Other receivables and miscellaneous non-current assets[(1)(S)]		657.6	657.6
Non-current assets[(C)]	**2,255.4**	**—**	**2,255.4**
Current assets			
Inventories[(C)]	238.5	—	238.5
Trade receivables[(2)(S)]		354.0	354.0
Trade and other receivables[(2)(I)]	463.3	(463.3)	
Tax receivables for current tax[(3)(I)]	12.5	(12.5)	
Income tax receivables[(3)(S)]		12.5	12.5
Other receivables and miscellaneous current assets[(2)(S)]		109.3	109.3
Cash and cash equivalents[(C)]	212.7	—	212.7
Current assets[(C)]	**927.0**	**—**	**927.0**
Total assets[(C)]	**3,182.4**	**—**	**3,182.4**
Total equity[(C)]	**443.8**	**—**	**443.8**
LIABILITIES			
Non-current liabilities		—	
Financial indebtedness[(4)(S)]		1,151.5	1,151.5
Interest-bearing loans and borrowings[(4)(I)]	1,096.5	(1,096.5)	
Lease liabilities[(4)(I)]	55.0	(55.0)	
Trade and other payables[(5)(I)]	117.4	(117.4)	
Employee benefits obligations[(C)]	241.4	—	241.4
Provisions[(5)(I)]	75.3	(75.3)	
Deferred tax liabilities[(C)]	78.1	—	78.1
Other liabilities and other long term provisions[(5)(S)]		192.7	192.7
Non-current liabilities[(C)]	**1,663.7**	**—**	**1,663.7**
Current liabilities			
Trade payables[(6)(S)]		360.3	360.3
Financial indebtedness[(4)(S)]		51.7	51.7
Current tax liabilities[(7)(S)]		85.6	85.6
Other liabilities and short term provisions[(6)(8)(S)]		577.3	577.3
Interest-bearing loans and borrowings[(4)(I)]	31.1	(31.1)	
Lease liabilities[(4)(I)]	20.6	(20.6)	
Trade and other payables[(6)(I)]	912.5	(912.5)	
Tax liabilities for current tax[(7)(I)]	85.6	(85.6)	
Derivative financial instruments[(8)(I)]	7.4	(7.4)	
Provisions[(8)(I)]	17.7	(17.7)	
Current liabilities[(C)]	**1,074.9**	**—**	**1,074.9**
Total liabilities[(C)]	**2,738.6**	**—**	**2,738.6**
Total equity and liabilities[(C)]	**3,182.4**	**—**	**3,182.4**

(1) Other investments, trade and other receivables and employee benefits have been aggregated within other receivables and miscellaneous non-current assets

(2) Trade and other receivables have been allocated to trade receivables and other receivables and miscellaneous current assets

(3) Tax receivables for current tax have been allocated to income tax receivables

(4) Interest-bearing loans and borrowings and lease liabilities have been allocated to financial indebtedness

(5) Trade and other payables and provisions have been allocated to other liabilities and other long term provisions

(6) Trade and other payables have been allocated to trade payables and other liabilities and other short term provisions

(7) Tax liabilities for current tax have been allocated to current tax liabilities

(8) Derivative financial instruments and provisions have been allocated to other liabilities and other short term provisions

(C) Common statement of financial position line item structure for INEOS Styrolution Holding Limited and INOVYN Limited statements of financial position

(I) INOVYN statement of financial position line item structure

(S) INEOS Styrolution Holding Limited statement of financial position line item structure

Note 11—Reconciliation of Historical BP Petrochemicals Carve-Out Statement of Financial Position and Unaudited Pro Forma Condensed Combined Statement of Financial Position Structure as at September 30, 2020

The Historical BP Petrochemicals carve-out statement of financial position at September 30, 2020 has been aligned to be presented on a consistent basis as the Group and translated from U.S. dollar to euro at the September 30, 2020 closing exchange rate of $1.1731 per euro.

BP Petrochemicals Statement of Financial Position as at September 30, 2020

	Historical BP Petrochemicals Statement of Financial Position	Historical BP Petrochemicals Statement of Financial Position Translated into Euros	Representation Adjustments	BP Petrochemicals Condensed Statement of Financial Position
	($ million)	(€ million)	(€ million)	(€ million)
ASSETS				
Non-current assets				
Property, plant and equipment[(C)]	1,991.0	1,697.2	—	1,697.2
Intangible assets and goodwill[(S)]			—	
Investments accounted for using equity method[(1)(S)]			481.6	481.6
Investments in joint ventures[(1)(B)]	565.0	481.6	(481.6)	
Other investments[(2)(B)]	8.0	6.8	(6.8)	
Fixed assets[(B)]	2,564.0	2,185.6	(2,185.6)	
Prepayments[(2)(B)]	2.0	1.7	(1.7)	
Deferred tax assets[(C)]	66.0	56.3	—	56.3
Other receivables and miscellaneous non-current assets[(2)(S)]			16.2	16.2
Tax receivable[(2)(B)]	9.0	7.7	(7.7)	
Non-current assets[(S)]			**2,251.3**	**2,251.3**
Inventories[(C)]	404.0	344.4	—	344.4
Trade and other receivables[(3)(B)]	508.0	433.0	(433.0)	
Trade receivables[(3)(S)]			433.0	433.0
Prepayments[(4)(B)]	34.0	29.0	(29.0)	
Tax receivable[(5)(B)]	9.0	7.7	(7.7)	
Income tax receivables[(5)(S)]			7.7	7.7
Other receivables and miscellaneous current assets[(4)(S)]			29.0	29.0
Cash and cash equivalents[(C)]	329.0	280.5	—	280.5
Current assets[(S)]	**1,284.0**	**1,094.6**	**—**	**1,094.6**
Total assets[(C)]	**3,925.0**	**3,345.9**	**—**	**3,345.9**
Total equity[(12)(S)]			**2,184.9**	**2,184.9**
LIABILITIES				
Non-current liabilities				
Other payables[(8)(B)]	2.0	1.7	(1.7)	
Finance debt[(6)(B)]	434.0	370.0	(370.0)	
Financial indebtedness[(6)(S)]			416.9	416.9
Employee benefits obligations[(7)(S)]			6.0	6.0
Accruals[(8)(B)]	2.0	1.7	(1.7)	
Lease liabilities[(6)(B)]	55.0	46.9	(46.9)	
Deferred tax liabilities[(C)]	121.0	103.1	—	103.1
Other liabilities and other long term provisions[(8)(S)]			3.4	3.4

Provisions[(B)]	—	—	—	
Defined benefit pension plan and other post-retirement benefit plan deficits[(7)(B)]	7.0	6.0	(6.0)	
Non-current liabilities[(S)]	**621.0**	**529.4**	**—**	**529.4**
Current liabilities			—	
Trade and other payables[(9)(B)]	464.0	395.4	(395.4)	
Trade payables[(9)(S)]			395.4	395.4
Financial indebtedness[(6)(S)]			176.5	176.5
Current tax liabilities[(S)]			—	
Other liabilities and short term provisions[(10)(S)]			59.7	59.7
Finance debt[(6)(B)]	171.0	145.8	(145.8)	
Accruals[(10)(B)]	69.0	58.8	(58.8)	
Lease liabilities[(6)(B)]	36.0	30.7	(30.7)	
Current tax payable[(B)]	—	—	—	
Provisions[(10)(B)]	1.0	0.9	(0.9)	
Current liabilities[(S)]	**741.0**	**631.6**	**—**	**631.6**
Total liabilities[(C)]	**1,362.0**	**1,161.0**	**—**	**1,161.0**
Invested equity attributable to BP owners[(11)(B)]	2,563.0	2,184.9	(2,184.9)	
Total liabilities and invested equity[(12)(B)]	3,925.0	3,345.9	(3,345.9)	
Total equity and liabilities[(12)(C)]			**3,345.9**	**3,345.9**

(1) Investments in joint ventures have been allocated to investments accounted for using equity method

(2) Other investments, prepayments and tax receivable have been allocated to other receivables and miscellaneous non-current assets

(3) Trade and other receivables have been allocated to trade receivables

(4) Prepayments have been allocated to other receivables and miscellaneous current assets

(5) Tax receivable have allocated to income tax receivable

(6) Finance debt and lease liabilities have been allocated to financial indebtedness

(7) Defined benefit pension plan and other post-retirement benefit plan deficits have been allocated to employee benefit obligations

(8) Other payables and accruals have been allocated to other liabilities and other long term provisions

(9) Trade and other payables have been allocated to trade payables

(10) Accruals and provisions have been allocated to other liabilities and short term provisions

(11) Invested equity attributable to BP owners have been allocatd to total equity.

(12) Total liabilities and invested equity have been allocated to total equity and liabilities

(B) BP Petrochemicals statement of financial position line item structure

(C) Common statement of financial position line item structure for INEOS Styrolution Holding Limited and INOVYN Limited statements of financial position

(S) INEOS Styrolution Holding Limited statement of financial position line item structure

Note 12—Reconciliation of Historical INOVYN Limited Statement of Income Structure and Unaudited Pro Forma Condensed Consolidated Statement of Income Structure for the year ended December 31, 2019

The Historical INOVYN Limited consolidated statement of income for the year ended December 31, 2019 has been aligned to be presented on a consistent basis as the Group.

INOVYN Statement of Income for the year ended December 31, 2019

	Historical INOVYN Limited Statement of Income	Representation Adjustments	INOVYN Limited Condensed Statement of Income
		(€ in millions)	
Revenue[(C)]	3,105.4	—	3,105.4
Cost of sales before exceptional items[(I)]	(2,162.5)	2,162.5	
Exceptional cost of sales[(I)]	(21.4)	21.4	

Total cost of sales[(I)]	(2,183.9)	2,183.9	
Cost of sales[(S)]		(2,183.9)	(2,183.9)
Gross profit[(C)]	**921.5**	**—**	**921.5**
Selling and distribution expenses[(S)]		(348.8)	(348.8)
General and administrative expenses[(S)]		(175.1)	(175.1)
Research and development expenses[(S)]		(11.6)	(11.6)
Other operating expense[(S)]		—	—
Distribution costs[(I)]	(348.8)	348.8	
Administrative expenses before exceptional items[(I)]	(156.5)	156.5	
Exceptional administrative expenses[(I)]	(30.2)	30.2	
Total administrative expenses[(I)]	(186.7)	186.7	
Total expenses[(I)]	(535.5)	535.5	
Operating profit[(C)]	**386.0**	**—**	**386.0**
Profit before net finance costs[(I)]	386.0	(386.0)	
Finance income[(I)]	23.1	(23.1)	
Interest income[(S)]		16.1	16.1
Finance costs before exceptional items[(I)]	(39.5)	39.5	
Total finance costs[(I)]	(39.5)	39.5	
Interest expense[(S)]		(39.5)	(39.5)
Exchange movements[(S)]		7.0	7.0
Net finance costs[(C)]	**(16.4)**	**—**	**(16.4)**
Profit before tax[(I)]	369.6	(369.6)	
Income before income tax[(S)]		**369.6**	**369.6**
Tax charge[(I)]	(67.7)	67.7	
Income tax expense[(S)]		(67.7)	(67.7)
Profit for the year[(I)]	301.9	(301.9)	
Net income[(S)]		**301.9**	**301.9**

(C) Common statement of income line item structure INEOS for Styrolution Holding Limited and INOVYN Limited statements of income

(I) INOVYN Limited statement of income line item structure

(S) Styrolution statement of income line item structure including representation adjustments to (i) split total administrative expenses between general administrative expenses and research and development expenses and (ii) split finance income between interest income and exchange movements.

Note 13—Reconciliation of Historical INOVYN Limited Statement of Income Structure and Unaudited Pro Forma Condensed Consolidated Statement of Income Structure for the nine-month period ended September 30, 2019

The Historical INOVYN Limited consolidated statement of income for the nine-month period ended September 30, 2019 has been aligned to be presented on a consistent basis as the Group.

INOVYN Statement of Income for the nine-month period ended September 30, 2019

	Historical INOVYN Statement of Income	Representation Adjustments	INOVYN Limited Condensed Statement of Income
		(€ in millions)	
Revenue[(C)]	2,365.3	—	2,365.3
Cost of sales before exceptional items[(I)]		—	
Exceptional cost of sales[(I)]		—	
Total cost of sales[(I)]	(1,634.0)	1,634.0	
Cost of sales[(S)]		(1,634.0)	(1,634.0)
Gross profit[(C)]	**731.3**	**—**	**731.3**
Selling and distribution expenses[(S)]		(262.0)	(262.0)
General and administrative expenses[(S)]		(107.3)	(107.3)
Research and development expenses[(S)]		(8.7)	(8.7)
Other operating expense[(S)]		—	
Distribution costs[(I)]	(262.0)	262.0	
Administrative expenses before exceptional items[(I)]	(114.1)	114.1	

Exceptional administrative expenses[(I)]	(1.9)	1.9	
Total administrative expenses[(I)]	(116.0)	116.0	
Total expenses[(I)]	(378.0)	378.0	
Operating profit[(C)]	**353.3**	**—**	**353.3**
Profit before net finance costs[(I)]	353.3	(353.3)	
Total finance income[(I)]	17.9	(17.9)	
Interest income[(S)]		11.7	11.7
Finance costs before exceptional items[(I)]	(29.1)	29.1	
Total finance costs[(I)]	(29.1)	29.1	
Interest expense[(S)]		(29.1)	(29.1)
Exchange movements[(S)]		6.2	6.2
Net finance costs[(C)]	**(11.2)**	**—**	**(11.2)**
Profit before tax[(I)]	342.1	(342.1)	
Income before income tax[(S)]		**342.1**	**342.1**
Tax charge[(I)]	(66.9)	66.9	
Income tax expense[(S)]		(66.9)	(66.9)
Profit for the period[(I)]	275.2	(275.2)	
Net income[(S)]		**275.2**	**275.2**

(C) Common statement of income line item structure for INEOS Styrolution Holding Limited and INOVYN Limited statements of income

(I) INOVYN Limited statement of income line item structure

(S) INEOS Styrolution Holding Limited statement of income line item structure including representation adjustments to (i) split total administrative expenses between general administrative expenses and research and development expenses and (ii) split finance income between interest income and exchange movements.

Note 14—Reconciliation of Historical INOVYN Limited Statement of Income Stucture and Unaudited Pro Forma Condensed Consolidated Statement of Income Structure for the nine-month period ended September 30, 2020

The Historical INOVYN Limited consolidated statement of income for the nine-month period ended September 30, 2020 has been aligned to be presented on a consistent basis as the Group.

INOVYN Statement of Income for the nine-month period ended September 30, 2020

	Historical INOVYN Statement of Income	Representation Adjustments	INOVYN Limited Condensed Statement of Income
		(€ in millions)	
Revenue[(C)]	2,118.1	—	2,118.1
Cost of sales before exceptional items[(I)]		—	
Exceptional cost of sales[(I)]		—	
Total cost of sales[(I)]	(1,441.7)	1,441.7	
Cost of sales[(S)]		(1,441.7)	(1,441.7)
Gross profit[(C)]	**676.4**	**—**	**676.4**
Selling and distribution expenses[(S)]		(264.7)	(264.7)
General and administrative expenses[(S)]		(98.2)	(98.2)
Research and development expenses[(S)]		(9.3)	(9.3)
Other operating expense[(S)]		(0.5)	(0.5)
Distribution costs[(I)]	(264.7)	264.7	
Administrative expenses before exceptional items[(I)]	(107.5)	107.5	
Exceptional administrative expenses[(I)]	—		
Total administrative expenses[(I)]	(107.5)	107.5	
Total expenses[(I)]	(372.2)	372.2	
Operating profit[(C)]	**304.2**	**(0.5)**	**303.7**
Loss on disposal of property, plant and equipment[(I)]	(0.5)	0.5	
Profit before net finance costs[(I)]	303.7	(303.7)	
Total finance income[(I)]	22.5	(22.5)	
Interest income[(S)]		17.4	17.4
Finance costs before exceptional items[(I)]	(31.6)	31.6	
Exceptional finance costs[(I)]	(16.7)		

Total finance costs[(I)]	(48.3)	48.3	
Interest expense[(S)]		(48.3)	(48.3)
Exchange movements[(S)]		5.1	5.1
Net finance costs[(C)]	**(25.8)**	—	**(25.8)**
Profit before tax[(I)]	277.9	(277.9)	
Income before income tax[(S)]		**277.9**	**277.9**
Tax charge[(I)]	(53.1)	53.1	
Income tax expense[(S)]		(53.1)	(53.1)
Profit for the period[(I)]	224.8	(224.8)	
Net income[(S)]		**224.8**	**224.8**

(C) Common statement of income line item structure for INEOS Styrolution Holding Limited and INOVYN Limited statements of income

(I) INOVYN Limited statement of income line item structure

(S) INEOS Styrolution Holding Limited statement of income line item structure including representation adjustments to (i) split total administrative expenses between general administrative expenses and research and development expenses and (ii) split finance income between interest income and exchange movements.

Note 15—Reconciliation of Historical BP Petrochemicals Carve-Out Statement of Income and Unaudited Pro Forma Condensed Combined Statement of Income Structure for the year ended December 31, 2019

The Historical BP Petrochemicals carve-out statement of income for the year ended December 31, 2019 has been aligned to be presented on a consistent basis as the Group and translated from U.S. dollar to euro at an average exchange rate for the period of $1.1202 per euro.

BP Petrochemicals carve-out statement of income for the year ended December 31, 2019

	Historical BP Petrochemicals Statement of Income	Historical BP Petrochemicals Statement of Income Translated into Euros	Representation Adjustments	BP Petrochemicals Condensed Statement of Income
	($ million)	(€ million)	(€ million)	(€ million)
Sales and other operating revenues[(B)]	6,261.0	5,589.2	(5,589.2)	
Revenue[(S)]			5,589.2	5,589.2
Earnings from joint ventures—after interest and tax[(B)]	74.0	66.1	(66.1)	
Interest and other income[(B)]	68.0	60.7	(60.7)	
Total revenues and other income[(B)]	6,403.0	5,716.0	(5,716.0)	
Purchases[(B)]	(4,774.0)	(4,261.7)	4,261.7	
Production and manufacturing expenses[(B)]	(813.0)	(725.8)	725.8	
Cost of sales[(S)]			(5,150.9)	(5,150.9)
Gross profit[(S)]			**438.3**	**438.3**
Depreciation, depletion and amortization[(B)]	(193.0)	(172.3)	172.3	
Distribution and administration expenses[(B)]	(307.0)	(274.1)	274.1	
Selling and distribution expenses[(S)]			(235.7)	(235.7)
General and administrative expenses[(S)]			17.0	17.0
Research and development expenses[(S)]			(9.8)	(9.8)
Other operating expense[(S)]			—	
Operating profit[(S)]			**209.8**	**209.8**

Share of profit of associates and joint ventures using the equity accounting method[S]			66.1	66.1
Profit before interest and taxation[B]	316.0	282.1	(282.1)	
Interest income[S]			6.2	6.2
Interest expense[S]			(28.6)	(28.6)
Exchange movements[S]			—	
Finance costs[B]	(32.0)	(28.6)	28.6	
Net finance costs[S]			**(22.4)**	**(22.4)**
Income before income tax[S]			**253.5**	**253.5**
Income tax expense[S]			(55.3)	(55.3)
Taxation expense[B]	(62.0)	(55.3)	55.3	
Profit after tax for the period[B]	222.0	198.2	(198.2)	
Net income[S]			**198.2**	**198.2**

(B) BP Petrochemicals statement of income line item structure

(S) INEOS Styrolution Holding Limited statement of income line item structure including representation adjustments to (i) aggregate purchases, production and manufacturing expenses and depreciation, depletion and amortization into cost of sales (ii) splitting distribution and administrative expenses and interest and other income between selling and distribution expenses, general and administrative expenses and research and development expenses; and (iii) allocating the remaining portion of interest and other income to interest income.

Note 16—Reconciliation of Historical BP Petrochemicals Carve-Out Statement of Income and Unaudited Pro Forma Condensed Combined Statement of Income Structure for the nine-month period ended September 30, 2019

The Historical BP Petrochemicals carve-out statement of income for the nine-month period ended September 30, 2019 has been aligned to be presented on a consistent basis as the Group and translated from U.S. dollar to euro at an average exchange rate for the period of $1.1260 per euro.

BP Petrochemicals carve-out statement of income for the nine-month period ended September 30, 2019

	Historical BP Petrochemicals Statement of Income	Historical BP Petrochemicals Statement of Income Translated into Euros	Representation Adjustments	BP Petrochemicals Condensed Statement of Income
	($ million)	(€ million)	(€ million)	(€ million)
Sales and other operating revenues[B]	4,756.0	4,223.8	(4,223.8)	
Revenue[S]			4,222.9	4,222.9
Earnings from joint ventures—after interest and tax[B]	48.0	42.6	(42.6)	
Interest and other income[B]	50.0	44.4	(44.4)	
Total revenues and other income[B]	4,854.0	4,310.8	(4,310.8)	
Purchases[B]	(3,586.0)	(3,184.7)	3,184.7	
Production and manufacturing expenses[B]	(615.0)	(546.2)	546.2	
Cost of sales[S]			(3,850.8)	(3,850.8)
Gross profit[S]			**372.1**	**372.1**
Depreciation, depletion and amortization[B]	(147.0)	(130.6)	130.6	
Distribution and administration expenses[B]	(205.0)	(182.1)	182.1	

Selling and distribution expenses[(S)]			(172.3)	(172.3)
General and administrative expenses[(S)]			30.2	30.2
Research and development expenses[(S)]			(9.8)	(9.8)
Other operating expense[(S)]			—	
Operating profit[(S)]			**220.2**	**220.2**
Share of profit of associates and joint ventures using the equity accounting method[(S)]			42.6	42.6
Profit before interest and taxation[(B)]	301.0	267.2	(267.2)	
Interest income[(S)]			4.4	4.4
Interest expense[(S)]			(23.1)	(23.1)
Exchange movements[(S)]			—	
Finance costs[(B)]	(26.0)	(23.1)	23.1	
Net finance costs[(S)]			**(18.7)**	**(18.7)**
Income before income tax[(S)]			**244.1**	**244.1**
Income tax expense[(S)]			(48.0)	(48.0)
Taxation expense[(B)]	(54.0)	(48.0)	48.0	
Profit after tax for the period[(B)]	221.0	196.1	(196.1)	
Net income[(S)]			**196.1**	**196.1**

(B) BP Petrochemicals statement of income line item structure

(S) INEOS Styrolution Holding Limited statement of income line item structure including representation adjustments to (i) aggregate purchases, production and manufacturing expenses and depreciation, depletion and amortization into cost of sales (ii) splitting distribution and administrative expenses and interest and other income between selling and distribution expenses, general and administrative expenses and research and development expenses; and (iii) allocating the remaining portion of interest and other income to interest income.

Note 17—Reconciliation of Historical BP Petrochemicals Carve-Out Statement of Income and Unaudited Pro Forma Condensed Combined Statement of Income Structure for the nine-month period ended September 30, 2020

The Historical BP Petrochemicals carve-out statement of income for nine-month period ended September 30, 2020 has been aligned to be presented on a consistent basis as the Group and translated from U.S. dollar to euro at an average exchange rate for the period of $1.1221 per euro.

BP Petrochemicals carve-out statement of income for the nine-month period ended September 30, 2020

	Historical BP Petrochemicals Statement of Income	Historical BP Petrochemicals Statement of Income Translated into Euros	Representation Adjustments	BP Petrochemicals Condensed Statement of Income
	($ million)	(€ million)	(€ million)	(€ million)
Sales and other operating revenues[(B)]	2,983.0	2,658.4	(2,658.4)	
Revenue[(S)]			2,658.4	2,658.4
Earnings from joint ventures—after interest and tax[(B)]	31.0	27.6	(27.6)	
Interest and other income[(B)]	27.0	24.1	(24.1)	
Total revenues and other income[(B)]	3,041.0	2,710.1	(2,710.1)	
Purchases[(B)]	(2,211.0)	(1,970.5)	1,970.5	
Production and manufacturing expenses[(B)]	(473.0)	(421.5)	421.5	
Cost of sales[(S)]			(2,512.3)	(2,512.3)
Gross profit[(S)]			**146.1**	**146.1**

Depreciation, depletion and amortization[(B)]	(144.0)	(128.3)	128.3	
Distribution and administration expenses[(B)]	(214.0)	(190.7)	190.7	
Selling and distribution expenses[(S)]			(172.9)	(172.9)
General and administrative expenses[(S)]			0.9	0.9
Research and development expenses[(S)]			(7.1)	(7.1)
Other operating expense[(S)]			—	
Operating profit[(S)]			**(33.0)**	**(33.0)**
Share of profit of associates and joint ventures using the equity accounting method[(S)]			27.6	27.6
Profit before interest and taxation[(B)]	(1.0)	(0.9)	0.9	
Interest income[(S)]			4.5	4.5
Interest expense[(S)]			(16.9)	(16.9)
Exchange movements[(S)]			—	
Finance costs[(B)]	(19.0)	(16.9)	16.9	
Net finance costs[(S)]			**(12.4)**	**(12.4)**
Income before income tax[(S)]			**(17.8)**	**(17.8)**
Income tax expense[(S)]			(4.5)	(4.5)
Taxation expense[(B)]	(5.0)	(4.5)	4.5	
Profit after tax for the period[(B)]	(25.0)	(22.3)	22.3	
Net income[(S)]			**(22.3)**	**(22.3)**

(B) BP Petrochemicals statement of income line item structure

(S) INEOS Styrolution Holding Limited statement of income line item structure including representation adjustments to (i) aggregate purchases, production and manufacturing expenses and depreciation, depletion and amortization into cost of sales (ii) splitting distribution and administrative expenses and interest and other income between selling and distribution expenses, general and administrative expenses and research and development expenses; and (iii) allocating the remaining portion of interest and other income to interest income.

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The consolidated financial statements and the corresponding independent auditors' reports as of and for each of the years ended December 31, 2019, 2018 and 2017 of INEOS Styrolution Holding Limited and INOVYN Limited as well as the combined carve-out financial statements and independent auditors' reports as of and for each of the years ended December 31, 2019 and 2018 of BP Petrochemicals Business included herein have been extracted from the consolidated financial statements of INEOS Styrolution Holding Limited or the consolidated financial statements of INOVYN Limited or the combined carve-out financial statements of the BP Petrochemical Business for the relevant years, and contain references to page numbers and sections of the relevant financial statements or carve-out financial statements or annual reports, which, in each case, are not applicable to this offering memorandum.

INEOS Styrolution Holding Limited
Unaudited Condensed Consolidated Interim Financial Statements
Three and nine month periods ended 30 September 2020 and 2019

INEOS Styrolution Holding Limited

Unaudited Condensed Consolidated Statement of Income
for the three and nine months ended 30 September 2020 and 2019

In millions of EUR	1 Jul - 30 Sep 2020	1 Jul - 30 Sep 2019	1 Jan - 30 Sep 2020	1 Jan - 30 Sep 2019
Revenue	924.9	1,236.9	2,834.2	3,798.3
Cost of sales	(705.0)	(1,029.6)	(2,299.1)	(3,079.3)
Gross profit	**219.9**	**207.3**	**535.1**	**719.0**
Selling and distribution expenses	(70.1)	(70.9)	(209.4)	(220.4)
General and administrative expenses	(25.2)	(30.6)	(80.5)	(89.3)
Research and development expenses	(3.1)	(3.5)	(9.3)	(9.8)
Other operating expense	(1.5)	(1.9)	(4.6)	(3.7)
Operating profit	**120.0**	**100.4**	**231.3**	**395.8**
Interest income	4.1	4.7	5.9	14.1
Interest expense	(11.7)	(8.8)	(36.6)	(27.8)
Exchange movements	(5.6)	3.5	(13.6)	7.5
Net finance costs	**(13.2)**	**(0.6)**	**(44.3)**	**(6.2)**
Income before income tax	**106.8**	**99.8**	**187.0**	**389.6**
Income tax expense	(32.0)	(33.8)	(59.5)	(86.0)
Net income	**74.8**	**66.0**	**127.5**	**303.6**
Attributable to:				
Non-controlling interests	1.1	0.1	0.5	—
Owners of the company	**73.7**	**65.9**	**127.0**	**303.6**

The notes on pages F-9 to F-15 are an integral part of these unaudited condensed consolidated interim financial statements.

INEOS Styrolution Holding Limited

Unaudited Condensed Consolidated Statement of Comprehensive Income
for the three and nine months ended 30 September 2020 and 2019

In millions of EUR	1 Jul - 30 Sep 2020	1 Jul - 30 Sep 2019	1 Jan - 30 Sep 2020	1 Jan - 30 Sep 2019
Net income	**74.8**	**66.0**	**127.5**	**303.6**
Other comprehensive (loss)/income:				
Items that will not be reclassified to profit and loss:				
Remeasurement of post-employment benefit obligations	—	(12.4)	—	(25.1)
Deferred taxes on remeasurements of post-employment benefit obligations	—	3.7	—	7.6
Items that might subsequently be reclassified to profit and loss:				
Exchange differences on translation of foreign operations	(50.1)	41.5	(78.0)	42.0
Other comprehensive (loss)/income, net of tax	**(50.1)**	**32.8**	**(78.0)**	**24.5**
Total comprehensive income	**24.7**	**98.8**	**49.5**	**328.1**
Attributable to:				
Non-controlling interests	0.8	0.4	(0.7)	0.7
Owners of the company	**23.9**	**98.4**	**50.2**	**327.4**

The notes on pages F-9 to F-15 are an integral part of these unaudited condensed consolidated interim financial statements.

INEOS Styrolution Holding Limited

Unaudited Condensed Consolidated Statement of Financial Position

In millions of EUR	30 September 2020	31 December 2019
Assets		
Property, plant and equipment	1,373.0	1,282.1
Intangible assets and goodwill	1,289.7	1,372.8
Deferred tax assets	45.8	47.1
Other receivables and miscellaneous non-current assets	6.0	4.3
Non-current assets	**2,714.5**	**2,706.3**
Inventories	329.4	487.5
Trade receivables	413.4	465.2
Income tax receivables	26.4	14.1
Other receivables and miscellaneous current assets	415.7	64.9
Cash and cash equivalents	395.1	289.7
Current assets	**1,580.0**	**1,321.4**
Total assets	**4,294.5**	**4,027.7**
Equity		
Share capital	0.3	0.3
Share premium	2,389.7	2,389.7
Merger reserve	(1,281.2)	(1,281.2)
Other reserves	18.8	95.6
Retained earnings	531.8	769.3
Equity attributable to owners of the company	**1,659.4**	**1,973.7**
Non-controlling interest	15.4	16.1
Total equity	**1,674.8**	**1,989.8**
Liabilities		
Financial indebtedness	1,324.9	925.6
Employee benefits obligations	75.9	74.1
Deferred tax liabilities	284.1	308.5
Other liabilities and other long term provisions	40.5	41.3
Non-current liabilities	**1,725.4**	**1,349.5**
Trade payables	328.0	433.9
Financial indebtedness	357.3	35.6
Current tax liabilities	53.7	44.6
Other liabilities and short term provisions	155.3	174.3
Current liabilities	**894.3**	**688.4**
Total liabilities	**2,619.7**	**2,037.9**
Total equity and liabilities	**4,294.5**	**4,027.7**

These unaudited condensed consolidated interim financial statements were authorised for issue by the Directors on 2 November 2020.

The notes on pages F-9 to F-15 are an integral part of these unaudited condensed consolidated interim financial statements.

INEOS Styrolution Holding Limited

Unaudited Condensed Consolidated Statement of Changes in Equity

In millions of EUR	Share capital	Share premium	Merger reserve	Other reserves: Pension reserve	Other reserves: Cumulative translation adjustment reserve	Retained earnings	Equity attributable to owners of the company	Non-controlling interest	Total Equity
1 January 2019	**0.3**	**2,389.7**	**(1,281.2)**	**(1.3)**	**89.7**	**1,027.1**	**2,224.3**	**17.5**	**2,241.8**
Net income	—	—	—	—	—	303.6	303.6	—	303.6
Other comprehensive income	—	—	—	(17.5)	41.3		23.8	0.7	24.5
Total comprehensive income for the period	**—**	**—**	**—**	**(17.5)**	**41.3**	**303.6**	**327.4**	**0.7**	**328.1**
Transactions with owners in their capacity as owners: Dividends	—	—	—	—	—	—	—	(0.1)	(0.1)
30 September 2019	**0.3**	**2,389.7**	**(1,281.2)**	**(18.8)**	**131.0**	**1,330.7**	**2,551.7**	**18.1**	**2,569.8**
1 January 2020	**0.3**	**2,389.7**	**(1,281.2)**	**(11.3)**	**106.9**	**769.3**	**1,973.7**	**16.1**	**1,989.8**
Net income	—	—	—	—	—	127.0	127.0	0.5	127.5
Other comprehensive loss	—	—	—	—	(76.8)	—	(76.8)	(1.2)	(78.0)
Total comprehensive income for the period	**—**	**—**	**—**	**—**	**(76.8)**	**127.0**	**50.2**	**(0.7)**	**49.5**
Transactions with owners in their capacity as owners: Dividends	—	—	—	—	—	(364.5)	(364.5)	—	(364.5)
30 September 2020	**0.3**	**2,389.7**	**(1,281.2)**	**(11.3)**	**30.1**	**531.8**	**1,659.4**	**15.4**	**1,674.8**

The notes on pages F-9 to F-15 are an integral part of these unaudited condensed consolidated interim financial statements.

INEOS Styrolution Holding Limited

Unaudited Condensed Consolidated Statement of Cash Flows

In millions of EUR	1 January - 30 September 2020	1 January - 30 September 2019
Cash flows from operating activities		
Net income attributable to the owners of the company	127.0	303.6
Adjustments for:		
Depreciation and impairment of property, plant and equipment	130.3	127.1
Amortisation and impairment of intangible assets	46.7	57.7
Net finance costs	44.3	6.2
Loss from sale of property, plant and equipment	—	0.2
Income tax expense	59.5	86.0
Non-controlling interest	0.5	—
Decrease in trade and other receivables	19.4	37.5
Decrease in inventories	141.0	39.9
Decrease in trade and other payables	(114.1)	(46.2)
Increase/(decrease) in provisions and employee benefits	2.0	(0.9)
Tax paid	(79.2)	(127.7)
Net cash flows generated from operating activities	**377.4**	**483.4**
Cash flows from investing activities		
Proceeds from sale of long-term assets	0.6	1.4
Interest and other finance income received	1.9	3.4
Loans provided to related parties	—	(471.6)
Business acquisition, net of cash acquired*	(361.8)	(133.6)
Acquisition of intangible assets	(0.3)	(0.4)
Acquisition of property, plant and equipment	(256.3)	(155.1)
Net cash flows used in investing activities	**(615.9)**	**(755.9)**
Cash flows from financing activities		
Proceeds from external borrowings	982.0	205.3
Repayment of external borrowings	(206.0)	(172.4)
Interest paid	(29.3)	(24.6)
Debt issue costs	(13.1)	—
Capital element of lease payments	(16.9)	(15.4)
Dividends paid attributable to the owners of the company	(364.5)	—
Dividends paid attributable to minority interest	—	(0.1)
Net cash flows generated / (used) in financing activities	**352.2**	**(7.2)**
Net increase / (decrease) in cash and cash equivalents	**113.7**	**(279.7)**
Cash and cash equivalents at 1 January	289.7	567.1
Effect of exchange rate fluctuations on cash held	(8.3)	1.4
Cash and cash equivalents at 30 September	**395.1**	**288.8**

* On 29 June 2020 the Group made a USD 400 million deposit payment in connection with the acquisition of the BP Aromatics and Acetyls business.

The notes on pages F-9 to F-15 are an integral part of these unaudited condensed consolidated interim financial statements.

INEOS Styrolution Holding Limited

Notes

1. Reporting entity

INEOS Styrolution Holding Limited ('the Company') is a private company, limited by shares, incorporated, registered and domiciled in England and Wales, the United Kingdom and has its registered office at Chapel Lane, Lyndhurst, Hampshire, SO43 7FG. The Company was incorporated on 18 December 2015 as a subsidiary of INEOS Industries Holding Limited.

2. Basis for preparation

(a) Statement of compliance

These unaudited condensed consolidated Interim Financial Statements of INEOS Styrolution Holding Limited for the period ended 30 September 2020 (herein referred to as 'Interim Financial Statements') have been prepared on a going concern basis and in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union. They do not provide all of the information and disclosures included in complete consolidated Financial Statements and are therefore to be read in conjunction with the audited consolidated Financial Statements as of and for the period ending 31 December 2019. The same accounting policies, methods of computation and presentation have been followed in the preparation as were applied in the most recent annual financial statement.

The figures for the three months periods ended 30 September 2020 and 30 September 2019 as included in the Interim Financial Statements are neither audited, nor subject to any review procedures made in accordance with International Standards on Auditing or International Standards on Review Engagements.

In early March 2020, the Group developed contingency plans for the COVID-19 pandemic, with the primary objectives of maintaining the safety of personnel and the reliable operation of the Group's plants. Protecting employees and ensuring that they remain healthy has been the first priority of the Group. This resulted in a number of changes to standard working practices and shift patterns to reduce personnel on site to those defined as operationally critical in order to adhere to social distancing rules in line with local government advice. Any safety critical activity was formally risk assessed to take cognizance of additional controls necessary to protect core personnel from COVID-19, hence safeguarding safety critical work at all times.

The chemical industry is deemed as essential, critical infrastructure by governments across the world. Throughout the pandemic all of the Group's plants have continued to operate fully and supply chains have operated without significant disruption, except for a temporary countrywide closure of industrial plants in India enforced by the government authorities.

Whilst there is uncertainty due to the COVID-19 crisis the Directors have undertaken a rigorous assessment of the potential impact on demand for its products and services and the impact of feedstock price developments. In addition, the Directors have implemented a series of programmes to preserve cash including the review of timing of turnarounds and projects, reductions in the levels of non-essential capital expenditure and reductions in non-essential fixed cost expenditure. On the basis of this assessment together with a strong balance sheet and access to liquidity, the Directors have concluded that it is appropriate to prepare these unaudited condensed consolidated financial statements on a going concern basis.

(b) Basis of measurement

The basis of measurement for the Interim Financial Statements is the historical cost basis except for those financial instruments categories measured at fair value. There are no material impacts from the adoption of new standards that have become effective in the period.

(c) Functional and presentation currency

These Interim Financial Statements are presented in EUR. The functional currency of the Company and its subsidiaries is determined in line with IAS 21. All financial information presented in EUR has been rounded to the nearest tenth of a million, except when otherwise indicated.

(d) Use of estimates and judgments

The preparation of the Interim Financial Statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying 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 affected.

(e) Segment information

Segment results that are reported to the Chief Executive Officer ('CEO') include items directly attributable to a segment as well as those that can be allocated on a basis considered reasonable. Unallocated items comprise mainly assets that are used across segments (primarily the Company's headquarters), head office expenses and tax assets and liabilities. The Company has defined the following operating segments:

- Polymers EMEA
- Polymers Americas
- Polymers Asia
- Styrene Monomer

Detailed information by segment for the three and nine months period ended 30 September 2020 is presented in the following tables. Inter-segment sales of the Styrene Monomer business contain internal cross-segment consumption of styrene monomer within the Company.

	External sales		Inter-segment sales		EBITDA before Special Items*	
In millions of EUR	1 Jul - 30 Sep 2020	1 Jul - 30 Sep 2019	1 Jul - 30 Sep 2020	1 Jul - 30 Sep 2019	1 Jul - 30 Sep 2020	1 Jul - 30 Sep 2019
Polymers EMEA	263.2	356.4	20.1	27.9	35.7	42.6
Polymers Americas ..	226.4	287.4	5.6	6.5	40.9	47.1
Polymers Asia	316.3	362.1	3.2	6.4	69.2	20.3
Styrene Monomer.....	119.0	231.0	331.0	417.6	31.4	53.0
Corporate and eliminations	—	—	(359.9)	(458.4)	—	—
Total.....	**924.9**	**1,236.9**	**—**	**—**	**177.2**	**163.0**

	External sales		Inter-segment sales		EBITDA before Special Items*	
	1 Jan - 30 Sep 2020	1 Jan - 30 Sep 2019	1 Jan - 30 Sep 2020	1 Jan - 30 Sep 2019	1 Jan - 30 Sep 2020	1 Jan - 30 Sep 2019
Polymers EMEA	898.3	1,178.9	75.7	80.7	116.3	144.5
Polymers Americas ..	696.1	871.2	20.2	29.4	107.3	154.3
Polymers Asia	895.1	1,094.5	20.2	32.9	138.8	89.2
Styrene Monomer.....	344.7	653.7	1,093.0	1,348.8	45.9	192.8
Corporate and eliminations	—	—	(1,209.1)	(1,491.8)	—	—
Total.....	**2,834.2**	**3,798.3**	**—**	**—**	**408.3**	**580.8**

Reconciliation of EBITDA before special items* to income before income tax:

In millions of EUR	1 Jul - 30 Sep 2020	1 Jul - 30 Sep 2019	1 Jan - 30 Sep 2020	1 Jan - 30 Sep 2019
EBITDA before special items*	177.2	163.0	408.3	580.8
Special items (exceptional expenses)	—	—	—	—
Depreciation and amortisation.....	(57.2)	(62.6)	(177.0)	(184.8)
Loss on sale of tangible fixed assets.....	—	—	—	(0.2)
Operating profit.....	**120.0**	**100.4**	**231.3**	**395.8**
Net finance costs	(13.2)	(0.6)	(44.3)	(6.2)

Income before income tax	**106.8**	**99.8**	**187.0**	**389.6**

* EBITDA represents income from operations before interest, taxation, depreciation of property, plant and equipment and amortisation of intangible assets. Although EBITDA before special items should not be considered a substitute measures for profit and net cash flow from operating activities, we believe that it provides useful information regarding our ability to meet future debt service requirements. EBITDA before special items may not be comparable to similarly titled measures used by other companies. Special items refer to certain costs and benefits outside the usual course of business, which are expected to be non-recurring.

3. Revenue

The revenue by product groups on a global level for the three and nine months period ended 30 September 2020 and 2019 was as follows:

In millions of EUR	1 Jul - 30 Sep 2020	1 Jul - 30 Sep 2019	1 Jan - 30 Sep 2020	1 Jan - 30 Sep 2019
Polystyrene	382.1	498.3	1,222.3	1,557.3
ABS Standard	166.0	175.4	494.7	576.8
Specialties	257.9	332.2	772.6	1,010.5
Styrene Monomer	118.9	231.0	344.6	653.7
Total	**924.9**	**1,236.9**	**2,834.2**	**3,798.3**

The revenue by region for the three and nine months period ended 30 September 2020 and 2019 was as follows:

In millions of EUR	1 Jul - 30 Sep 2020	1 Jul - 30 Sep 2019	1 Jan - 30 Sep 2020	1 Jan - 30 Sep 2019
EMEA	270.7	370.9	919.0	1,208.8
Americas	331.6	489.9	999.2	1,451.4
Asia	322.6	376.1	916.0	1,138.1
Total	**924.9**	**1,236.9**	**2,834.2**	**3,798.3**

The second and third quarter sales tend to be the highest of the calendar year, but that seasonal effect can be impacted by turnaround activities and anticipated feedstock price movements. In the current period, revenue decreased as feedstock costs declined which led to lower sales prices compared to the same period last year.

INEOS Styrolution is a chemical company producing and selling chemical products. The timing of revenue recognition for the vast majority of the Group's sale transactions is at a point in time.

4. Property, plant and equipment

In the nine month period ended 30 September 2020, the Company acquired EUR 256.3 million (30 September 2019: EUR 155.1 million) of property, plant and equipment. Investments in property, plant and equipment in 2020 mainly include the new ASA Specialties plant in Houston and the conversion of a Polystyrene line to a mass ABS line in France.

5. Financial indebtedness

In millions of EUR	30 September 2020	31 December 2019
Deposit bank facility	341.0	—
Institutional term loans*	1.7	7.3
Lease liabilities	18.8	21.1
Short term borrowings other	—	7.5
Current financial indebtedness	**361.5**	**35.9**
Senior secured note	600.0	—
Institutional term loans*	619.8	611.4
Lease liabilities	112.9	125.1
Borrowings from asset securitisation programme	—	190.0
Non-current financial indebtedness	**1,332.7**	**926.5**
Total gross debt	**1,694.2**	**962.4**
Discount and capitalised financing costs	(12.0)	(1.2)

Financial indebtedness	**1,682.2**	**961.2**

* Term Loans are denominated in EUR and USD.

In January 2020, the Group successfully completed an amend-and-extend transaction of the existing term loans increasing the principal amount of the EUR tranche from EUR 438 miilion to EUR 450 million while keeping the USD tranche at USD 202 million. In addition, the Group issued a fixed coupon senior secured note with a principal amount of EUR 600 million. The maturity of the term loans and note is January 2027.

In June 2020, the Group raised a deposit bank facility of USD 400 million in connection with the deposit for the acquisition of the BP global Aromatics and Acetyls business. The related deposit is presented in 'Other receivables and miscellaneous current assets' in the statement of financial position as of 30 September 2020.

Net finance costs

The distribution of the main interest income and expenses is as follows:

In millions of EUR	1 Jul - 30 Sep 2020	1 Jul - 30 Sep 2019	1 Jan - 30 Sep 2020	1 Jan - 30 Sep 2019
Interest payable and other finance charges	(10.7)	(6.3)	(27.6)	(19.9)
Interest payable on lease liabilities	(1.7)	(1.9)	(5.2)	(5.9)
Amortisation of issue costs	(0.2)	(0.1)	(2.2)	(0.2)
Interest on employee benefit liabilities	(0.4)	(0.5)	(1.3)	(1.6)
Net fair value gain on derivatives	4.8	1.9	3.2	5.2
Other interest receivables	0.6	2.8	2.4	8.7
Net finance costs before exchange movements	**(7.6)**	**(4.1)**	**(30.7)**	**(13.7)**
Exchange movements	(5.6)	3.5	(13.6)	7.5
Total net finance costs	**(13.2)**	**(0.6)**	**(44.3)**	**(6.2)**

The net finance costs before exchange movements increased in the first three quarters of 2020 to EUR (30.7) million compared to EUR (13.7) million in the same period of 2019. The main reason for this increase was an increase of interest payable for the term loans and the bond as well as lower interest receivables for short-term investments.

In the first three quarters of 2020, the Company recorded net losses from foreign exchange valuation of mainly translation effects from intercompany loans, including financing between consolidated subsidiaries of EUR (13.6) million (YTD Q3 2019: EUR 7.5 million gain).

6. Related parties

Related parties comprise:

- Parent entities and their subsidiaries not included within the INEOS Styrolution Holding Limited Group;
- Entities controlled by the shareholders of INEOS Limited ('INEOS'), the ultimate parent company of INEOS Styrolution Holding Limited; and
- Key management personnel.

In millions of EUR	Transaction value 1 Jan - 30 Sep 2020	Balance outstanding 30 Sep 2020	Transaction value 1 Jan - 30 Sep 2019	Balance outstanding 31 Dec 2019
Sale of products				
INEOS entities	36.3		52.5	
Purchase of raw materials				
INEOS entities	165.1		261.0	
Services received				
INEOS entities	28.2		31.6	
Trade and other receivables				
INEOS entities		3.7		11.2
Trade and other payables				
INEOS entities		(48.2)		(48.3)

7. Income tax expense

Income tax expense is recognised based on management's best estimate of the income tax rate expected for the year 2020 applied to the income before taxes of the third quarter 2020. The Group's year-to-date consolidated effective tax rate for 2020 is 31.8%. The effective tax rate is higher than the rate of 22.1% in the comparative period in 2019 due to true-ups of the previous year tax expenses, taxation on intercompany dividends and foreign exchange translation effects on taxes that are calculated in the local currency where different to the functional currency of the entity.

8. Financial Instruments

The carrying amount of all financial instruments is a reasonable approximation of the fair value.

The financial assets/liabilities categorised as Fair Value through Profit and Loss (FVTPL) presented in Level 2 and Level 3 constitute separate classes of derivative financial instruments. Level 2 contains foreign currency derivatives and Level 3 contains commodity derivatives.

Since there are no market prices available for the derivative financial instruments in the portfolio assigned to Level 2 due to the fact that they are not listed on the market, the fair values are calculated using standard financial valuation models, based entirely on observable inputs. The fair value of derivatives is the value that INEOS Styrolution would receive or have to pay if the financial instrument were transferred at the reporting date. The carrying amount of the financial asset is EUR 2.9 million. The carrying amount of the financial liability is zero. There were no currency derivatives accounted for as of 31 December 2019.

The financial assets/liabilities assigned to Level 3 relate to commodity swaps on styrene monomer in order to hedge fix price forward polymer sales deals. Since there are no market prices available for the derivative financial instruments in the portfolio assigned to Level 3 due to the fact that they are not listed on the market, the fair values are calculated using standard financial valuation models. The calculation is based on observable and unobservable inputs, since there are no liquid forward prices available. The substantial input parameters are the price expectations regarding future monthly contract prices on styrene monomer. The carrying amount of the financial asset is zero and the carrying amount of the financial liability is EUR 1.5 million as of 30 September 2020. If the price expectations had been 10 percent lower at the reporting date, with otherwise unchanged parameters the fair value of the financial liability would have been EUR 0.3 million higher (i.e. the Fair Market Value of the open styrene monomer derivatives would have been EUR 1.8 million). If the price expectations had been 10% higher at the reporting date, with otherwise unchanged parameters, the fair value of the financial liability would have been EUR 0.3 million lower (the fair market value of the open styrene monomer derivatives would have been EUR 1.2 million).

30 September 2020

				Amounts recognised in the statement of financial position		
In millions of EUR	Category*	Level	Carrying amounts	Amortised cost	Fair value recognised in equity	Fair value recognised in profit or loss
Financial assets						
Trade receivables	AMC		413.4	413.4		
Cash and cash equivalents	AMC		395.1	395.1		

Other assets			448.1	448.1	
of which long-term	AMC		6.0	6.0	
of which short-term	AMC		442.1	442.1	
of which: Derivatives	*FVTPL*	*2*	*2.9*		*2.9*
of which: Derivatives	*FVTPL*	*3*	*—*		*(0.3)*
Financial liabilities					
Trade payables	AMC		328.0	328.0	
Financial indebtedness	AMC		1,682.2	1,682.2	
Other short-term liabilities	AMC		155.3	155.3	
of which: Derivatives	*FVTPL*	*2*	*—*		*—*
of which: Derivatives	*FVTPL*	*3*	*1.5*		*0.6*

* Categories: *AMC = Amortised cost. FVTPL = Fair Value Through Profit and Loss*

31 December 2019

As of 31 December 2019, there were no financial assets or liabilities categorised as FVTPL assigned to Level 2. EUR 0.3 million financial assets and EUR 2.1 million financial liabilities were categorised as FVTPL assigned to Level 3 as of 31 December 2019.

All other financial assets and liabilities as of 31 December 2019 were stated at amortised cost.

Credit risk

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 and INEOS, its ultimate owner, and cash and cash equivalents.

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. The Group's review includes external ratings, when available, and in some cases bank references. Credit limits are established for each customer, which represents the maximum open amount without requiring approval; these limits are reviewed periodically. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with working capital requirements, capital expenditure or its financial liabilities that are settled by delivering cash or other financial assets. 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 both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group aims to maintain the level of its cash and cash equivalents and other highly marketable investments at an amount in excess of expected cash outflows on financial liabilities over the succeeding 60 days. The Group also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables.

Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities, primarily the EUR, but also US Dollars. The currencies in which these transactions primarily are denominated are USD, EUR, CNY, INR and KRW.

The Group has established a currency risk policy under which material currency flows are analysed and if management considers it needed the risks are mitigated. The Group looks at transactional and translation currency risks.

9. Subsequent events

No significant subsequent events occurred for the period between the reporting date of these Consolidated Financial Statements and their authorisation by the Board of Directors on 2 November 2020.

INEOS Styrolution Holding Limited
(Registered Company number 09922632)
Directors' report and Consolidated Financial Statements
for the year ended 31 December 2019

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INEOS STYROLUTION HOLDING LIMITED

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements of INEOS Styrolution Holding 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 2019 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- 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 statement of income;
- the consolidated statement of comprehensive income;
- the consolidated and parent company statement of financial positions;
- the consolidated and parent company statements of changes in equity;
- the consolidated statement of cash flows; and
- the related consolidated notes 1 to 28 and parent company notes 1 to 10, which include the accounting policies.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and IFRSs as adopted by the European Union. 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

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or

- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Directors' Report and Financial Statements, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 respect of these matters.

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.

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
21 February 2020

INEOS Styrolution Holding Limited

Consolidated statement of income

In millions of EUR	Note	1 January to 31 December 2019	1 January to 31 December 2018
Revenue	4	4,884.2	5,366.7
Cost of sales		(4,003.2)	(4,349.5)
Gross profit		**881.0**	**1,017.2**
Selling and distribution expenses		(286.8)	(280.7)
General and administrative expenses		(119.1)	(118.6)
Research and development expenses		(13.8)	(13.8)
Other operating expense		(11.9)	(0.5)
Operating profit	**4**	**449.4**	**603.6**
Interest income	7	17.4	6.5
Interest expense	7	(38.3)	(46.0)
Exchange movements	7	4.8	12.5
Net finance costs		**(16.1)**	**(27.0)**
Income before income tax		**433.3**	**576.6**
Income tax expense	8	(110.3)	(124.1)
Net income		**323.0**	**452.5**
Attributable to:			
Non-controlling interests		(1.4)	0.8
Owners of the company		**324.4**	**451.7**

The Group has elected to take the exemption under section 408 of the Companies Act 2006 from presenting the parent company profit and loss account.

The notes on pages F-27 to F-75 are an integral part of these consolidated financial statements.

INEOS Styrolution Holding Limited

Consolidated statement of comprehensive income

In millions of EUR	Note	1 January to 31 December 2019	1 January to 31 December 2018
Net income		**323.0**	**452.5**
Other comprehensive income / (loss):			
Item that will not be reclassified to profit or loss			
Remeasurement of post-employment benefit obligations	17	(13.1)	(5.7)
Deferred taxes on remeasurements of post-employment benefit obligations		3.1	2.3
Items that might be subsequently reclassified to profit and loss			
Exchange differences on translation of foreign operations		17.3	32.1
Other comprehensive income, net of tax		**7.3**	**28.7**
Total comprehensive income		**330.3**	**481.2**
Attributable to:			
Non-controlling interests		(1.3)	(0.1)
Owners of the company		**331.6**	**481.3**

The notes on pages F-27 to F-75 are an integral part of these consolidated financial statements.

INEOS Styrolution Holding Limited

Consolidated statement of financial position

In millions of EUR	Note	31 December 2019	31 December 2018
Assets			
Property, plant and equipment*	9	1,282.1	942.7
Intangible assets and goodwill	10	1,372.8	1,415.2
Deferred tax assets	13	47.1	36.5
Other receivables and miscellaneous non-current assets	12	4.3	4.8
Non-current assets		**2,706.3**	**2,399.2**
Inventories	14	487.5	525.9
Trade receivables	12	465.2	556.3
Income tax receivables	12	14.1	25.0
Other receivables and miscellaneous current assets	12	64.9	66.4
Cash and cash equivalents	15	289.7	567.1
Current assets		**1,321.4**	**1,740.7**
Total assets		**4,027.7**	**4,139.9**

* Including right-of-use assets.

The notes on pages F-27 to F-75 are an integral part of these consolidated financial statements.

In millions of EUR	Note	31 December 2019	31 December 2018
Equity			
Share capital	19	0.3	0.3
Share premium	19	2,389.7	2,389.7
Merger reserve	19	(1,281.2)	(1,281.2)
Other reserves		95.6	88.4
Retained earnings		769.3	1,027.1
Equity attributable to owners of the Company		**1,973.7**	**2,224.3**
Non-controlling interest		16.1	17.5
Total equity		**1,989.8**	**2,241.8**
Liabilities			
Financial indebtedness	15	925.6	671.9
Employee benefits obligations	17	74.1	58.4
Deferred tax liabilities	13	308.5	324.0
Other liabilities and other long-term provisions	18	41.3	45.1
Non-current liabilities		**1,349.5**	**1,099.4**
Trade payables	16	433.9	465.6
Financial indebtedness	15	35.6	39.3
Current tax liabilities	8	44.6	137.6
Other liabilities and short-term provisions	18	174.3	156.2
Current liabilities		**688.4**	**798.7**
Total liabilities		**2,037.9**	**1,898.1**
Total equity and liabilities		**4,027.7**	**4,139.9**

The financial statements on pages F-21 to F-75 were approved by the Board of Directors on 21 February 2020 and signed on its behalf by:

Kevin McQuade
Director
21 February 2020
Registered number 09922632

The notes on pages F-27 to F-75 are an integral part of these consolidated financial statements.

INEOS Styrolution Holding Limited

Consolidated statement of changes in equity

In millions of EUR	Share Capital	Share premium	Merger reserve	Other Reserves: Pension Reserve	Other Reserves: Cumulative translation adjustment reserve	Retained Earnings	Equity attributable to owners of the company	Non-controlling interest	Total Equity
1 January 2018	**0.3**	**2,389.7**	**(1,281.2)**	**2.1**	**56.7**	**740.9**	**1,908.5**	**17.8**	**1,926.3**
Net income	—	—	—	—	—	451.7	451.7	0.8	452.5
Other comprehensive income / (loss)	—	—	—	(3.4)	33.0	—	29.6	(0.9)	28.7
Total comprehensive income for the year	**—**	**—**	**—**	**(3.4)**	**33.0**	**451.7**	**481.3**	**(0.1)**	**481.2**
Transactions with owners in their capacity as owners: Dividends (note 20)	—	—	—	—	—	(165.5)	(165.5)	(0.2)	(165.7)
31 December 2018	**0.3**	**2,389.7**	**(1,281.2)**	**(1.3)**	**89.7**	**1,027.1**	**2,224.3**	**17.5**	**2,241.8**
1 January 2019	**0.3**	**2,389.7**	**(1,281.2)**	**(1.3)**	**89.7**	**1,027.1**	**2,224.3**	**17.5**	**2,241.8**
Net income	—	—	—	—	—	324.4	324.4	(1.4)	323.0
Other comprehensive income / (loss)	—	—	—	(10.0)	17.2	—	7.2	0.1	7.3
Total comprehensive income for the year	**—**	**—**	**—**	**(10.0)**	**17.2**	**324.4**	**331.6**	**(1.3)**	**330.3**
Transactions with owners in their capacity as owners: Dividends (note 20)	—	—	—	—	—	(582.2)	(582.2)	(0.1)	(582.3)
31 December 2019	**0.3**	**2,389.7**	**(1,281.2)**	**(11.3)**	**106.9**	**769.3**	**1,973.7**	**16.1**	**1,989.8**

The notes on pages F-27 to F-75 are an integral part of these consolidated financial statements.

INEOS Styrolution Holding Limited

Consolidated statement of cash flows

In millions of EUR	Note	1 January to 31 December 2019	1 January to 31 December 2018
Cash flows from operating activities			
Net income attributable to the owners of the company		324.4	451.7
Adjustments for:			
Depreciation and impairment of property, plant and equipment	9	172.0	133.4
Amortisation and impairment of intangible assets	10	75.9	75.6
Net finance costs	7	16.1	27.0
Loss from sale of property, plant and equipment		0.6	0.2
Income tax expense	8	110.3	124.1
Non-controlling interest		(1.4)	0.8
Increase in trade and other receivables		160.4	61.2
Increase in inventories		72.1	30.4
Decrease in trade and other payables		(90.0)	(32.1)
Decrease in provisions and employee benefits		(2.9)	(10.8)
Tax paid		(220.4)	(83.1)
Net cash flows generated from operating activities		**617.1**	**778.4**
Cash flows from investing activities			
Proceeds from sale of long-term assets		1.7	0.4
Interest and other finance income received		4.8	4.3
Business acquisition, net of cash acquired	3	(133.6)	—
Acquisition of intangible assets	10	(2.7)	(8.9)
Acquisition of property, plant and equipment	9	(242.8)	(167.1)
Net cash flows used in investing activities		**(372.6)**	**(171.3)**
Cash flows from financing activities			
Proceeds from external borrowings	26	288.0	29.6
Repayment of external borrowings	26	(179.7)	(172.9)
Interest paid		(34.9)	(26.6)
Debt issue costs		—	(0.9)
Capital element of lease payments	26	(21.5)	(0.8)
Dividends paid attributable to the owners of the company*		(574.9)	(165.5)
Dividends paid attributable to non-controlling interest		(0.1)	(0.2)
Net cash flows used in financing activities		**(523.1)**	**(337.3)**
Net (decrease) / increase in cash and cash equivalents		**(278.6)**	**269.8**
Cash and cash equivalents at 1 January	15	567.1	295.9
Effect of exchange rate fluctuations on cash held		1.2	1.4
Cash and cash equivalents at 31 December	15	**289.7**	**567.1**

* During 2019, the Group granted a loan of EUR 471.6 million to INEOS Industries Holdings Limited resulting in a cash outflow from the Group in a corresponding amount during the period. In December 2019 the Group declared a dividend to INEOS Industries Holdings Limited in the amount of EUR 470.8 million. INEOS Industries Holdings Limited directed the Group to apply EUR 470.6 million of the interim dividend in immediate repayment and discharge of the full amount of principal and interest owed by INEOS Industries Holdings Limited to the Group. Overall, there was no material cash impact resulting from the settlement of the loan and the settlement of the dividend. The cash outflows for these transactions excluding the cash-neutral interest settlement of EUR 7.3 million are presented in net cash flows used in financing activities (i.e. EUR 463.3 million).

The notes on pages F-27 to F-75 are an integral part of these consolidated financial statements.

INEOS Styrolution Holding Limited

Consolidated notes

1. Accounting Policies

Overview

INEOS Styrolution Holding Limited ('the Company') is a private company, limited by shares, incorporated, registered and domiciled in England and Wales, the United Kingdom and has its registered office at Chapel Lane, Lyndhurst, Hampshire, SO43 7FG. The Company was incorporated on 18 December 2015 as a subsidiary of INEOS Industries Holding Limited.

The Group is the leading global producer, marketer and merchant seller of styrene monomer and styrenic polymers.

Basis of accounting

The financial statements of INEOS Styrolution Holding Limited and its subsidiaries are included into the consolidated financial statements in compliance with the uniformly applicable group accounting and valuation methods.

The Group financial statements have been prepared on a going concern basis and approved by the directors in accordance with International Financial Reporting Standards (IFRSs) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) as adopted by the European Union ("Adopted IFRSs") effective as of 31 December 2019 and with the Companies Act 2006 as applicable to companies using Adopted IFRSs.

The consolidated financial statements were authorised for issue by the Board of Directors on 21 February 2020.

The notes below provide a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. The accounting policies set out below have been applied consistently to the period presented in these consolidated financial statements and have been applied consistently by the Group entities.

Changes in presentation policies

Beside the changes in accounting policies for IFRS 16, there were no further changes in presentation policies in the reporting year 2019 in comparison to the previous reporting year 2018.

Measurement convention

The financial statements are prepared on the historical cost basis except that the derivative financial instrument and financial instruments classified as fair value through profit and loss are stated at their fair value.

Functional and presentation currency

These consolidated financial statements are presented in EUR, which is the functional currency of the majority of operations. The functional currency of the Company and its subsidiaries is determined in line with IAS 21. The Group primarily generates income, incurs expenditure and has the majority of its assets and liabilities denominated in EUR and USD. The functional currency of the European subsidiaries is mainly Euro (EUR), of the US and Mexico US Dollars (USD) and of South Korea South Korean Won (KRW).

All financial information presented in EUR has been rounded to the nearest tenth of a million, except when otherwise indicated. The exchange rate as at 31 December 2019 was $1:EUR0.8926, £1:EUR1.1705 and KRW1:EUR0.0008 (2018: $1:EUR0.8746, £1:EUR1.1094 and KRW1:EUR0.0008).

Changes in accounting policies

From 1 January 2019 the Group has applied IFRS 16 for the first time along with a number of other new standards, although only IFRS 16 has had a material effect on the Group's financial statements.

IFRS 16 Leases

IFRS 16 replaces previous leasing guidance, including IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases—Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. These liabilities are measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate.

For leases in which the Group is a lessor, no significant impact has arisen. Lessor accounting in IFRS 16 Leases remains similar to the previous standard IAS 17 *Leases*, with lessors continuing to classify leases as finance or operating leases.

The Group has applied IFRS 16 on 1 January 2019, using the 'modified retrospective approach' without restatement of comparative information. The details of the changes in accounting policies are disclosed below.

i) Adjustments recognised on adoption of IFRS 16 in which the Group is a lessee

The Group has recognised new right-of-use assets and lease liabilities for lease contracts previously classified as operating leases, which include vessels, storage and transportation infrastructure. The nature of expenses related to those leases has changed because the Group recognises a depreciation charge for right-of-use assets and interest expense on lease liabilities. Previously, the Group recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised. In addition, the Group no longer recognises provisions for operating leases that it assesses to be onerous. Instead, the Group now includes the payments due under the lease in its lease liability, and recognises any required impairment of the corresponding right-of-use asset.

At commencement or on modification of a contract that contains a lease and non-lease component, the Group allocates the consideration in the contract to each component on the basis of its relative stand-alone price.

On transition lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The table below provides a reconciliation between operating lease commitments disclosed as at 31 December 2018 and the lease liability recognised as at 1 January 2019.

In millions of EUR	Amount
Operating lease commitments disclosed as at 31 December 2018	**148.5**
Impact of discounting using the Group's incremental borrowing rates at the date of initial application	(48.5)
Adjustments as a result of a different treatment of extension and termination options	63.1
Exempted low-value contracts, short-term contracts and non-lease components recognised as expense	(9.1)
Scope change (contracts in scope of IAS 17 but not regarded as a lease under IFRS 16)	(18.6)
Additional lease liability recognised on 1 January 2019	**135.4**
Add finance lease liabilities recognised as at 31 December 2018	8.8
Lease liability recognised as at 1 January 2019	**144.2**
Thereof current lease liabilities	**18.6**
Thereof non-current lease liabilities	**125.6**

Included within the lease liability on 1 January 2019 is EUR 3.6 million in respect of related party leases.

The weighted average incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 5.1%.

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- Property, plant and equipment—increase of EUR 135.7 million from the inclusion of right-of-use asset in this balance sheet position. The increase excludes the leased assets recognised previously as finance leases of EUR 8.5 million that were already recognised in property, plant and equipment.

- Non-current and current financial indebtedness—increase of EUR 144.2 million. From 1 January 2019 all lease liabilities (including finance leases recognised as at 31 December 2018) have been categorised within non-current (EUR 125.6m) and current financial indebtedness (EUR 18.6m) on the balance sheet.

The net impact on retained earnings on 1 January 2019 was nil.

(ii) Practical expedients applied

The Group had a number of arrangements that were not in the legal form of a lease, for which it concluded that the arrangement contained a lease under IFRIC 4. On transition to IFRS 16, the Group did not apply the practical expedient to grandfather the definition of a lease on transition. Therefore, the new definition of a lease under IFRS 16 has been applied to all of the contracts in place on transition.

When applying the modified retrospective approach to leases previously classified as operating leases under IAS 17, the Group has elected to apply the following practical expedients:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics,
- reliance on previous assessments on whether leases are onerous,
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases,
- the accounting for leases with a lease term of 12 months or less as short-term leases. The Group did not recognise right-of-use assets and liabilities for these short-term leases. The lease payments associated with them will be recognised as an expense on a straight-line basis over the lease term,
- the accounting for leases, for which the underlying asset is of low value when it is new, as low value leases, The Group did not recognise right-of-use assets and liabilities for these low-value leases. The lease payments associated with them will be recognised as an expense on a straight-line basis over the lease term,
- the exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

(iii) Adjustments in respect of leases where the Group is a lessee and the leases were previously classified as finance leases under IAS 17

For leases classified as finance leases under IAS 17, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 were determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately.

Policies applicable from 1 January 2019

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.

This policy is applied to contracts entered into on or after 1 January 2019.

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, initial direct costs incurred, 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.

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.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

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 EUR 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.

Policies applicable prior to 1 January 2019

Operating lease payments

Payments made under operating leases are recognised in the consolidated income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the consolidated income statement as an integral part of the total lease expense.

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

New amendments for 2019

The Group has applied the following amendments to accounting standards for the first time in 2019 with effect from 1 January 2019:

- IFRIC 23 Uncertainty over Income Tax Treatments for annual periods beginning on or after 1 January 2019—IFRIC 23 clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities, whilst also aiming to enhance transparency.

- Prepayment Features with Negative Compensation (Amendments to IFRS 9) for annual periods beginning on or after 1 January 2019—The IASB has changed IFRS 9's requirements in two areas of financial instruments accounting—financial assets containing prepayment features with negative compensation can now be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9; and companies that have modified or exchanged fixed rate financial liabilities face a significant change in the accounting for non-substantial modifications that do not result in de-recognition.

- Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28) for annual periods beginning on or after 1 January 2019—The amendment addresses equity-accounted loss absorption by long-term interests, involves the dual application of IAS 28 and IFRS 9 Financial Instruments.

- Plan Amendment, Curtailment or Settlement (Amendments to IAS 19) for annual periods beginning on or after 1 January 2019—This amendment clarifies that—on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income (OCI).

The new amendments for 2019 have no material impact on the Group's consolidated financial statements.

Basis of consolidation

Subsidiaries

Subsidiaries are all entities controlled by the Group (including structured entities).

The Group controls an entity when it 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. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary usually comprises the fair values of the assets transferred, liabilities incurred to the former owners of the acquired business, equity interests issued by the group, fair value of any asset or liability resulting from a contingent consideration arrangement, and fair value of any pre-existing equity interest in the subsidiary. The consideration transferred does not include amounts related to the settlement of pre-existing business relationships. Such amounts generally are recognised in profit or loss. Acquisition costs are expensed as incurred.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; less
- the recognised amount (fair value) of the identifiable assets acquired less the liabilities assumed.

Acquisitions and disposals of non-controlling interest

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result. Adjustments to non-controlling interests arising from disposal transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

Transactions eliminated on consolidation

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Special purpose entity ('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 two SPEs, INEOS Styrolution Receivable Finance Designated Activity Company and Deutsche Bank Mexico F/1787 Styrolution, for an asset securitisation programme. The Group does not have any direct or indirect shareholdings in these SPEs.

INEOS Styrolution Receivables Finance DAC is a special-purpose entity formed by the Group to purchase receivables from Group entities for purposes of a securitisation of such financial assets and is, in substance, controlled by the Group.

Deutsche Bank Mexico F/1787 Styrolution is a Mexican Trust established by INEOS Styrolution Receivables Finance DAC to purchase receivables from INEOS Styrolution Mexicana S.A. de C.V. for the purposes of securitisation of such assets. INEOS Styrolution Receivables Finance DAC is the first beneficiary of this Trust. It is therefore also, in substance, controlled by the Group.

Foreign exchange

Foreign currency translations

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Foreign operations

The assets and liabilities of foreign operations, including goodwill, are translated to EUR at rates at the reporting date. The income and expenses of foreign operations are translated to EUR at monthly average exchange rates.

Foreign currency differences are recognised in other comprehensive income, and presented in other reserves in equity.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such item are considered to form part of a

net investment in the foreign operation and are recognised in other comprehensive income, and presented in other reserves in equity.

Classification of financial instruments

Non-derivative financial assets

The Group initially recognises trade and other receivables on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at 'fair value through profit and loss' (FVTPL). Financial assets carried at 'fair value through profit and loss' are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial assets at 'fair value through profit and loss' are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the financial assets at 'fair value through profit and loss' category are presented in the income statement within net finance costs in the period in which they arise. Dividend income from financial assets at 'fair value through profit or loss' is recognised in the income statement as part of other income when the Group's right to receive payments is established.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

The Group's non-derivative financial assets generally fall into the amortised cost category.

Trade and other receivables

Trade and other receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, trade and other receivables are measured at amortised cost using the effective interest method, less any impairment losses (see note impairment).

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 Group 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.

Non-derivative financial liabilities

The Group initially recognises debt securities issued on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

The Group classifies non-derivative financial liabilities into the amortised cost category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables.

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.

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 of expense.

Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset and bringing the asset to the location and condition necessary for it to be put into operation. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are recognised as cost of the asset.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. Ongoing repairs and maintenance is expensed as incurred.

(iii) Depreciation

Items of property, plant and equipment are depreciated on a straight-line basis in profit or loss over the estimated useful lives of each component. Leased assets under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land and assets under construction are not depreciated.

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for significant items of property, plant and equipment are as follows:

- buildings 10 - 40 years
- plant and equipment (part of: technical installations) 3 - 40 years
- fixtures and fittings (part of: technical installations) 3 - 40 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. When significant parts of an item of property, plant and equipment have different useful lives, they are accounted as separate items.

Business combinations, goodwill and intangible assets

Business combinations

Business combinations are defined according to IFRS 3 as a transaction or another event in which the acquirer achieves control over one or several business of the acquiree. The acquisition method of accounting is used by the Group to account for all business combinations, regardless of whether equity instruments or other assets are acquired.

Goodwill

Goodwill that arises on the acquisition of businesses is presented with intangible assets. Goodwill is measured at cost less accumulated impairment losses.

Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Except for goodwill, intangible assets are amortised according the straight-line method, which reflects the pattern of economic benefits in profit or loss. They are amortised over their estimated useful lives, from the date that they are available for use.

The estimated useful lives for the current and comparative years are as follows:

- intellectual property rights 19 - 20 years
- customers relationships 5 - 21 years
- licence fees 12 - 19 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Impairment

(i) Non-derivative 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. For the Group, trade receivables are the only significant type of financial assets that are subject to the expected credit loss model of IFRS 9. For these financial assets, the Group applies a simplified approach to measuring expected credit losses following the requirements of IFRS 9, so called lifetime expected credit loss model. That means that, besides considering objective evidence (e.g. default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security), the Group takes into account a forecast of future economic conditions in the calculation of the expected loss, which requires a greater extent of judgement. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount is the higher of value in use and fair value less costs to sell. Goodwill is tested annually for impairment. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, 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.

Inventories

Inventories are measured at the lower of cost and net realisable value (market value). The cost of inventories is based on the moving average price principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. Finished products and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value of raw materials, notably styrene and other feedstock expected to be sold by INEOS Styrolution, is based on observable market prices, adjusted for freight and handling costs. The net realisable value of styrene and other feedstock that is expected to be used for the production of polymers by INEOS Styrolution, finished goods and other inventories is the estimated selling price of the finished product in the ordinary course of business, less estimated costs of completion and selling.

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

Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. The contributions are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that will be due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

(ii) Defined benefit plans

The Group operates defined benefit pension plans in the countries it has its productions facilities or distribution activities. The Group's net obligation in respect of defined benefit plans 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. The discount rate is based on the yield at the reporting date on AA credit-rated bonds that have maturity dates in line with the terms of the Group's obligations and that are denominated in the currency in which the benefits are expected to be paid.

Remeasurements of the net defined benefit liability from actuarial gains and losses and returns on plan assets greater than the discount rate are recognised immediately in other comprehensive income. The Group determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense is included in finance cost; all other components of employee benefit costs related to defined benefit plans are recognised as personnel expenses in the income statement.

The calculation is performed annually on the basis of an actuarial report using the projected unit credit method. When the calculation results in a defined benefit asset to the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to the plan. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities. The change in the present value of the future benefits resulting from a plan change or a curtailment is recognised as past service cost in comprehensive income in the year in which they occur.

The Group recognises gains and losses from a settlement of a defined benefit plan in profit or loss when the settlement occurs. The gain or loss on settlement is the difference between the present value of the defined benefit obligation to be settled and the settlement price including payments made directly by the company in connection with the settlement.

(iii) 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 or medium-term cash bonus 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.

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. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised in finance cost.

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.

Revenue from contracts with customers

Revenue from contracts with customers is recognised as the amount reflecting the consideration that the entity expects in return for the transfer of goods and services agreed with customers. This amount is measured as the transaction price allocated to a performance obligation excluding variable considerations, such as discounts, incentives or similar items.

To be able to recognise all the previous elements, the five step model for revenue recognition, introduced by IFRS 15, is followed. 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 a term 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.

The timing of the satisfaction of a performance obligation varies depending on the individual terms of the sales agreement. Payment terms very across the Group dependent on geographic location of each operating company. For sales of styrene, usually transfer of control occurs when the product is received at the customer’s warehouse; however, for some international shipments transfer of control occurs on loading the goods onto the relevant carrier at the port. Generally for such products the customer has no right of return.

Certain time and location swaps of commodities are not included as external sales and cost of sales.

No contract assets and liabilities have been recognised in the Balance Sheet of the Group. Its impact, if any, is deemed immaterial. The performed analysis has concluded that the right of payment of the goods and services sold by the Group is unconditional, except for the passage of time. Therefore, all rights of payment have been booked as trade receivable.

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

Expenses

Net finance costs

Interest income and interest expenses are accounted for applying the effective interest method. Interest income includes interest income on funds invested and fair value gains on financial assets at fair value through profit or loss. Interest expenses include interest expense on borrowings, the interest component of employee benefit costs, net of returns on plan assets, the unwinding of the discount on provisions and fair value losses on financial assets at fair value through profit or loss. The difference between the carrying amount of a financial liability extinguished and the consideration paid is included in interest expense.

Gains and losses from the measurement of monetary assets or liabilities denominated in foreign currencies are included in “Other finance gain/(loss)”.

Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax periods based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

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 for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

New standards and interpretations not yet adopted

A number of new accounting standards and interpretations are effective for annual periods beginning on or after 1 January 2020 and earlier application is permitted. However, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

The following new or amended standards and interpretations are not expected to have a material impact on the Group's consolidated financial statements.

- Amendments to References to Conceptual Framework in IFRS Standards.
- Definition of a Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)
- IFRS 17 Insurance Contracts
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. When measuring the fair value of an asset or liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation method as follows:

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

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Fair values have been determined for measurement or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Intangible assets and goodwill

The fair value of patents, trademarks and technologies acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the patent, trademark or technology being owned. The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that contribute to achieve to related cash flows.

The fair value of the cash generating units for goodwill has been determined based on estimated discounted cash flows.

(ii) Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is the estimated amount for which a property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably. The fair value of items of plant, equipment, fixtures and fittings is based on the market approach or cost approaches using quoted market prices for similar items when available or depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence of buildings used for production, machinery and equipment acquired in a business combination. The fair value of land and office and laboratory buildings or warehouses acquired in a business combination is based on discounted cash flows or rental income estimates.

(iii) Trade and other receivables

The fair value of trade and other receivables is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes or when such assets are acquired in a business combination.

(iv) Forward exchange contracts

The fair value of forward exchange contracts is based on their quoted price, if available. If a quoted price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a credit-adjusted risk-free interest rate (based on government bonds).

(v) Other non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. In respect of the unfavourable contracts assumed in a business combination, the fair value is based on estimates of future cash flows that exceed a contractual arrangement at market terms and the effect of discounting such excess cash outflows.

2. Operating segments

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a basis considered reasonable. Unallocated items comprise mainly assets that are used across segments (primarily the Company's headquarters), head office expenses and tax assets and liabilities. The Company has defined the following operating segments:

- Polymers EMEA: This reportable segment includes the business activities in the region Europe, Middle East and Africa (EMEA) for the product groups Polystyrene (PS), ABS Standard and Specialties.
- Polymers Americas: This reportable segment includes the business activities in the region North, Middle and South America for the product groups Polystyrene (PS), ABS Standard and Specialties.
- Polymers Asia: This reportable segment includes the business activities in the region Asia-Pacific for the product groups Polystyrene (PS), ABS Standard and Specialties.
- Styrene Monomer: This reportable segment includes the global business activities for the product group Styrene Monomer (SM).

The accounting policies of all of the reportable segments are described in note 1.

Detailed information by segment is presented in the following tables. Inter-segment sales of the Styrene Monomer business contain internal cross-segment consumption of styrene monomer within the Group.

	External sales		Inter-segment sales		EBITDA before Special Items	
In millions of EUR	1 Jan - 31 Dec 2019	1 Jan - 31 Dec 2018	1 Jan - 31 Dec 2019	1 Jan - 31 Dec 2018	1 Jan - 31 Dec 2019	1 Jan - 31 Dec 2018
Polymers EMEA	1,507.3	1,780.2	105.8	141.8	177.7	214.1
Polymers Americas ..	1,138.7	1,305.6	36.3	39.2	191.9	228.4
Polymers Asia	1,413.7	1,234.0	39.3	69.7	105.7	82.8
Styrene Monomer.....	824.5	1,046.9	1,726.6	2,144.5	228.9	287.5
Corporate and eliminations	—	—	(1,908.0)	(2,395.2)	—	—
Total.....	**4,884.2**	**5,366.7**	**0.0**	**0.0**	**704.2**	**812.8**

Reconciliation of EBITDA before special items to income before income tax:

In millions of EUR	1 Jan - 31 Dec 2019	1 Jan - 31 Dec 2018
EBITDA before special items*	704.2	812.8
Special items (exceptional expenses)	(6.3)	—
Depreciation and amortisation.....	(247.9)	(209.0)
Gain / (loss) on sale of tangible fixed assets	(0.6)	(0.2)
Operating profit.....	**449.4**	**603.6**
Net finance costs	(16.1)	(27.0)
Income before income tax.....	**433.3**	**576.6**

* EBITDA represents income from operations before interest, taxation, depreciation of property, plant and equipment and amortisation of intangible assets. Although EBITDA before special items should not be considered substitute measures for profit and net cash flow from operating activities, we believe that they provide useful information regarding our ability to meet future debt service requirements. EBITDA before special items may not be comparable to similarly titled measures used by other companies. Special items refer to certain costs and benefits outside the usual course of business, which are expected to be non-recurring.

In 2019, the Group recognised exceptional expenses for planned site and line closures in India. In 2018, there were no special items recognised.

3. Acquisition of subsidiary

Acquisition in 2019

Effective 1 February 2019, INEOS Styrolution acquired Total S.A.s Polystyrene business in China. The acquisition covers the wholly owned Chinese polystyrene business including two production sites in Ningbo and Foshan and two related sales offices in Guangzhou and Shanghai. The transaction includes the purchase of 100% of the equity interests in Total Petrochemical (Foshan) Company Limited and Total Petrochemical (Ningbo) Company Limited. This acquisition is in line with the Company's Triple Shift growth strategy.

The final purchase price was agreed at EUR 186.2 million. The purchase agreement provides for corrections for actual net working capital contributions compared to target. In 2019, the Group did not incur significant acquisition-related costs on legal fees and due diligence costs. These costs have been included in "administrative expenses" when incurred.

The fair value of the consideration exchanged in the transaction has been allocated to the following identified assets acquired and liabilities assumed:

In millions of EUR	Fair values
Assets	
Intangible assets	13.4
Property, plant and equipment	98.7
Inventories	27.7
Trade receivables and other assets	76.8
Cash and cash equivalents	52.6
Liabilities	
Employee benefits	—
Deferred tax liabilities	(10.0)
Trade payables and other liabilities	(80.2)
Net assets of businesses acquired	**179.0**
Consideration paid	186.2
Goodwill arising	**7.2**

During 2019, the fair values assigned to the book values of the identifiable assets and liabilities were reviewed and the allocation of the purchase price was finalised without changes to the allocation as set out above.

The goodwill is the remaining difference between net assets acquired, adjusted for the fair value of the consideration and includes certain economic benefits that cannot be identified as separate intangible assets. The goodwill is attributable to the value of customer relations, intellectual property and the profitability of the acquired business. Goodwill has been allocated to the Asia polymers segment and is not expected to be deductible for income tax purposes.

The fair value of acquired trade receivables is EUR 61.2 million. The trade receivables comprise gross contractual amounts due of EUR 61.2 million, of which none was expected to be uncollectable at the date of acquisition.

For the elven-month period since 1 February 2019, the acquired business contributed a revenue of EUR 381.1 million and an EBITDA of EUR 34.5 million. EBITDA is reduced because of inventory fair value uplift in the opening balance. If the acquisition had occurred on 1 January 2019, management estimates that consolidated revenue would have been EUR 436.1 million and the EBITDA including fair value considerations would have been EUR 38.3 million.

4. Operating profit

Revenue from contracts with customers

In millions of EUR	1 January to 31 December 2019	1 January to 31 December 2018
Sales of goods to third parties	4,814.5	5,276.4
Sales of goods to related parties	69.7	90.3

Total	**4,884.2**	**5,366.7**

Sales of goods to related parties contain sales to INEOS entities. Related parties are disclosed in note 23.

The split of revenue by region was as follows:

In millions of EUR	1 January to 31 December 2019	1 January to 31 December 2018
EMEA	1,548.3	1,854.9
Americas	1,862.7	2,206.2
Asia	1,473.2	1,305.6
Total	**4,884.2**	**5,366.7**

The split of revenue by product group was as follows:

In millions of EUR	1 January to 31 December 2019	1 January to 31 December 2018
Global Styrene Monomer	824.5	1,046.9
Polystyrene	2,017.9	1,926.7
ABS Standard	743.2	922.3
Specialties	1,298.6	1,470.8
Total	**4,884.2**	**5,366.7**

INEOS Styrolution is a chemical company producing and selling chemical products. The timing of revenue recognition for the vast majority of the Group's sale transactions is at a point in time. Revenues for goods or services transferred over time are immaterial.

Expenses by nature

In millions of EUR	Note	1 January to 31 December 2019	1 January to 31 December 2018
Cost of production		(3,719.2)	(4,093.0)
Personnel expenses	5	(302.8)	(283.1)
Other personnel related expenses		(42.0)	(40.9)
Contract services		(14.3)	(9.7)
Depreciation and amortisation		(247.9)	(209.0)
Consulting and professional fees		(2.8)	(2.1)
Insurance, supplies and maintenance expenses		(77.2)	(76.6)
Non-capitalised lease payments	9	(3.5)	(28.8)
Other expenses		(25.1)	(19.9)
Total		**(4,434.8)**	**(4,763.1)**

Cost of production comprises raw material costs, utilities, freight and selling expenses. Within the other expenses, there are other income items of EUR 11.4 million (2018: EUR 13.8 million) for site services.

Auditors' remuneration

In millions of EUR	1 January to 31 December 2019	1 January to 31 December 2018
Audit of these financial statements	(0.5)	(0.5)
Amounts receivable by auditors and their associates in respect of:		
Audit of financial statements of subsidiaries pursuant to legislation	(1.2)	(1.2)
Other services relating to taxation	—	(1.0)
Services relating to corporate finance transactions	(0.2)	(0.1)
All other services	(0.1)	(0.1)
Total	**(2.0)**	**(2.9)**

The total in 2019 includes fees paid to Deloitte LLP and its network firms worldwide for the audit of the consolidated financial statements and the audits of the financial statements of the Company and several of its worldwide subsidiaries.

5. Staff numbers and costs

In millions of EUR	1 January to 31 December 2019	1 January to 31 December 2018
Wages and salaries	(255.5)	(237.8)
Compulsory social security contribution	(21.1)	(20.7)
Other pension costs—defined contribution plans	(18.9)	(17.4)
Other pension costs—defined benefit plans	(7.3)	(7.2)
Total	**(302.8)**	**(283.1)**

The average monthly number of employees during 2019 was 3,472 (2018: 3,301) in full-time equivalents (FTE), of which 133 (2018: 133) were in management positions, 1,071 were administrative employees (2018: 967), and 2,269 (2018: 2,201) factory workers.

The Group employed 3,570 (2018: 3,373) employees at 31 December 2019, in full-time equivalents. The employees worked in the following regions:

	31 December 2019	31 December 2018
EMEA	1,397	1,432
Asia	1,275	1,062
Americas	898	879
Total	**3,570**	**3,373**

6. Directors' remuneration

The total compensation the key management personnel (see note 23) received for the full year periods as Management Board of the Group was as follows:

In millions of EUR	1 January to 31 December 2019	1 January to 31 December 2018
Short-term employee benefits	(4.5)	(4.7)
Post-employment benefits	(0.2)	(0.2)
– *thereof defined-benefit*	*(0.1)*	*(0.1)*
– *thereof defined-contribution*	*(0.1)*	*(0.1)*
Other long-term benefits	(1.5)	(2.7)
Total	**(6.2)**	**(7.6)**

6. Directors' remuneration

The total compensation the Board of Directors received for services to the Group for the full year periods they were directors of the company (see Directors report, section Directors) was as follows:

In millions of EUR	1 January to 31 December 2019	1 January to 31 December 2018
Short-term employee benefits	(2.1)	(2.3)
Post-employment benefits	(0.1)	(0.1)
– *thereof defined-benefit*	—	—
– *thereof defined-contribution*	*(0.1)*	*(0.1)*
Other long-term benefits	(0.7)	(1.2)
Total	**(2.9)**	**(3.6)**

The compensation the highest paid director received for services to the Group for the full year period 2019 and 2018 was as follows:

In millions of EUR	1 January to 31 December 2019	1 January to 31 December 2018
Short-term employee benefits	(1.6)	(1.7)
Post-employment benefits	(0.1)	(0.1)
– *thereof defined-benefit*	—	—
– *thereof defined-contribution*	*(0.1)*	*(0.1)*
Other long-term benefits	(0.5)	(0.9)
Total	**(2.2)**	**(2.7)**

7. Finance costs and finance income

In millions of EUR	1 January to 31 December 2019	1 January to 31 December 2018
Interest payable and other finance charges	(28.4)	(27.1)
Interest payable on lease liabilities	(8.0)	(0.5)
Amortisation of issue costs	(0.3)	(8.7)
Interest on employee benefit liabilities	(1.4)	(1.2)
Net fair value gain/(loss) on derivatives	4.3	(6.7)
Other interest receivables	12.9	4.7
Net finance costs before exchange movements	**(20.9)**	**(39.5)**
Exchange movements	4.8	12.5
Total net finance costs	**(16.1)**	**(27.0)**

The net finance costs decreased mainly because of lower amortisation of debt issue costs, high non-recurring interest income from affiliate loans and net fair value gains on derivatives. This was partly offset by higher interest expenses caused by the lease liabilities recognised under IFRS 16 and lower foreign currency gains as the strengthening of the USD to the EUR was less significant than in 2018.

In 2019, the Company recorded net gains from foreign exchange valuation of mainly translation effects from intercompany loans, including financing between consolidated subsidiaries, of EUR 4.8 million (2018: EUR 12.5 million gain).

8. Income tax expense

The components of income tax (expense) / benefit was as follows:

In millions of EUR	1 January to 31 December 2019	1 January to 31 December 2018
United Kingdom:		
Current taxes	—	—
Deferred taxes	—	—
Total UK taxes	—	—
Foreign:		
Current taxes	(142.1)	(145.8)
Deferred taxes	31.8	21.7
Total Foreign taxes	**(110.3)**	**(124.1)**
Income tax expense	**(110.3)**	**(124.1)**

The Group's operations are subject to income taxes in various jurisdictions. Excluding certain statutory tax incentives, the statutory income tax rates vary from 9.6 percent to 34.0 percent; the applicable weighted average statutory tax rate of the group was 20.7 percent for the year ended 31 December 2019 (2018: 19.0 percent).

A reconciliation of the applicable weighted average tax rate as a percentage of profit before taxes and the effective income tax rate is as follows:

In millions of EUR	1 January to 31 December 2019	%	1 January to 31 December 2018	%
Income before taxes	433.3		576.6	
Expected tax expense	(89.8)	(20.7)	(109.7)	(19.0)
Effect from tax rate change	2.0	0.5	—	—
Tax exempt income	2.9	0.7	0.8	0.1
Non-deductible expenses	(6.6)	(1.5)	(3.6)	(0.6)
Adjustments prior year tax charge	(5.5)	(1.3)	(5.5)	(1.0)
Applicable tax credits	4.7	1.1	1.5	0.3
Other	(18.0)	(4.1)	(7.6)	(1.3)
Income tax expense / effective tax rate	**(110.3)**	**(25.5)**	**(124.1)**	**(21.5)**

The effective income tax rate increased from 21.5 percent as of 31 December 2018 to 25.5 percent as of 31 December 2019. The main reasons for this increase were withholding tax payments for foreign dividends within the Group and an increase of income tax provisions.

The Group is not generally subject to material uncertain tax positions. However, certain items are recorded within deferred tax (note 13) where the Group believes no tax is currently payable, on the balance of probabilities. If this proves to be incorrect, certain items would otherwise be classified as current tax payable, but the directors do not expect this to be material.

9. Property, plant and equipment

Owned assets

In millions of EUR	Land	Buildings	Plant and machinery, fixtures and fittings, and vehicles	Assets under construction (AUC)	Total
Cost					
1 January 2018	**73.2**	**123.8**	**1,180.2**	**149.4**	**1,526.6**
Additions	—	1.4	66.4	99.3	167.1
Transfers	—	4.2	89.6	(93.8)	—
Retirements/Disposals	—	(0.1)	(11.4)	—	(11.5)
Effect of movements in exchange rates	1.4	0.8	20.2	5.7	28.1
31 December 2018	**74.6**	**130.1**	**1,345.0**	**160.6**	**1,710.3**
Reclassification IAS 17 lease assets to category 'right-of-use assets'	—	(8.3)	(2.9)	—	(11.2)
Restated 1 January 2019	**74.6**	**121.8**	**1,342.1**	**160.6**	**1,699.1**
Additions	0.4	2.7	40.1	202.7	245.9
Business acquisitions	18.9	30.3	46.0	1.4	96.6
Transfers	0.1	6.7	66.3	(72.7)	0.4
Retirements/Disposals	—	(0.1)	(6.6)	(0.1)	(6.8)
Effect of movements in exchange rates	0.4	0.2	13.1	1.8	15.5
31 December 2019	**94.4**	**161.6**	**1,501.0**	**293.7**	**2,050.7**
Accumulated depreciation and impairment losses					
1 January 2018	**0.2**	**46.4**	**591.2**	**0.3**	**638.1**
Depreciation for the year	—	8.1	125.3	—	133.4
Transfers	—	0.1	(0.1)	—	—
Retirements/Disposals	—	(0.1)	(11.2)	—	(11.3)
Effect of movements in exchange rates	—	0.3	7.1	—	7.4
31 December 2018	**0.2**	**54.8**	**712.3**	**0.3**	**767.6**
Reclassification IAS 17 lease assets to category 'right-of-use assets'	—	(1.4)	(1.3)	—	(2.7)
Restated 1 January 2019	**0.2**	**53.4**	**711.0**	**0.3**	**764.9**
Depreciation for the year	0.5	10.6	136.1	—	147.2
Transfers	—	0.5	(0.5)	—	—
Retirements/Disposals	—	(0.1)	(5.5)	—	(5.6)
Effect of movements in exchange rates	—	0.3	4.2	—	4.5
31 December 2019	**0.7**	**64.7**	**845.3**	**0.3**	**911.0**
Carrying amounts					
At 31 December 2018	74.4	75.3	632.7	160.3	942.7
At restated 1 January 2019	74.4	68.4	631.1	160.3	934.2
At 31 December 2019	**93.7**	**96.9**	**655.7**	**293.4**	**1,139.7**

Right-of-use assets

In millions of EUR	Land	Buildings	Plant and machinery	Vehicles	Total
Cost					
1 January 2019	**—**	**8.3**	**2.9**	**—**	**11.2**
First-time adoption	1.8	59.6	72.5	1.8	135.7
Additions	—	0.8	8.2	1.6	10.6
Business acquisition	0.3	—	1.4	0.4	2.1
Modifications	—	6.7	1.7	—	8.4
Effect of movements in exchange rates	—	0.2	1.7	—	1.9
31 December 2019	**2.1**	**75.6**	**88.4**	**3.8**	**169.9**

Accumulated depreciation and impairment losses					
1 January 2019	**—**	**1.4**	**1.3**	**—**	**2.7**
Depreciation for the year	0.3	6.3	16.9	1.3	24.8
31 December 2019	**0.3**	**7.7**	**18.2**	**1.3**	**27.5**
Carrying amounts					
At 1 January 2019	—	6.9	1.6	—	8.5
At 31 December 2019	**1.8**	**67.9**	**70.2**	**2.5**	**142.4**

Existing finance lease assets under IAS 17 were reclassified from owned assets to right-of-use assets as of 1 January 2019. Information related to lease debt is available in note 15.

The Group mainly leases tanks, railcars, production buildings, administrative offices, passenger cars and land. Rental contracts are usually made for periods between 1 to 20 years, but may also include extension options. Extension options are exercised 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).

Amounts recognised in profit and loss

In millions of EUR	31 December 2019
Depreciation expense on right-of-use assets	24.8
Interest expense on lease liabilities	8.0
Expense relating to short-term leases	3.0
Expense relating to leases of low value	0.2
Expenses relating to variable payments not included in the measurement of the lease liability	0.3
Total	**36.3**

At 31 December 2019, the Group is committed to EUR 1.3 million for short-term leases.

10. Intangible assets and goodwill

In millions of EUR	Goodwill	Customer relation-ships	Intellectual property rights (incl. AuC)	Environ-mental certificates	Licence fees	Total
Cost						
1 January 2018	**695.6**	**767.2**	**266.6**	**—**	**7.3**	**1,736.7**
Additions	—	—	1.7	7.2	—	8.9
Transfers	—	—	—	—	—	—
Retirements/Disposals	—	—	—	(0.3)	—	(0.3)
Effect of movements in exchange rates	11.8	6.3	3.2	0.2	0.5	22.0
31 December 2018	**707.4**	**773.5**	**271.5**	**7.1**	**7.8**	**1,767.3**
Additions	—	—	2.7	—	0.1	2.8
Business acquisitions	7.2	2.6	10.8	—	—	20.6
Transfers	—	—	(1.1)	—	0.7	(0.4)
Retirements/Disposals	—	(73.5)	—	—	—	(73.5)
Effect of movements in exchange rates	7.1	4.8	1.3	0.2	0.1	13.5
31 December 2019	**721.7**	**707.4**	**285.2**	**7.3**	**8.7**	**1,730.3**
Accumulated amortisation and impairment losses						
1 January 2018	**—**	**183.8**	**83.8**	**—**	**5.2**	**272.8**
Amortisation for the year	—	61.5	13.1	—	1.0	75.6
Transfers	—	—	—	—	—	—
Retirements/Disposals	—	—	—	—	—	—
Effect of movements in exchange rates	—	3.2	0.5	—	—	3.7

31 December 2018	**—**	**248.5**	**97.4**	**—**	**6.2**	**352.1**
Amortisation for the year	—	61.3	13.7	—	0.9	75.9
Transfers	—	—	0.4	—	(0.4)	—
Retirements/Disposals	—	(73.5)	—	—	—	(73.5)
Effect of movements in exchange rates	—	2.4	0.5	—	0.1	3.0
31 December 2019	**—**	**238.7**	**112.0**	**—**	**6.8**	**357.5**
Carrying amounts						
At 31 December 2018	707.4	525.0	174.1	7.1	1.6	1,415.2
At 31 December 2019	**721.7**	**468.7**	**173.2**	**7.3**	**1.9**	**1,372.8**

The amortisation of the intangible assets is included within cost of sales. The maximum remaining useful life of customer relationships and intellectual property rights is 19 years. Customer relationships that are fully amortised have been derecognised both in cost and accumulated amortisation.

The carrying amounts of the customer relationships and intellectual property rights relate to the identified intangible assets mainly resulting from the purchase price allocation in 2014 when INEOS acquired BASF's 50% shares in the Group. Their initial cost is the fair value at the date of acquisition. In addition, the Group acquired intangible assets in 2019 with the Total S.A.s Polystyrene business in China acquisitions. The carrying amounts of these assets resulting from the purchase price allocation in 2019 are presented in the line business acquisitions.

Impairments—if any—can be a result of either the evidence that the assumptions for determining the estimated useful lives are incorrect or the annual impairment test of the cash-generating unit to which the acquisition-related intangible assets are related.

Goodwill impairment testing

Management identifies the operating segments as cash generating units for purposes of monitoring goodwill for impairment. The carrying amount of goodwill has been allocated to the following cash generating units:

In millions of EUR	31 December 2019	31 December 2018
Polymers EMEA	252.2	252.2
Polymers Asia	103.3	95.4
Polymers Americas	186.7	182.9
Styrene Monomer	179.5	176.9
Total	**721.7**	**707.4**

The Group determined the recoverable amount based on value in use. The recoverable amount is calculated on a long-term business plan for the cash generating units with a detailed planning period of three years and a consistent terminal growth rate between 0.5 percent and 2.5 percent for each unit for the period thereafter. Key assumption on which the management based its cash flow projection is an increase of the EBITDA 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 increase revenues and profitability. The Group expects to continue the EBITDA growth in the years after the detailed planning period. The terminal growth rate between 0.5 percent and 2.5 percent 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 Company. 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. INEOS Styrolution expects its Specialties and ABS Standards products groups to continue to grow, especially in its key focus industries. The Group has also announced to invest 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. Styrene Monomer capacities are fully utilised and total volumes will remain stable. Gross margin levels are expected to sustain at lower to mid-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.

10. Intangible assets and goodwill

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 America	Polymers Asia	Styrene Monomer
Pre-tax discount rate	9.3%	11.7%	12.9%	11.2%

The estimated recoverable amount exceeded the carrying amount for all cash generating units.

In millions of EUR	Polymers EMEA	Polymers America	Polymers Asia	Styrene Monomer
Excess recoverable amount over carrying amount	540	829	105	1,058

11. Investments

The group consists of INEOS Styrolution Holding Limited and the following consolidated subsidiaries:

Name of the company	Country of incorporation and registered address	Voting share	Ownership share
INEOS Styrolution Financing Limited[2]	United Kingdom, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG	100%	100%
INEOS Styrolution Investment GmbH[1]	Germany, Mainzer Landstrasse 50, 60325 Frankfurt	100%	100%
INEOS Styrolution Holding GmbH[1]	Germany, Mainzer Landstrasse 50, 60325 Frankfurt	100%	100%
INEOS Styrolution America LLC	USA, 1209 Orange Street, Wilmington DE 19801, Delaware	100%	100%
INEOS Styrolution Belgium NV	Belgium, Haven 725, Scheldelaan 600, 2040 Antwerp	100%	100%
INEOS Styrolution Belgium Services bvba	Belgium, 2070 Zwijndrecht, Nieuwe Weg 1, 1053 Haven, Mechelen	100%	100%
INEOS Styrolution Beteiligungs GmbH[1]	Germany, Mainzer Landstrasse 50, 60325 Frankfurt	100%	100%
INEOS Styrolution Canada Ltd.	Canada, 872 Tashmoo Avenue, Sarnia ON N7T 8A3 Ontario	100%	100%
INEOS Styrolution (China) Investment Co. Ltd	China, Room 2502, 567 Langao Road, Putuo District, Shanghai	100%	100%
INEOS Styrolution do Brasil Polimeros Ltda.	Brazil, Rua Quintana 887 3° andar, conjuntos 33 e 34, Ciudade Moncoes, São Paulo 04569-011	100%	100%
INEOS Styrolution HongKong Company Limited	China, Room 905, 9/F, OfficePlus@Sheung Wan, 93-103 Wing Lok Street, Sheung Wan, Hong Kong	100%	100%
INEOS Styrolution Europe GmbH[1]	Germany, Mainzer Landstrasse 50, 60325 Frankfurt	100%	100%
INEOS Styrolution France SAS	France, rue Albert Duplat, F-62410 Wingles	100%	100%
INEOS Styrolution France Services SAS	France, 95 rue la Boétie, F-75008 Paris	100%	100%
INEOS Styrolution Group GmbH[1]	Germany, Mainzer Landstrasse 50, 60325 Frankfurt	100%	100%
INEOS Styrolution Iberia S.L.	Spain, Ronda General Mitre 28-30, 08017 Barcelona	100%	100%
INEOS Styrolution India Limited	India, 5th Floor, OHM House—II, OHM Business Park, Ellora Park (East), Subhanpura, 390023 Vadodara Gujarat	75%	75%
INEOS Styrolution Switzerland SA	Switzerland, Avenue des Uttins 3, CH-1180 Rolle	100%	100%
INEOS Styrolution Italia S.r.L.	Italy, Via Caldera 21, 20153 Milano Cesano Maderno	100%	100%
INEOS Styrolution Kimyasal Ürünler Ticaret Limited Sirketi	Turkey, Eski Büyükdere Cad. No. 9/78, Iz Plaza Giz, Zemin Kat Oda no. 9-K, 34398 Maslak Şişli Istanbul	100%	100%
INEOS Styrolution Köln GmbH[1]	Germany, Alte Strasse 201, 50769 Cologne	100%	100%
INEOS Styrolution Korea Ltd.	South Korea, Sanggae-ro 143 (Sanggae-dong), Nam-gu, Ulsan	100%	100%
KR Copolymer Co. Ltd.	South Korea, 434, Sandanjungang-ro, Yeosu-si, Jeollanam-do, 59643 Republic of Korea	100%	100%
INEOS Styrolution Ludwigshafen GmbH[1]	Germany, Mainzer Landstrasse 50, 60325 Frankfurt	100%	100%
INEOS Styrolution Mexicana, S.A. de C.V.	Mexico, Avenida Insurgentes Sur No. 859, Piso 11, Oficina 1102, Colonia Nápoles, 03810, Mexico City	100%	100%
INEOS Styrolution Netherlands B.V.	The Netherlands, Strawinskylaan 411, NL-1077 XX Amsterdam	100%	100%
INEOS Styrolution OOO	Russian Federation, Bldg. 3, 18 Pyatnitskaya St., 115035 Moscow	100%	100%
INEOS Styrolution Poland Sp. z o.o.	Poland, ul. Wołoska 9, 02-583 Warszawa	100%	100%
INEOS Styrolution Polymers (Foshan) Co. Ltd.	China, No. 61, Jinben Industry Avenue, Xinan Sub-district, Sanshui District, Foshan, Guangdong Province	100%	100%

INEOS Styrolution Polymers (Ningbo) Co. Ltd.	China, No.2388, Minghai North Road, Ningbo Petrochemical Economy & Technology Development Zone, Ningbo, Zhejiang	100%	100%
INEOS Styrolution Advanced Materials (Ningbo) Pte Ltd.	China, Building No. 3 Unit 1-10, 266 Beihai Road, Ningbo Petrochemical Zone, Zhenhai District, Ningbo	100%	100%
INEOS Styrolution Polymers (Shanghai) Co. Ltd.	China, Central Towers, Suite 2501&2503, 567 Langao Road, 200333 Shanghai	100%	100%
INEOS Styrolution Polymers (Shanghai) Co. Ltd.— Guangzhou Branch	China, Room 06, 34th Floor, No. 208, Teem Plaza, Tianhe Road, Tianhe District, 510620 Guangzhou	100%	100%
INEOS Styrolution (Shanghai) Management Co. Ltd.	China, Suite 2502, 567 Langao Road, 200333 Shanghai	100%	100%
INEOS Styrolution Schwarzheide GmbH[(1)]	Germany, Schipkauer Strasse 1, 01987 Schwarzheide	100%	100%
INEOS Styrolution Servicios, S.A. de C.V.	Mexico, Avenida Insurgentes Sur No. 859, Piso 11, Colonia Nápoles, 03810, Mexico City	100%	100%
INEOS Styrolution APAC Pte Ltd.	Singapore, 111 Somerset Road, #14-16 to 21 TripleOne Somerset, Singapore 238164	100%	100%
INEOS Styrolution UK Limited	United Kingdom, c/o DWF LLP, 1 Scott Place 2 Hardman Street, Manchester M3 3AA	100%	100%
INEOS Styrolution US Holding LLC	USA, 1209 Orange Street, Wilmington DE 19801, Delaware	100%	100%
INEOS Styrolution Verwaltungsgesellschaft mbH[(1)]	Germany, Mainzer Landstrasse 50, 60325 Frankfurt	100%	100%
INEOS Styrolution (Thailand) Co., Ltd.	Thailand, No. 4/2, I-8 Road, T. Map Ta Phut, A Muang, 2115 Rayong	100%	100%
INEOS Styrolution Vietnam Co., Ltd.	Vietnam, 11th Floor, Lotte Center Hanoi, 54 Lieu Giai Street Hanoi	100%	100%
INEOS Styrolution APAC Pte Ltd.—Japan Branch	Japan, 1-25-1 Nishi-Shinjuku, Shinjuku-ku (35F, Shinjyuku Center Building), Tokyo 1630635	100%	100%
Deutsche Bank Mexico F/1787 Styrolution	Mexico, Torre Virreyes, Pedregal 24, Piso 20, Colonia Molino del Rey, 11040, Mexico City	0%	0%
INEOS Styrolution Receivables Finance Designated Activity Company	Ireland, 3rd Floor, Kilmore House, Park Lane, Spencer Dock, Dublin 1	0%	0%

(1) Pursuant to HGB, section 264 (3), these subsidiaries are exempt from applying certain legal requirements to their statutory stand-alone financial statements for the year ended 31 December 2019.

(2) Company held directly by INEOS Styrolution Holding Limited. All other companies are held indirectly.

On 1 February 2019, INEOS Styrolution acquired 100% of the equity interest in INEOS Styrolution Polymers (Foshan) Co. Ltd. and INEOS Styrolution Polymers (Ningbo) Co. Ltd.

The non-controlling interest is in INEOS Styrolution India Limited and represents publicly traded shares. INEOS Styrolution India Limited generated revenues of EUR 216.2 million (2018: EUR 263.8 million) and a net loss of EUR 5.4 million (2018: net income of EUR 3.3 million) and holds non-current assets of EUR 49.6 million at 31 December 2019 (2018: EUR 32.8 million), current assets of EUR 77.9 million at 31 December 2019 (2018: EUR 114.9 million), non-current liabilities of EUR 16.0 million at 31 December 2019 (2018: EUR 14.5 million) and current liabilities of EUR 47.0 million at 31 December 2019 (2018: EUR 63.0 million). In India, there are restrictions on INEOS Styrolution India Limited to access or use assets due to the non-controlling interest.

There are no further restrictions to the entities within the Group. For all subsidiaries listed, the financial year corresponds to the calendar year. Only the financial year of INEOS Styrolution India Limited ends on 31 March of a year, due to local legal requirements.

12. Trade and other receivables

In millions of EUR	31 December 2019	31 December 2018
Trade receivables due from third parties	452.2	545.1
Trade receivables due from related parties	13.0	11.2
Trade receivables	**465.2**	**556.3**
Income tax receivables	14.1	25.0
Income tax receivables	**14.1**	**25.0**
VAT receivables	44.0	46.4
Prepaid expenses	8.9	7.8
Other current receivables	12.0	12.2
Other receivables and miscellaneous current assets	**64.9**	**66.4**
Total current trade and other receivables	**544.2**	**647.7**
Other non-current receivables	4.3	4.8

Other receivables and miscellaneous non-current assets	**4.3**	**4.8**

Trade receivables ageing

In millions of EUR	Trade Receivables 31 December 2019	Impairments thereof 31 December 2019	Expected credit loss rate	Trade Receivables 31 December 2018	Impairments thereof 31 December 2018	Expected credit loss rate
Not past due	438.8	(0.3)	0.1%	512.3	(0.3)	0.1%
Past due 0 - 30 days	25.3	(2.1)	8.3%	43.9	(1.7)	3.9%
Past due 31 - 90 days	3.0	(0.7)	23.3%	1.6	(1.1)	68.8%
Past due more than 90 days	4.5	(3.3)	73.3%	4.9	(3.3)	67.3%
Total	**471.6**	**(6.4)**	**1.4%**	**562.7**	**(6.4)**	**1.1%**

External trade receivables originated from INEOS Styrolution Europe GmbH, INEOS Styrolution Switzerland SA, INEOS Styrolution America LLC, INEOS Styrolution Canada Ltd. and INEOS Styrolution Mexicana S.A. de C.V. are pledged for the drawn amount of EUR 190.0 million under the asset securitisation programme of INEOS Styrolution Group GmbH.

The Group's exposure to credit and currency risk, and impairment losses related to trade and other receivables is disclosed in note 21.

13. Deferred tax assets and liabilities

Deferred tax assets and liabilities relate to the following balance sheet captions:

Deferred tax assets

In millions of EUR	1 January 2019	Recognised in income	Business acquisitions	Other changes and exchange rate changes	31 December 2019
Tax loss carry forward	5.8	(5.5)	2.5	0.1	2.9
Tangible fixed assets	23.5	(2.2)	1.0	2.9	25.2
Intangible fixed assets	4.6	(1.5)	—	0.1	3.2
Inventories	8.6	1.4	0.3	0.1	10.4
Receivables	2.2	(1.4)	—	0.2	1.0
Other current assets	0.6	(0.1)	—	—	0.5
Pension provisions	21.0	4.7	—	2.9	28.6
Other provisions	8.3	28.6	—	0.1	37.0
Other liabilities	4.0	1.5	—	(0.1)	5.4
Other	0.5	0.3	0.1	(0.5)	0.4
Deferred tax assets	**79.1**	**25.8**	**3.9**	**5.8**	**114.6**
Valuation allowances tax loss carry forward	(2.5)	—	—	—	(2.5)
Deferred tax assets	**76.6**	**25.8**	**3.9**	**5.8**	**112.1**

In millions of EUR	1 January 2018	Recognised in income	Business acquisitions	Other changes and exchange rate changes	31 December 2018
Tax loss carry forward	11.2	(3.9)	—	(1.5)	5.8
Tangible fixed assets	25.8	(2.3)	—	—	23.5
Intangible fixed assets	5.2	(1.5)	—	0.9	4.6
Inventories	8.2	0.4	—	—	8.6
Receivables	1.5	0.6	—	0.1	2.2
Other current assets	0.4	0.1	—	0.1	0.6
Pension provisions	17.6	0.8	—	2.6	21.0
Other provisions	8.5	(1.0)	—	0.8	8.3
Other liabilities	3.5	0.6	—	(0.1)	4.0
Other	0.1	—	—	0.4	0.5
Deferred tax assets	**82.0**	**(6.2)**	**—**	**3.3**	**79.1**

Valuation allowances tax loss carry forward	(3.1)	—	—	0.6	(2.5)
Deferred tax assets	**78.9**	**(6.2)**	**—**	**3.9**	**76.6**

Deferred tax liabilities

In millions of EUR	1 January 2019	Recognised in income	Business acquisition	Other changes and exchange rate changes	31 December 2019
Tangible fixed assets	114.1	18.2	3.3	6.9	142.5
Intangible fixed assets	195.2	(20.9)	6.2	(1.8)	178.7
Inventories	2.7	—	0.4	—	3.1
Investments	41.1	—	—	0.6	41.7
Receivables	0.8	(0.4)	0.4	(0.8)	—
Other current assets	3.4	0.7	—	—	4.1
Other provisions	3.7	(1.9)	—	—	1.8
Other liabilities	3.1	(1.4)	—	(0.1)	1.6
Other	—	(0.3)	—	0.3	—
Deferred tax liabilities	**364.1**	**(6.0)**	**10.3**	**5.1**	**373.5**

In millions of EUR	1 January 2018	Recognised in income	Business acquisition	Other changes and exchange rate changes	31 December 2018
Tangible fixed assets	122.2	(7.0)	—	(1.1)	114.1
Intangible fixed assets	205.3	(21.0)	—	10.9	195.2
Inventories	2.4	0.2	—	0.1	2.7
Investments	27.7	—	—	13.4	41.1
Receivables	0.1	—	—	0.7	0.8
Other current assets	2.3	0.9	—	0.2	3.4
Other provisions	3.0	1.1	—	(0.4)	3.7
Other liabilities	5.5	(2.9)	—	0.5	3.1
Other	17.8	0.8	—	(18.6)	—
Deferred tax liabilities	**386.3**	**(27.9)**	**—**	**5.7**	**364.1**

Deferred tax assets and deferred tax liabilities are offset against each other to the following extent:

In millions of EUR	31 December 2019	31 December 2018
Deferred tax assets	112.1	76.6
Deferred tax liabilities	(373.5)	(364.1)
Offsetting of assets and liabilities	65.0	40.1
Deferred tax assets	**47.1**	**36.5**
Deferred tax liabilities	**308.5**	**324.0**

In 2019 and 2018, there were no significant changes to deferred tax assets and liabilities.

In assessing the Group's ability to realise deferred tax assets, management considers whether it is probable that some portion or 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.

13. Deferred tax assets and liabilities

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 (particularly in Canada and China). 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 it is probable that the Group will realise aforementioned benefits.

At 31 December 2019, the tax losses carried forward expire as follows:

In millions of EUR	2020	2021	2022	2023 - 2027	later	unlimited	Non-recognised
Losses carried forward	—	—	—	0.3	—	29.4	(28.3)

14. Inventories

In millions of EUR	31 December 2019	31 December 2018
Raw materials	139.0	144.7
Finished goods	329.7	358.1
Catalysts, maintenance and other spares	18.8	23.1
Total	**487.5**	**525.9**

The cost of inventory recognised in cost of sales in the year was EUR 3,301.1 million (2018: EUR 3,677.4 million). The write-down of inventories to net realisable value amounted to EUR 5.3 million (2018: EUR 12.9 million) before the reversal of previous write downs of EUR 12.8 million (2018: EUR 4.0 million).

15. Financial indebtedness

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, foreign currency and liquidity risk see note 21.

In millions of EUR	31 December 2019	31 December 2018
Non-current financial indebtedness		
Institutional term loans	610.5	614.0
Borrowings from asset securitisation programme	190.0	50.0
Lease liability	125.1	7.9
Total	**925.6**	**671.9**

On 23 January 2019, INEOS Styrolution agreed to increase the drawn amount under the asset securitisation programme from EUR 50 million to EUR 250 million. During 2019, INEOS Styrolution's drawn amount under the asset securitisation programme has reduced to EUR 190 million.

Under the terms of asset securitisation programme, certain subsidiaries of the Group sell eligible customer receivables to a consolidated special purpose entity with INEOS Styrolution Group GmbH acting as master servicer. The Group's borrowing capacity under the asset securitisation programme is subject to the volume of receivables sold to the special purpose entity as well as the performance of the customer receivable portfolio, which is pledged as collateral for the financing by a committed lender or institutional buyers (conduit investors).

The term loans as well as the asset securitisation programme are subject to specific terms and failure by the Company to perform in accordance with these terms may result in a termination of these facilities. An event of default in either of the two facilities would also result in a cross default. During the reporting period the Company has fulfilled all obligations in its financing arrangements.

In millions of EUR	31 December 2019	31 December 2018
Current financial indebtedness		
Institutional term loans	7.0	7.0
Lease liability	21.1	0.9
Short-term borrowings other	7.5	31.4
Total	**35.6**	**39.3**

In order to manage local financing requirements, INEOS Styrolution has established a number of working capital facilities with local banks to meet the requirements of its entities whereby legislation limits or prohibits funding through liquidity available at Group level. These short-term credit facilities are arranged in China, India, Korea, Singapore and Thailand. The undrawn amount of those facilities as at 31 December 2019 was approximately EUR 142.6 million (2018: EUR 81.7 million) equivalent.

Terms and debt payment schedule

Terms of the significant outstanding financial indebtedness were as follows:

31 December 2019 In millions of EUR	Currency	Nominal interest rate	Year of maturity	Face value	Carrying amount[1]
Institutional term loan	EUR	EURIBOR (0.5% floor) + 200 bps	March 2024	438.2	437.5
Institutional term loan	USD	USD LIBOR +200 bps	March 2024	180.5	180.0
Assets securitisation	EUR	0.83%	July 2021	190.0	190.0
Total				**808.7**	**807.5**

(1) The carrying amount of the term loans is reduced by EUR 1.2 million financing costs.

31 December 2018 In millions of EUR	Currency	Nominal interest rate	Year of maturity	Face value	Carrying amount[1]
Institutional term loan	EUR	EURIBOR (0.5% floor) + 200 bps	March 2024	442.7	441.8
Institutional term loan	USD	USD LIBOR +200 bps	March 2024	179.8	179.2
Assets securitisation	EUR	0.83%	July 2021	50.0	50.0
Total				**672.5**	**671.0**

(1) The carrying amount of the term loans is reduced by EUR 1.5 million financing costs.

As a result of the Group's acquisition in China and dividend payments to the shareholder, the Group increased its gross debt in 2019.

On 31 January 2020, the Group successfully completed an amend-and-extend transaction of the existing term loans increasing the principal amount of the EUR tranche to EUR 450 million while keeping the USD tranche at USD 202 million. In addition, the Group issued a fixed coupon senior secured note with a principal amount of EUR 600 million. The maturity of the instruments is January 2027.

Lease Liabilities

Analysed as:

In millions of EUR	31 December 2019
Current lease liabilities	21.1
Non-current lease liabilities	125.1
Total	**146.2**

In millions of EUR	31 December 2019
Maturity analysis—contractual undiscounted cashflows	
No later than 1 year	27.4
Later than 1 year and not later than 5 years	78.7
Later than 5 years	87.8
Total undiscounted lease liabilities	**193.9**

The total cash outflow for leases amount to EUR 32.4 million.

Prior to 1 January 2019

Finance lease liabilities and operating lease liabilities

Finance lease liabilities are payable as follows:

In millions of EUR	31 December 2018
Gross lease liabilities—minimum lease payments:	
No later than 1 year	1.3
Later than 1 year and not later than 5 years	2.4
Later than 5 years	10.4
Future finance charges on lease liabilities	(5.3)
Present value of lease liabilities	**8.8**

In millions of EUR	31 December 2018
Present value of lease liabilities:	
No later than 1 year	0.9
Later than 1 year and not later than 5 years	1.2
Later than 5 years	6.7
Present value of lease liabilities	**8.8**

Future aggregate minimum lease payments are as follows:

In millions of EUR	31 December 2018
Less than one year	28.5
Between one and five years	83.4
More than five years	36.6
Total	**148.5**

Cash and cash equivalents

In millions of EUR	31 December 2019	31 December 2018
Bank balances	165.0	319.4
Short-term investments	124.7	247.7
Total	**289.7**	**567.1**

These funds are available to the Company at the respective year end within 24 hours. There is no restricted cash as of 31 December 2019 (31 December 2018: nil).

16. Trade payables

In millions of EUR	31 December 2019	31 December 2018
Trade payables due to third parties	385.6	410.8
Trade payables due to related parties (note 23)	48.3	54.8
Total	**433.9**	**465.6**

An amount of EUR 106.9 million (2018: EUR 127.2 million) of the trade payables are related to accruals for goods or services not yet invoiced. The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 21.

17. Employee benefits obligations

As part of the employment compensation package, the Group provides different retirement benefit arrangements or similar benefits covering (substantially) all employees depending on the legal, economic and fiscal environment in each country. The pension obligations comprise both defined benefit and defined contribution plans.

Net defined benefit and contribution obligations

The Group's defined benefit plans mainly exist in Canada, the United States of America, Germany and South Korea and are at 31 December 2019 all fully or partially funded via pension funds. In order to limit the risks of changing capital market conditions and demographic developments, the major defined benefit plans have either been closed to new entrants or curtailed to preclude participants from vesting in additional benefits. The Group offers only defined contribution schemes to newly hired employees. In addition to their pension plans, the North American Group entities operate unfunded post-employment medical care plans.

Description of the defined benefit plans

- **Germany**

For German Group companies all defined benefit plans were closed in 2013 for new employees and replaced by a defined contribution plan, funded by Allianz Unterstützungskasse—*Allianz Pensions Management e.V.* and Allianz direct insurances—*Allianz Lebensversicherungs AG.* BASF and INEOS / BP heritage plans grant a basic level of benefits. For BASF plans accruals until end of 2014 are provided by BASF Pensionskasse VVaG. After the termination of membership, accruals after 2014 are financed under a contractual trust arrangement. Occupational pension promises that exceed the basic level of benefits as also INEOS / BP basic level of benefits are financed via pension provisions with a contractual trust arrangement. The benefits are based on cash balance plans. Furthermore, employees are given the option of participating in various deferred compensation schemes.

- **South Korea**

Since March 2017 the company is consolidating post-employment benefit liabilities of the new acquired KRCC Business. In accordance with the Korean Employee Retirement benefit Security Act (ERBSA) and the KRCC's employee benefits policy, employees, who are terminating their employment with at least one year of service are entitled to severance and retirement benefits based on the rates of pay in effect at the time of termination, years of service and certain other factors.

- **Canada**

The Canadian Group company closed all defined benefit (final salary) plans for new employees. One of the two company's defined benefit plans has been frozen, with no further increases in benefits based on future years of service or salary increase. On 29 September 2016 Canadian regulators approved the merger of the two plans, effective date as at 31 December 2014.

- **United States of America**

Employees of the U.S. Group company receive benefits from defined contribution plans. The existing defined benefit plans were closed to further increases in benefits based on future years of service, and benefits earned in the past have been frozen. There is no entitlement to pension adjustments to compensate for cost-of-living increases. For future years of service, employees are granted benefits based on defined contribution plans.

The changes in the defined benefit obligation comprise:

In millions of EUR	2019	2018
Defined benefit obligation at 1 January	**202.9**	**197.0**
Service costs	7.3	7.2
Interest cost	5.4	5.0

Employee contributions	0.2	0.2
Benefits paid by the plan	(4.3)	(5.1)
Benefits directly paid by employer	(1.8)	(1.7)
Actuarial losses—experience adjustments	1.6	2.5
Actuarial losses—demographic assumptions	0.6	0.6
Actuarial losses / (gains)—financial assumptions	27.5	(3.4)
Past service costs	—	—
Settlements	—	—
Other*	1.6	0.7
Effect of movement in exchange rates	3.5	(0.1)
Defined benefit obligation at 31 December	**244.5**	**202.9**
Thereof		
Germany	121.2	97.1
Canada	44.1	39.7
USA	25.1	21.5
South Korea	24.4	22.9
Other countries	29.7	21.7

* Inclusion of Indian Gratuity Plan as of 1 January 2019 with EUR 1.5 million defined benefit obligation.

The changes in the fair value of plan assets comprise:

In millions of EUR	2019	2018
Fair value of plan assets at 1 January	**144.5**	**146.0**
Interest on plan assets	4.0	3.8
Return on plan assets greater / (less) than discount rate	16.6	(6.0)
Employer contributions	6.6	7.5
Plan participants' contributions	0.2	0.2
Disbursements	(6.1)	(6.9)
Settlements	—	—
Other*	1.7	0.6
Effect of movement in exchange rates	2.9	(0.7)
Fair value of plan assets at 31 December	**170.4**	**144.5**

* Inclusion of Indian Gratuity Plan as of 1 January 2019 with EUR 1.3 million fair value of plan asset.

The funded status of the defined benefit schemes is as follows:

In millions of EUR	31 December 2019	31 December 2018
Defined Benefit Obligation	(244.5)	(202.9)
thereof funded	(209.2)	(172.0)
thereof unfunded	(35.2)	(30.9)
Fair value of plan assets	170.4	144.5
Net Defined Benefit Obligation	**(74.1)**	**(58.4)**
Thereof		
Germany	(34.7)	(26.2)
Canada	(0.2)	(0.2)
USA	(8.3)	(7.2)
South Korea	(17.6)	(15.6)
Other countries	(13.3)	(9.2)

The following pension expenses resulting from defined benefit plans have been recognised in the statement of income:

In millions of EUR	2019	2018
Service costs	7.3	7.2
thereof current service costs	7.3	7.2
thereof settlement (gains)/losses	—	—
Net interest costs	1.4	1.2

Total	**8.7**	**8.4**
Thereof		
Germany	4.2	4.3
Canada	0.5	0.5
USA	0.6	0.5
South Korea	1.6	1.6
Other countries	1.8	1.5

The change in the net defined benefit liability is due to the following components:

In millions of EUR	2019	2018
Net defined benefit liability at 1 January	**(58.4)**	**(51.0)**
Cost recognised in profit and loss	(8.7)	(8.4)
Remeasurement loss recognised in other comprehensive income	(13.1)	(5.7)
Employer contributions to plan assets	4.9	5.7
Benefits directly paid by employer	1.8	1.7
Other	0.0	(0.1)
Effect of movements in exchange rates	(0.6)	(0.6)
Net defined benefit liability at 31 December	**(74.1)**	**(58.4)**

In order to mitigate the interest rate risk, target plan asset allocations have been defined for several funded plans in North America by using asset liability studies and are reviewed regularly. Accordingly, the asset portfolios and their durations are aligned with the duration of the pension liabilities, taking into consideration investment risks and adherence to statutory regulations. In Germany, the Company funded its defined benefit obligations through a contractual trust agreement (CTA) in an amount of EUR 74.1 million (2018: EUR 59.3 million). A portion of the past service of the defined contribution and defined benefit arrangements are funded via the BASF Pensionskasse VvAG. The company terminated the membership in BASF Pensionskasse VvAG End of 2014.

The weighted duration of all pension liabilities totalled 17.4 years as at 31 December 2019 (2018: 16.7 years). The actual return on plan assets was EUR 20.6 million (2018: loss of EUR 2.2 million).

The company expects to contribute EUR 6.0 million (2018: EUR 6.8 million) to the plan assets in the following year.

Plan asset allocation

In % (weighted averages)

A. Securities with quoted market price in an active market

	31 December 2019	31 December 2018
Equities	22.0%	20.2%
Bonds:		
Government—fixed rate	49.3%	50.8%
Corporate	13.7%	13.9%
Real Estate	0.7%	0.1%
Cash and cash-equivalents	0.6%	0.5%
Other quoted securities	4.1%	5.0%
	90.4%	**90.5%**

B. Other securities

Insurance contracts	2.3%	1.4%
Other	7.3%	8.1%
	9.6%	**9.5%**
Total	**100.0%**	**100.0%**

Other plan assets comprise assets held by insurance carriers primarily for the German plan. The plan assets neither comprise equity instruments in INEOS Styrolution nor Company-occupied real estate or other assets used by the Group.

The Group determined the following economic and actuarial assumptions used for the calculation of the defined benefit obligation and expenses.

Assumptions used to determine employee benefit obligation and expense

	2019				2018			
Expressed as weighted averages	**Germany**	**Canada**	**USA**	**Other countries**	**Germany**	**Canada**	**USA**	**Other countries**
Discount rate	1.25%	3.00%	3.25%	1.94%	2.00%	3.50%	4.25%	2.55%
Future salary increases	2.75%	3.00%	3.50%	3.14%	2.75%	3.00%	3.50%	3.66%
Medical cost trend rate	N/A	4.50%	5.00%	N/A	N/A	4.50%	5.00%	N/A
Inflation	1.75%	2.00%	2.50%	2.10%	1.75%	2.00%	2.50%	1.99%
Mortality	Heubeck 2018G	CPM 2014*	RP-2014 mortality tables**		Heubeck 2018G	CPM 2014*	RP-2014 mortality tables**	

* Private Sector Mortality Table projected generationally using Scale MI-2017 with no size adjustments

** Projected generationally with Scale MP-2018 from 2006 / RP-2014 head-count weighted mortality tables (white and blue collar) projected generationally with Scale MP-2018 from 2006

Inflation relates to indexed pension increases in Germany.

The following tables show the impact on the Group's pension liabilities in the case of a change of the material economic and actuarial assumptions:

	Sensitivity of the defined benefit obligation by a change of the following parameters:	
In millions of EUR	**31 December 2019**	**31 December 2018**
	Decrease by 100bps	***Decrease by 100bps***
Discount rate	46.7	36.9
	Increase by 100bps	***Increase by 100bps***
Medical cost trend rate	0.4	0.3
	Increase by 50bps	***Increase by 50bps***
Price inflation	12.6	9.6
	Increase by 1 year	***Increase by 1 year***
Life expectancy	6.1	4.6

Sensitivity results show the change of the defined benefit obligation if the respective assumption is increased or decreased as disclosed above while all other assumptions remain unchanged. Therefore, it does not take into account any interdependence that might exist between the assumptions. The effect was determined using the same valuation methodologies and approaches as used for the calculation of the benefit liability. In consequence, the validity of the sensitivity disclosed above is subject to limitations.

	Distribution of the defined benefit obligation:	
In % of the defined benefit obligation (weighted averages)	**2019**	**2018**
Active employees	64.4%	65.3%
Former vested employees	13.7%	13.1%
Retirees	21.9%	21.6%
Total	**100.0%**	**100.0%**

Defined contribution benefits

The cost of defined contribution plans amounted to EUR 9.2 million (2018: EUR 8.7 million). These benefits are exclusively paid by third parties. INEOS Styrolution is only obliged to pay the contributions.

In addition, employer contributions to the statutory pension insurance systems in the various countries amounted to EUR 9.7 million (2018: EUR 8.7 million).

18. Other liabilities and provisions

In millions of EUR	Onerous contracts	Other items	Total
Obligations at 1 January 2019	**4.7**	**30.8**	**35.5**
Provisions made during the year	2.0	0.6	2.6
Reclassifications	—	(2.5)	(2.5)
Provisions used during the year	(2.1)	(0.4)	(2.6)
Provisions released during the year	(1.5)	(1.9)	(3.4)
Total 31 December 2019	**3.0**	**26.6**	**29.6**

In millions of EUR	Onerous contracts	Other items	Total
Obligations at 1 January 2018	**16.5**	**39.2**	**55.7**
Provisions made during the year	—	1.8	1.8
Reclassifications	—	(8.5)	(8.5)
Provisions used during the year	(8.6)	(0.1)	(8.7)
Provisions released during the year	(3.2)	(1.6)	(4.8)
Total 31 December 2018	**4.7**	**30.8**	**35.5**

In millions of EUR	31 December 2019	31 December 2018
Current provisions	4.7	7.0
Other current liabilities	100.7	103.1
Accruals and deferred income	68.9	46.1
Total other liabilities and short-term provisions	**174.3**	**156.2**
Non-current provisions	24.9	28.5
Other non-current liabilities	16.4	16.6
Total other liabilities and other long-term provisions	**41.3**	**45.1**
Total	**215.6**	**201.3**

The total amount resulting from exchange differences from the translation of foreign entities financial statements for the current and non-current provisions is EUR 0.1 million in 2019 (2018: nil).

Provisions include an amount of EUR 1.4 million (2018: EUR 4.7 million) for unfavourable supply contracts and contract termination costs with related parties recognised in the business combination. The remaining provision is expected to be fully utilised latest by 2022.

The other provisions is mainly related to a provision recognised for a liability to the previous shareholder BASF under prior legal agreements. Beside this, the other provisions contain provisions for guarantee and environmental costs. Management estimates the incentive accruals based on a steady headcount.

19. Share capital, share premium and merger reserve

Fully paid In millions of EUR	31 December 2019	31 December 2018
200,100 (2018: 200,100) ordinary shares of EUR 1.38 each	0.3	0.3
Total	**0.3**	**0.3**

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 investments acquired by INEOS Styrolution Holding Limited are included in its balance sheet at fair value of EUR 2,390.0 million, resulting in a share premium of EUR 2,389.7 million being recorded. The difference of

EUR 1,281.2 million between the predecessor values of the Group and the fair value recognised as the investment has been debited to a merger reserve.

20. Dividends

On 13 December 2019, the Company's Directors' approved an interim cash dividend of EUR 470.8 million from INEOS Styrolution Holding Limited to the shareholder INEOS Industries Holdings Limited.

On 17 December 2019, the Company's Directors' approved an interim dividend of EUR 111.4 million from INEOS Styrolution Holding Limited to the shareholder INEOS Industries Holdings Limited.

The directors of the Company have proposed and paid a dividend of EUR 582.2 million (EUR 2,910 per share) during the year (2018: EUR 165.5 million).

21. Financial instruments

IFRS 7

Financial risk management

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

- credit risk
- liquidity risk
- market risk
- currency 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.

Risk management framework

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.

Credit risk

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 and INEOS, its ultimate owner, and cash and cash equivalents.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

In millions of EUR	Note	Carrying amount 31 December 2019	Carrying amount 31 December 2018
Trade and other receivables	12	548.5	652.5
Thereof derivative		*0.3*	*0.1*
Cash and cash equivalents	15	289.7	567.1
Total		**838.2**	**1,219.6**

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. Geographically there is no 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. The Group's review includes external ratings, when available, and in some cases bank references. Credit limits are established for each customer, which represents the maximum open amount without requiring approval; these limits are reviewed periodically. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

The Group applies the forward-looking 'expected credit loss' (ECL) model in line with IFRS 9. The ECL is calculated considering past experience and management's estimate of future developments. Management expects no considerable 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.

Impairment losses

In millions of EUR	Carrying amount 31 December 2019	Carrying amount 31 December 2018
Not past due	0.3	0.3
Past due 0 - 30 days	2.1	1.7
Past due 31 - 90 days	0.7	1.1
Past due more than 90 days	3.3	3.3
Total	**6.4**	**6.4**

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows:

In millions of EUR	Individual impairments
1 January 2018	**6.3**
Impairment losses released	—
Impairment losses used	(0.3)
Impairment loss recognised	0.4
31 December 2018	**6.4**
Impairment losses released	(0.2)
Impairment losses used	0.0
Impairment loss recognised	0.2
31 December 2019	**6.4**

Cash and cash equivalents

The Group held cash and cash equivalents of EUR 289.7 million at 31 December 2019 while it held cash and cash equivalents of EUR 567.1 million at 31 December 2018, which represents its maximum exposure from cash and cash equivalents to the credit risk of banks which hold the funds on these assets.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with working capital requirements, capital expenditure or its financial liabilities that are settled by delivering cash or other financial assets. 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 both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group aims to maintain the level of its cash and cash equivalents and other highly marketable investments at an amount in excess of EUR 150 million at all times. The Group also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables.

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

31 December 2019 In millions of EUR	Carrying amount	Contractual cash flows	1 year or less	1 to <2 years	2 to <5 years	5 years and over
Institutional term loans (secured)	617.5	693.6	25.3	25.2	643.1	—
Asset securitisation (secured)	190.0	190.0	190.0	—	—	—
Lease liability	146.2	193.9	27.4	22.8	55.9	87.8
Other short-term borrowing	7.5	7.5	7.5	—	—	—
Trade payables	433.9	433.9	433.9	—	—	—
	1,395.1	**1,518.9**	**684.1**	**48.0**	**699.0**	**87.8**

31 December 2018 In millions of EUR	Carrying amount	Contractual cash flows	1 year or less	1 to <2 years	2 to <5 years	5 years and over
Institutional term loans (secured)	621.0	726.6	27.5	27.6	80.9	590.6
Asset securitisation (secured)	50.0	50.0	50.0	—	—	—
Other short-term borrowing	40.2	45.4	32.6	1.0	1.4	10.4
Trade payables	465.6	465.6	465.6	—	—	—
	1,176.8	**1,287.6**	**575.7**	**28.6**	**82.3**	**601.0**

Comparison of carrying amount and fair value and fair-value-hierarchies

				Amounts recognised in the statement of financial position		
31 December 2019 In millions of EUR	Category*	Level	Carrying amounts	Amortised cost	Fair value recognised in equity	Fair value recognised in profit or loss
Assets						
Trade receivables	AMC		465.2	465.2	—	—
Cash and cash equivalents	AMC		289.7	289.7	—	—
Other assets			83.3	83.3	—	—
of which long-term	AMC		4.3	4.3	—	—
of which short-term	AMC		79.0	79.0	—	—
of which: Derivatives	*FVTPL*	*2*	—	—	—	*(0.1)*
of which: Derivatives	*FVTPL*	*3*	*0.3*	—	—	*0.3*
Liabilities						
Trade payables	AMC		433.9	433.9	—	—
Financial indebtedness	AMC		961.2	961.2	—	—
Other short-term liabilities	AMC		174.3	174.3	—	—
of which: Derivatives	*FVTPL*	*2*	—	—	—	—
of which: Derivatives	*FVTPL*	*3*	*2.1*	—	—	*4.1*

* ***Categories:*** *AMC = Amortised cost, FVTPL = Fair Value through Profit and Loss*

				Amounts recognised in the statement of financial position		
31 December 2018 In millions of EUR	Category*	Level	Carrying amounts	Amortised cost	Fair value recognised in equity	Fair value recognised in profit or loss
Assets						
Trade receivables	AMC		556.3	556.3	—	—
Cash and cash equivalents	AMC		567.1	567.1	—	—
Other assets			96.1	96.1	—	—
of which long-term	AMC		4.8	4.8	—	—
of which short-term	AMC		91.4	91.4	—	—
of which: Derivatives	*FVTPL*	*2*	*0.1*	—	—	*0.1*
of which: Derivatives	*FVTPL*	*3*	—	—	—	*(0.6)*
Liabilities						
Trade payables	AMC		465.6	465.6	—	—

Financial indebtedness	AMC		711.2	711.2	—	—
Other short-term liabilities	AMC		156.2	156.2	—	—
of which: Derivatives.....	*FVTPL*	*2*	—	—	—	—
of which: Derivatives.....	*FVTPL*	*3*	*6.2*	—	—	*(6.2)*

* ***Categories:*** *AMC = Amortised cost, FVTPL = Fair Value through Profit and Loss*

The fair value of all other classes of financial instruments approximates their carrying amount.

The fair value measurements of pension plan assets, and projected benefit obligations under these defined benefit plans are described in note 17.

The financial assets/liabilities categorised as Fair Value through Profit and Loss (FVTPL) presented in Level 2 and Level 3 constitute separate classes of derivative financial instruments. Level 2 contains foreign currency derivatives, Level 3 contains commodity derivatives.

Since there are no market prices available for the derivative financial instruments in the portfolio assigned to Level 2 due to the fact that they are not listed on the market, the fair values are calculated using standard financial valuation models, based entirely on observable inputs. The fair value of derivatives is the value that Styrolution would receive or have to pay if the financial instrument were transferred at the reporting date. The carrying amount of the financial assets and financial liabilities are zero as at 31 December 2019. If the price expectations had been 5% lower at the reporting date, with otherwise unchanged parameters the fair value of the financial assets would have been EUR 0.0 million lower. If the price expectations had been 5% higher at the reporting date, with otherwise unchanged parameters, the fair value of the financial liability would have been EUR 0.0 million higher. Global netting agreements do not exist for any of the reported foreign currency derivatives. All derivatives classified into Level 2 are short-term. In 2019, EUR 0.1 million of currency derivatives were disposed.

The financial assets/liabilities classified as fair value through profit and loss assigned to Level 3 relate to commodity swaps on styrene monomer in order to hedge fix price forward Polymer sales deals. Since there are no market prices available for the derivative financial instruments in the portfolio assigned to Level 3 due to the fact that they are not listed on the market, the fair values are calculated using standard financial valuation models. The calculation is based on observable and unobservable inputs, since there are no liquid forward prices available. The substantial input parameters are the price expectations regarding future monthly contract prices on styrene monomer. The carrying amount of the financial liability is EUR 2.1 million as of 31 December 2019. If the price expectations had been 10 percent lower at the reporting date, with otherwise unchanged parameters the fair value of the financial liability would have been EUR 1.5 million higher (i.e. the Fair Market Value of the open styrene monomer derivatives would have been EUR 3.6 million). If the price expectations had been 10% higher at the reporting date, with otherwise unchanged parameters, the fair value of the financial liability would have been EUR 1.5 million lower (the fair market value of the open styrene monomer derivatives would have been EUR 0.6 million). All derivatives classified into Level 3 are short-term.

Gains and losses from Level 3 financial derivatives are recognised in the finance income and expense in the line net fair value gain / (loss) on derivatives (see note 7).

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, raw materials (feedstock) and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Risks resulting from the availability and possible market price movements of raw materials are covered by different measures to control volatility as well as the commitment of Styrene Monomer derivatives.

31 December 2019

In millions of EUR	Category*	Level	Carrying amounts	Profit/Loss	Other Comprehensive Income
Assets					
Trade receivables.....	AMC		465.2	—	1.9

Cash and cash equivalents	AMC		289.7	4.0	1.2
Other assets			83.3	—	(1.1)
of which long-term	AMC		4.3	—	(0.1)
of which short-term	AMC		79.0	—	(1.0)
of which: Derivatives	*FVTPL*	*2*	—	*(0.1)*	—
of which: Derivatives	*FVTPL*	*3*	*0.3*	*0.3*	—
Liabilities					
Trade payables	AMC		433.9	—	4.6
Financial indebtedness	AMC		961.2	30.4	6.1
Other short-term liabilities	AMC		174.3	—	0.7
of which: Derivatives	*FVTPL*	*2*	—	—	—
of which: Derivatives	*FVTPL*	*3*	*2.1*	*4.1*	—

* ***Categories:*** *AMC = Amortised cost, FVTPL = Fair Value through Profit and Loss*

21. Financial instruments

31 December 2018

In millions of EUR	Category*	Level	Carrying amounts	Profit/Loss	Other Comprehensive Income
Assets					
Trade receivables	AMC		556.3	(0.4)	4.7
Cash and cash equivalents	AMC		567.1	2.1	1.4
Other assets			96.1	—	(0.1)
of which long-term	AMC		4.7	—	—
of which short-term	AMC		91.4	—	(0.1)
of which: Derivatives	*FVTPL*	*2*	*0.1*	*0.1*	—
of which: Derivatives	*FVTPL*	*3*	—	*(0.6)*	—
Liabilities					
Trade payables	AMC		465.6	—	(7.4)
Financial indebtedness	AMC		711.2	(35.6)	(6.4)
Other short-term liabilities	AMC		156.2	—	(0.7)
of which: Derivatives	*FVTPL*	*2*	—	—	—
of which: Derivatives	*FVTPL*	*3*	*6.2*	*(6.2)*	—

* ***Categories:*** *AMC = Amortised cost, FVTPL = Fair Value through Profit and Loss*

During 2019, allowances for doubtful debt of EUR 0.2 million (2018: EUR 0.4 million) on trade receivables were reflected in the income statement, that were offset by releases of allowances for doubtful debt of EUR 0.2 million (2018: zero).

For the long-term financing, interest expenses of EUR 30.4 million (2018: EUR 35.6 million) for the financial indebtedness were reflected in the income statement.

Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities, primarily the EUR, but also US Dollars. The currencies in which these transactions primarily are denominated are US Dollar (USD), Euro (EUR), Chinese Yuan Renminbi (CNY), Indian Rupee (INR) and Korean Won (KRW).

The trade receivables were denominated in the following currencies:

In millions of EUR	31 December 2019	31 December 2018
USD	237.5	324.3
EUR	146.3	181.1
CNY	42.8	0.0
INR	20.8	27.9
KRW	11.4	15.1
Others	6.4	7.9
Total	**465.2**	**556.3**

Sensitivity analysis

A strengthening/weakening of the EUR, as indicated below, against the USD, CNY, INR and KRW as at 31 December 2019 would have increased/decreased net income by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the reporting date. The

analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases.

Net income:

	31 December 2019		31 December 2018	
Gain / (loss) in millions of EUR	Impact of strengthening	Impact of weakening	Impact of strengthening	Impact of weakening
USD (5% movement)	(7.6)	8.4	(8.9)	9.9
CNY (5% movement)	(1.1)	1.2	—	—
INR (5% movement)	0.3	(0.3)	(0.2)	0.2
KRW (5% movement)	(1.9)	2.2	(1.8)	1.9

OCI, net of tax:

	31 December 2019		31 December 2018	
Gain / (loss) in millions of EUR	Impact of strengthening	Impact of weakening	Impact of strengthening	Impact of weakening
USD (5% movement)	(66.7)	73.7	(64.1)	70.9
CNY (5% movement)	(10.3)	11.4	(0.6)	0.6
INR (5% movement)	(3.1)	3.4	(3.3)	3.7
KRW (5% movement)	(11.2)	12.3	(11.0)	12.1

Interest rate risk

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

In millions of EUR	31 December 2019	31 December 2018
Fixed rate instruments		
Financial lease liabilities	146.2	8.8
Variable rate instruments		
Institutional term loans	617.5	621.0
Asset securitisation	190.0	50.0
Other financial liabilities	7.5	31.4

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group generally does not enter into derivatives (interest rate swaps) to hedge against changes in the fair value of fixed rate financial assets or liabilities. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

Management considers the institutional term loans a variable rate instrument, as the interest rate contains a variable parameter. Further, the interest for the asset securitisation programme is set on a monthly base and therefore considered as a variable rate instrument. The programme is committed by the banks until 2021.

A change of 0.5 percentage point in interest rates at the reporting date would have increased/decreased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss 2019		Profit or loss 2018	
In millions of EUR	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Long-term debt—Variable rate instruments	1.9	(0.9)	1.2	(0.9)
Short-term debt—Variable rate instruments	—	—	0.2	(0.2)
Cash flow sensitivity, net	**1.9**	**(0.9)**	**1.4**	**(1.1)**

Capital management

The core of the financial strategy is to safeguard INEOS Styrolution's strong financial profile, credit rating and thereby its financial stability. The financial strategy aims to support and promote the strategic and operating performance of the Company and to ensure access to capital and to favourable financing conditions at all times.

21. Financial instruments

The Group does not have any financial covenants that require maintenance of capital ratios. For its own capital management the Group reviews the ratio of working capital in relation to revenues. The working capital definition of the Group includes inventory, accounts receivable and accounts payable.

In millions of EUR	2019	2018
Inventory	487.5	525.9
Accounts receivable—trade	465.2	556.3
Less: Short-term payables—trade	(433.9)	(465.6)
Working capital at 31 December	**518.8**	**616.6**
Revenues	**4,884.2**	**5,366.7**
Working capital to revenues ratio at 31 December	**10.6%**	**11.5%**

Working capital decreased in 2019 compared to 2018 due to a decrease in raw material prices, partly offset by the integration of the acquired Chinese PS business. This lead to a lower working capital to revenues ratio as of 31 December 2019 compared to the prior year.

22. Capital commitments

At 31 December 2019 the Company was committed to capital spending projects of EUR 199.9 million (2018: EUR 169.7 million), of which EUR 1.7 million (2018: EUR 2.1 million) relates to intangible fixed assets and EUR 198.2 million (2018: EUR 167.6 million) relates to tangible fixed assets.

The Group had the following long-term purchase commitments for raw materials, primarily feedstock, for the next 5 years, and other purchase commitments. All amounts were estimated based on current price information, while volumes are defined.

31 December 2019 In millions of EUR	Following year	2nd year	3rd year	4th year	5th year	Total
Styrene Monomer	784.8	38.7	37.9	37.9	37.9	937.2
Ethylene	325.4	330.2	316.0	76.7	—	1,048.3
Benzene	1,093.0	504.4	345.1	195.2	195.2	2,332.9
Other purchase commitments	566.7	76.0	37.1	36.9	25.9	742.6
Total	**2,769.9**	**949.3**	**736.1**	**346.7**	**259.0**	**5,061.0**

23. Related parties

Related parties comprise:

- Parent entities and their subsidiaries not included within the INEOS Styrolution Holding Limited Group;
- Entities controlled by the shareholders of INEOS Limited ('INEOS'), the ultimate parent company of INEOS Styrolution Holding Limited; and
- Key management personnel.

Board of directors

Kevin McQuade
Markus Fieseler
Graeme Leask
Jonathan Ginns
Andrew Currie

Key management personnel

The key management positions of the Group are the management board members. The management board consists of Kevin McQuade, Markus Fieseler, Steve Harrington, Rob Buntinx, Alexander Glueck and Pierre Minguet.

Transactions with key management personnel

Key management personnel compensation (including directors)

The key management personnel consists of the Company's directors. Details of Directors' remuneration are given in note 6.

Other related party transactions

In millions of EUR	Transaction value 1 January - 31 December 2019	Balance outstanding 31 December 2019	Transaction value 1 January - 31 December 2018	Balance outstanding 31 December 2018
Sale of products.....	69.7	—	90.3	—
Purchase of raw materials.....	347.3	—	362.3	—
Services received.....	43.0	—	46.7	—
Trade and other receivables..	—	11.2		11.2
Trade and other payables.....	—	(48.3)		(54.8)

In general, all outstanding balances with INEOS are priced based on contractual arrangements and are to be settled in cash within two months of the reporting date. None of the balances are secured.

The transactions were made on terms equivalent to those that prevail in arm`s length transactions. The amount of services received includes key management services, such as guidance on corporate strategy, financing, SHE, Tax strategy, operational optimisation and sharing of best practices, of EUR 11.1 million (2018: EUR 10.8 million). There were no provisions for doubtful debt related to INEOS as of 31 December 2019.

Dividends paid to related parties are disclosed in note 20.

24. 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.

25. Ultimate parent undertaking and controlling party

The immediate parent undertaking is INEOS Industries Holdings Limited.

The ultimate parent undertaking at 31 December 2019 was INEOS Limited, a company registered in the Isle of Man.

The directors regard Mr. J A Ratcliffe to be the ultimate controlling party by virtue of his majority shareholding in INEOS Limited.

The largest and smallest 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, INEOS Industries Limited, Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG.

26. Cash flow disclosures

Cash used in investing activities

In February 2019, the Group paid EUR 186.2 million for the acquisition of the Total S.A. Polystyrene business. The acquired business did have a cash balance of EUR 52.6 million, which led to a net cash outflow from this business acquisition of EUR 133.6 million.

Changes in liabilities arising from financing activities

An analysis of changes in the Group's liabilities arising from financing activities is as follows:

In millions of EUR	External borrowings	Related party borrowings	Finance lease	Total
Financial indebtedness at 1 January 2018	**830.2**	**—**	**9.8**	**840.0**
Cash inflows during the year	29.6	—	—	29.6
Cash outflows during the year	(173.8)	—	(0.8)	(174.6)
Effects from changes in foreign exchange rates and other non-cash changes	16.4	—	(0.2)	16.2
Financial indebtedness at 31 December 2018	**702.4**	**—**	**8.8**	**711.2**
Cash inflows during the year	288.0	—	—	288.0
Cash outflows during the year	(179.7)	—	(21.5)	(201.2)
IFRS 16 first-time adoption	—	—	135.4	135.4
New lease contracts	—	—	10.3	10.3
Business acquisition	—	—	2.1	2.1
Effects from changes in foreign exchange rates and other non-cash changes	4.3	—	11.1	15.4
Financial indebtedness at 31 December 2019	**815.0**	**—**	**146.2**	**961.2**

27. Subsequent events

On 10 January 2020, the Company announced plans to build a world-scale ABS plant in Ningbo. The investment will be a greenfield ABS plant adjacent to the Ningbo polystyrene site in the Zhejiang Province in Eastern China. The annual capacity of this new world-scale plant will be 600,000 tonnes. The completion is expected in 2023.

On 31 January 2020, the Group successfully completed an amend-and-extend transaction of the existing term loans increasing the principal amount of the EUR tranche to EUR 450 million while keeping the USD tranche at USD 202 million. In addition, the Group issued a fixed coupon senior secured note with a principal amount of EUR 600 million. The maturity of the instruments is January 2027.

On 4 February 2020, the Company's shareholder approved an interim dividend of EUR 350 million from INEOS Styrolution Holding Limited to the shareholder INEOS Industries Holdings Limited.

On 11 February 2020, the Group repaid the drawn amount under the securitisation programme in the amount of EUR 190 million.

The withdrawal agreement under which the United Kingdom will leave the European Union was ratified on 31 January 2020. This has started a transition period until the end of December 2020. The Group has its parent companies in the United Kingdom. The Group has trading activities in United Kingdom, but does not have production facilities and no warehouses in the UK. The Group does not expect a significant financial impact on its business from Brexit.

INEOS Styrolution is closely monitoring the evolution of the Coronavirus and is following the World Health Organisation travel advice. With regards to business impact, China has a dominant role as largest producer and consumer of styrenics materials. The Group operates two Polystyrene plants in China which are currently operating at reduced rates and may have to be shut temporarily if circumstances require this. The main reason for reduced production is external logistics constraints as travel restrictions limit freight in the country. The effect the virus will have on the global economy and styrenics industry is difficult to assess at this point in time. INEOS Styrolution is constantly evaluating the situation and monitoring any potential effects on production and deliveries.

No further significant subsequent events occurred for the period between the reporting date of these Consolidated Financial Statements and their authorisation by the Board of Directors on 21 February 2020.

28. Accounting estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of

assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying 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 affected.

There are no significant judgements in applying the entity's accounting policies.

Information about critical estimate in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following elements:

- Impairment tests for goodwill and other non-financial assets: Goodwill impairment testing is performed annually or if there is an indication of impairment. Goodwill impairments 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 forecasts of the unit. The management of the Group identified the operating segments as cash generating units (CGU) for 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 purpose. 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 the assessment whether goodwill or a non-financial asset are impaired is based on long-term business plans for the cash generating units and the determination of an appropriate discount rate, management used significant estimates and assumptions in making these assessments. Details on the estimates used for the goodwill impairment test are disclosed in note 10. The Group currently has significant headroom across all its business segments, but monitors the principal risk and uncertainties set out in the Strategic Report when assessing its business.

- Determination of the lease term of contracts with renewal options: The Group determines the lease term 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 judgement in evaluating whether it is reasonably certain to exercise the option to renew. The Group recognised a lease liability of EUR 63.1 million for extension options that the Group assesses are reasonable certain to exercise as disclosed in note 1.

INEOS Styrolution Holding Limited
(Registered Company number 09922632)
Consolidated Financial Statements
for the year ended 31 December 2018

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INEOS STYROLUTION HOLDING LIMITED

Report on the audit of the group financial statements

Opinion

In our opinion, INEOS Styrolution Holding Limited's group financial statements (the "financial statements"):

- give a true and fair view of the state of the group's affairs as at 31 December 2018 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Directors' report and Consolidated Financial Statements (the "Annual Report"), which comprise: the Consolidated statement of financial position as at 31 December 2018; the Consolidated statement of income and Consolidated statement of comprehensive income, the Consolidated statement of cash flows, and the Consolidated statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union, which is currently due to occur on 29 March 2019, are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 11, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 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 to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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 auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- certain disclosures of directors' remuneration specified by law are not made.

We have no exceptions to report arising from this responsibility.

Other matter

We have reported separately on the company financial statements of INEOS Styrolution Holding Limited for the year ended 31 December 2018.

/s/ Ian Marsden (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne
22 February 2019

INEOS Styrolution Holding Limited

Consolidated statement of income

In millions of EUR	Note	1 January to 31 December 2018	1 January to 31 December 2017
Revenue	3	5,366.7	5,342.4
Cost of sales	3	(4,349.5)	(4,284.5)
Gross profit		**1,017.2**	**1,057.9**
Selling and distribution expenses	3	(280.7)	(280.6)
General and administrative expenses	3	(118.6)	(113.6)
Research and development expenses	3	(13.8)	(12.4)
Other operating expense, net	3	(0.5)	(44.9)
Profit from operating activities		**603.6**	**606.4**
Interest income	6	6.5	5.3
Interest expense	6	(46.0)	(54.2)
Exchange movements	6	12.5	(49.6)
Net finance costs		**(27.0)**	**(98.5)**
Income before income tax		**576.6**	**507.9**
Income tax expense	7	(124.1)	(14.8)
Net income		**452.5**	**493.1**
Attributable to:			
Non-controlling interests		0.8	2.4
Owners of the company		**451.7**	**490.7**

The notes on pages F-86 to F-135 are an integral part of these consolidated financial statements.

The Group has elected to take the exemption under section 408 of the Companies Act 2006 from presenting the parent company profit and loss account.

INEOS Styrolution Holding Limited

Consolidated statement of comprehensive income

In millions of EUR	Note	1 January to 31 December 2018	1 January to 31 December 2017
Net income		**452.5**	**493.1**
Other comprehensive income / (loss):			
Item that will not be reclassified to profit or loss			
Remeasurement of post-employment benefit obligations	16	(5.7)	6.7
Deferred taxes on remeasurements of post-employment benefit obligations		2.3	(1.8)
Items that might be subsequently reclassified to profit and loss			
Exchange differences on translation of foreign operations		32.1	(93.2)
Other comprehensive income / (loss), net of tax		**28.7**	**(88.3)**
Total comprehensive income		**481.2**	**404.8**
Attributable to:			
Non-controlling interests		(0.1)	1.5
Owners of the company		**481.3**	**403.3**

The notes on pages F-86 to F-135 are an integral part of these consolidated financial statements.

INEOS Styrolution Holding Limited

Consolidated statement of financial position

In millions of EUR	Note	31 December 2018	31 December 2017
Assets			
Property, plant and equipment	8	942.7	888.5
Intangible assets and goodwill	9	1,415.2	1,463.9
Deferred tax assets	12	36.5	54.3
Other receivables and miscellaneous non-current assets	11	4.8	4.9
Non-current assets		**2,399.2**	**2,411.6**
Inventories	13	525.9	546.9
Trade receivables	11	556.3	607.2
Income tax receivables	11	25.0	49.6
Other receivables and miscellaneous current assets	11	66.4	67.3
Cash and cash equivalents	14	567.1	295.9
Current assets		**1,740.7**	**1,566.9**
Total assets		**4,139.9**	**3,978.5**

The notes on pages F-86 to F-135 are an integral part of these consolidated financial statements.

INEOS Styrolution Holding Limited

Consolidated statement of financial position

In millions of EUR	Note	31 December 2018	31 December 2017
Equity			
Share capital	18	0.3	0.3
Share premium		2,389.7	2,389.7
Merger reserve		(1,281.2)	(1,281.2)
Other reserves		88.4	58.8
Retained earnings		1,027.1	741.4
Equity attributable to owners of the Company		**2,224.3**	**1,909.0**
Non-controlling interest		17.5	17.8
Total equity		**2,241.8**	**1,926.8**
Liabilities			
Financial indebtedness	14	671.9	813.9
Employee benefits obligations	16	58.4	51.0
Deferred tax liabilities	12	324.0	361.7
Other liabilities and other long-term provisions	17	45.1	56.9
Non-current liabilities		**1,099.4**	**1,283.5**
Trade payables	15	465.6	467.3
Financial indebtedness	14	39.3	26.1
Current tax liabilities	7	137.6	99.9
Other liabilities and short-term provisions	17	156.2	174.9
Current liabilities		798.7	768.2
Total liabilities		**1,898.1**	**2,051.7**
Total equity and liabilities		**4,139.9**	**3,978.5**

The notes on pages F-86 to F-135 are an integral part of these consolidated financial statements.

The financial statements on pages F-80 to F-135 were approved by the Board of Directors on 22 February 2019 and signed on its behalf by:

/s/
Kevin McQuade
Director
22 February 2019
Registered number 09922632

INEOS Styrolution Holding Limited

Consolidated statement of changes in equity

In millions of EUR	Share Capital	Share premium	Merger reserve	Other Reserves: Pension Reserve	Other Reserves: Cumulative translation adjustment reserve	Retained Earnings	Equity attributable to owners of the company	Non-controlling interest	Total Equity
1 January 2018 as originally presented	**0.3**	**2,389.7**	**(1,281.2)**	**2.1**	**56.7**	**741.4**	**1,909.0**	**17.8**	**1,926.8**
Change in accounting policy (note 1)	—	—	—	—	—	(0.5)	(0.5)	—	(0.5)
Equity 1 January 2018	**0.3**	**2,389.7**	**(1,281.2)**	**2.1**	**56.7**	**740.9**	**1,908.5**	**17.8**	**1,926.3**
Net income	—	—	—	—	—	451.7	451.7	0.8	452.5
Other comprehensive (loss)/income	—	—	—	(3.4)	33.0	—	29.6	(0.9)	28.7
Total comprehensive income for the year	**—**	**—**	**—**	**(3.4)**	**33.0**	**451.7**	**481.3**	**(0.1)**	**481.2**
Transactions with owners in their capacity as owners: Dividends (note 19)	—	—	—	—	—	(165.5)	(165.5)	(0.2)	(165.7)
31 December 2018	**0.3**	**2,389.7**	**(1,281.2)**	**(1.3)**	**89.7**	**1,027.1**	**2,224.3**	**17.5**	**2,241.8**
1 January 2017	**0.3**	**2,389.7**	**(1,281.2)**	**(2.8)**	**149.0**	**305.7**	**1,560.7**	**16.5**	**1,577.2**
Net income	—	—	—	—	—	490.7	490.7	2.4	493.1
Other comprehensive (loss)/income	—	—	—	4.9	(92.3)	—	(87.4)	(0.9)	(88.3)
Total comprehensive income for the year	**—**	**—**	**—**	**4.9**	**(92.3)**	**490.7**	**403.3**	**1.5**	**404.8**
Transactions with owners in their capacity as owners: Dividends (note 19)	—	—	—	—	—	(55.0)	(55.0)	(0.2)	(55.2)
31 December 2017	**0.3**	**2,389.7**	**(1,281.2)**	**2.1**	**56.7**	**741.4**	**1,909.0**	**17.8**	**1,926.8**

The notes on pages F-86 to F-135 are an integral part of these consolidated financial statements.

INEOS Styrolution Holding Limited

Consolidated statement of cash flows

In millions of EUR	Note	1 January to 31 December 2018	1 January to 31 December 2017
Cash flows from operating activities			
Profit for the year		451.7	490.7
Adjustments for:			
Depreciation and impairment of property, plant and equipment	8	133.4	141.7
Amortisation and impairment of intangible assets	9	75.6	85.2
Net finance costs		27.0	98.5
Loss from sale of property, plant and equipment		0.2	0.6
Tax charge		124.1	14.8
Minority interest		0.8	2.4
Decrease/(increase) in trade and other receivables		61.2	(111.5)
Decrease/(increase) in inventories		30.4	(90.5)
(Decrease)/increase in trade and other payables		(32.1)	77.9
(Decrease)/increase in provisions and employee benefits		(10.8)	24.7
Tax paid		(83.1)	(145.3)
Net cash flows generated from operating activities		**778.4**	**589.2**
Cash flows from investing activities			
Proceeds from sale of long-term assets		0.4	0.3
Interest and other finance income received		4.3	2.4
Business acquisition, net of cash acquired	2	—	(98.9)
Acquisition of intangible assets	9	(8.9)	(1.3)
Acquisition of property, plant and equipment	8	(167.1)	(145.9)
Net cash flows used in investing activities		**(171.3)**	**(243.4)**
Cash flows from financing activities			
Proceeds from external borrowings	26	29.6	145.1
Repayment of external borrowings	26	(172.9)	(154.6)
Repayment of related party borrowings	26	—	(249.4)
Interest paid		(26.6)	(42.6)
Debt issue costs		(0.9)	(3.2)
Capital element of finance lease payments	26	(0.8)	(1.0)
Dividends paid attributable to the owners of the company	19	(165.5)	(55.0)
Dividends paid attributable to minority interest		(0.2)	(0.2)
Net cash flows used in financing activities		**(337.3)**	**(360.9)**
Net increase/(decrease) in cash and cash equivalents		**269.8**	**(15.1)**
Cash and cash equivalents at 1 January	14	295.9	316.9
Effect of exchange rate fluctuations on cash held		1.4	(5.9)
Cash and cash equivalents at 31 December	**14**	**567.1**	**295.9**

The notes on pages F-86 to F-135 are an integral part of these consolidated financial statements.

INEOS Styrolution Holding Limited

Consolidated notes

1. Accounting Policies

Overview

INEOS Styrolution Holding Limited ('the Company') is a private company, limited by shares, incorporated, registered and domiciled in the United Kingdom and has its registered office at Chapel Lane, Lyndhurst, Hampshire, SO43 7FG. The Company was incorporated on 18 December 2015 as a subsidiary of INEOS Industries Holdings Limited. Additionally, INEOS Styrolution Financing Limited, domiciled in the United Kingdom with registered office at Chapel Lane, Lyndhurst, Hampshire, SO43 7FG, was founded as subsidiary of the Company on 18 December 2015.

On 9 June 2016, INEOS Styrolution Financing Limited became parent of INEOS Styrolution Investment GmbH and INEOS Styrolution Switzerland SA. That created a newly formed consolidation group consisting of INEOS Styrolution Holding GmbH and all its subsidiaries as well as the above mentioned entities INEOS Styrolution Switzerland SA, INEOS Styrolution Investment GmbH, INEOS Styrolution Financing Limited and INEOS Styrolution Holding Limited.

The Group is the leading global producer, marketer and merchant seller of styrene monomer and styrenic polymers.

Basis of accounting

The financial statements of INEOS Styrolution Holding Limited and its subsidiaries are included into the consolidated financial statements in compliance with the uniformly applicable group accounting and valuation methods.

The Group financial statements have been prepared on a going concern basis and approved by the directors in accordance with International Financial Reporting Standards (IFRSs) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) as adopted by the European Union ("Adopted IFRSs") effective as of 31 December 2018 and with the Companies Act 2006 as applicable to companies using Adopted IFRSs.

The consolidated financial statements were authorized for issue by the Board of Directors on 22 February 2019.

The notes below provide a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. The accounting policies set out below have been applied consistently to the period presented in these consolidated financial statements and have been applied consistently by the Group entities.

Changes in presentation policies

In the course of aligning INEOS wide group accounting methods, the Group aligned the revenue recognition treatment for all applicable International Commercial Terms. For 2018, the effect on net income amounted to EUR 2.3 million. This change resulted in the financial statements providing more reliable and relevant information about the effects of transactions on the entity's financial performance in comparison with other INEOS entities.

Beside the changes in accounting policies for IFRS 15 and IFRS 9, there were no further changes in presentation policies in the reporting year 2018 in comparison to the previous reporting year 2017.

Measurement convention

The financial statements are prepared on the historical cost basis except that the derivative financial instrument and financial instruments classified as fair value through profit and loss are stated at their fair value.

Functional and presentation currency

These consolidated financial statements are presented in EUR. The functional currency of the Company and its subsidiaries is determined in line with IAS 21. The Group primarily generates income, incurs expenditure and has the majority of its assets and liabilities denominated in EUR and USD. All financial information presented in EUR has been rounded to the nearest tenth of a million, except when otherwise indicated. The exchange rate as at 31 December 2018

was $1:EUR0.8746, £1:EUR1.1094 and KRW1:EUR0.0008 (2017: $1:EUR0.8377, £1:EUR1.1257 and KRW1:EUR0.0008).

Changes in accounting policies

The Group has initially applied IFRS 15 and IFRS 9 from 1 January 2018. A number of other new standards are also effective from 1 January 2018 but they do not have a material effect on the Group's financial statements.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control- at a point in time or over time- requires judgement.

The Group has adopted IFRS 15 using the retrospective method with the effect of initially applying the standard recognised at the date of the earliest comparative period (i.e. 1 January 2017). The Group has elected for the following practical expedients available under the retrospective transition method:

1. The Group does not restate completed contracts that begin and end within the same annual reporting period or restate contracts that are completed contracts at the beginning of the earliest comparative period presented.

2. The Group uses the transaction price at the date on which the contract was completed, rather than estimating the variable consideration amounts in each comparative reporting period.

3. The Group does not separately evaluate the effects of contract modifications before the beginning of the earliest reporting period presented using the contract modifications requirements in the new standard. Instead, the Group has reflected the aggregate effect of all of the modifications that occur before the beginning of the earliest period presented in:

    - identifying the satisfied and unsatisfied performance obligations;

    - determining the transaction price; and

    - allocating the transaction price to the satisfied and unsatisfied performance obligations.

4. The Group does not disclose for reporting periods presented before the date of initial application (i.e. 1 January 2018):

    - the amount of the transaction price allocated to the remaining performance obligations; nor

    - an explanation of when the entity expects to recognise that amount as revenue.

The details and quantitative impact of the changes in accounting policies are disclosed below.

A. Shipping and handling activities recognised as separate performance obligation

The Group previously did not assess shipping and handling activities as separate performance obligations and recognised revenue on transfer of goods to the customer. Under IFRS 15, when shipping and handling activities are performed after the customer obtains control of the goods, they are treated as a separate performance obligation, and therefore a portion of the transaction price is allocated to shipping and handling and revenue is recognised as the shipping and handling performance obligation is satisfied.

B. Volume discounts and early payment discounts

The group previously recognised revenue for contracts with volume discounts and early payment discounts when a reasonable estimate of the discount could be made, and provided that all other criteria for revenue recognition were met. Under IFRS 15, revenue will only be recognised for these contracts to the extent that it is highly probably that

a significant reversal to cumulative revenue will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

C. Impact on the financial statements

The Group concluded that there is no material impact on the timing and amount of revenue recognised.

IFRS 9 *Financial Instruments*

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

As a result of the adoption of IFRS 9, the Group adopted consequential amendments to IAS 1 Presentation of Financial Statements, which requires impairment of financial assets to be presented in a separate line item in the income statement and OCI.

Additionally, the Group has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2018 but have not been generally applied to comparative information.

The following table summarises the impact, net of tax, of transition to IFRS 9 on the opening balance of retained earnings.

In millions of EUR	Impact of adopting IFRS on opening balance
Retained earnings	
Recognition of expected credit losses under IFRS 9	(0.7)
Related deferred tax	0.2
Impact at 1 January 2018	**(0.5)**

i. Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets and financial liabilities as at 1 January 2018. There were no reclassifications between the classification categories for financial assets and liabilities under IAS 39 and the new classifications categories under IFRS 9 on transition to IFRS 9 on 1 January 2018.

In millions of EUR	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Financial assets				
Trade and other receivables	Loans and receivables	Amortised cost	557.0	556.3
Cash and cash equivalents	Loans and receivables	Amortised cost	567.1	567.1
Other assets	Loans and receivables	Amortised cost	96.1	96.1
of which: Derivatives	*Financial assets held for trading*	FVTPL	0.1	0.1

Total Financial assets .			**1,110.2**	**1,219.5**
Financial liabilities				
Financial indebtedness .	Amortised cost	Amortised cost	621.0	621.0
Trade payables.....	Amortised cost	Amortised cost	465.6	465.6
Other short-term liabilities.....	Amortised cost	Amortised cost	156.2	156.2
of which: Derivatives	*Financial liabilities held for trading*	FVTPL	6.2	6.2
Total Financial liabilities			**1,333.0**	**1,333.0**

ii. Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and to contract assets. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

Under IFRS 9, loss allowances will be measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Group has determined that the application of IFRS 9's impairment requirements at 1 January 2018 results in an additional allowance for impairment of EUR 0.7 million.

iii. Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below.

- The Group has used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of IFRS 9, but rather those of IAS 39.
- The new hedge accounting requirements have been applied prospectively.
- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.
    - The determination of the business model within which a financial asset is held.
    - The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.
    - The designation of certain investments in equity instruments not held for trading as FVOCI.

New amendments for 2018

The Group has applied the following amendments to accounting standards for the first time in 2018 with effect from 1 January 2018:

- **IFRIC 22 Foreign Currency Transactions and Advance Consideration mandatory for year commencing on or after 1 January 2018)**

  IFRIC 22 clarifies the transaction date used to determine the exchange rate for foreign currency transactions involving an advance payment or receipt.

Other amendments to be applied by companies in 2018 that are not applicable for the Group are the amendments to IFRS 2—Classification and Measurement of Share-based Payment Transactions; amendments to IFRS 4—Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts; and the amendments to IAS 40—Transfers of Investment Property.

Basis of consolidation

Subsidiaries

Subsidiaries are all entities controlled by the Group (including structured entities).

The Group controls an entity when it 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. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary usually comprises the fair values of the assets transferred, liabilities incurred to the former owners of the acquired business, equity interests issued by the group, fair value of any asset or liability resulting from a contingent consideration arrangement, and fair value of any pre-existing equity interest in the subsidiary. The consideration transferred does not include amounts related to the settlement of pre-existing business relationships. Such amounts generally are recognised in profit or loss. Acquisition costs are expensed as incurred.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; less
- the recognised amount (fair value) of the identifiable assets acquired less the liabilities assumed.

Acquisitions and disposals of non-controlling interest

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result. Adjustments to non-controlling interests arising from disposal transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

Transactions eliminated on consolidation

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Special purpose entity ('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 two SPEs, INEOS Styrolution Receivable Finance Designated Activity Company and Deutsche Bank Mexico F/1787 Styrolution, for an asset securitization program. The Group does not have any direct or indirect shareholdings in these SPEs.

INEOS Styrolution Receivables Finance DAC is a special-purpose entity formed by the Group to purchase receivables from Group entities for purposes of a securitization of such financial assets and is, in substance, controlled by the Group.

Deutsche Bank Mexico F/1787 Styrolution is a Mexican Trust established by INEOS Styrolution Receivables Finance DAC to purchase receivables from INEOS Styrolution Mexicana S.A. de C.V. for the purposes of securitization of such assets. INEOS Styrolution Receivables Finance DAC is the first beneficiary of this Trust. It is therefore also, in substance, controlled by the Group.

Foreign exchange

Foreign currency translations

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Foreign operations

The assets and liabilities of foreign operations, including goodwill, are translated to EUR at rates at the reporting date. The income and expenses of foreign operations are translated to EUR at monthly average exchange rates.

Foreign currency differences are recognised in other comprehensive income, and presented in other reserves in equity.

1. Accounting Policies

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income, and presented in other reserves in equity.

Classification of financial instruments

Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit and loss. Financial assets carried at fair value through profit and loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit and loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit and loss' category are presented in the income statement within net finance costs in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the Group's right to receive payments is established.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

The Group's non-derivative financial assets generally fall into the amortised cost category.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses (see note impairment). Loans and receivables comprise cash and cash equivalents, and trade and other receivables.

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 Group in the management of its short-term commitments. Pledged balances on accounts used for payment transactions related to the securitization of receivables are classified as cash. The amount of these balances is disclosed in the notes.

Non-derivative financial liabilities

The Group initially recognises debt securities issued on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual

provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

The Group classifies non-derivative financial liabilities into the amortised cost category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables.

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.

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 of expense.

Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset and bringing the asset to the location and condition necessary for it to be put into operation. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are recognised as cost of the asset.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. Ongoing repairs and maintenance is expensed as incurred.

(iii) Depreciation

Items of property, plant and equipment are depreciated on a straight-line basis in profit or loss over the estimated useful lives of each component. Leased assets under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land and assets under construction are not depreciated.

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for significant items of property, plant and equipment are as follows:

- buildings 10 - 40 years
- plant and equipment (part of: technical installations) 3 - 40 years
- fixtures and fittings (part of: technical installations) 3 - 20 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. When significant parts of an item of property, plant and equipment have different useful lives, they are accounted as separate items.

Business combinations, goodwill and intangible assets

Business combinations

Business combinations are defined according to IFRS 3 as a transaction or another event in which the acquirer achieves control over one or several business of the acquiree. The acquisition method of accounting is used by the Group to account for all business combinations, regardless of whether equity instruments or other assets are acquired.

Goodwill

Goodwill that arises on the acquisition of businesses is presented with intangible assets. Goodwill is measured at cost less accumulated impairment losses.

Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Except for goodwill, intangible assets are amortised according the straight-line method, which reflects the pattern of economic benefits in profit or loss. They are amortised over their estimated useful lives, from the date that they are available for use.

The estimated useful lives for the current and comparative years are as follows:

- patents and trademarks 19 - 20 years
- technologies 15 - 19 years
- customers relationships 5 - 21 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Impairment

(i) Non-derivative 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. For the Group, trade receivables are the only significant type of financial assets that are subject to the expected credit loss model of IFRS 9. For these financial assets, the Group applies a simplified approach to measuring expected credit losses following the requirements of IFRS 9, so called lifetime expected credit loss model. That means that, besides considering objective evidence (e.g. default or delinquency by a

debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security), the Group takes into account a forecast of future economic conditions in the calculation of the expected loss, which requires a greater extent of judgement. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount is the higher of value in use and fair value less costs to sell. Goodwill is tested annually for impairment. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, 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.

Leased assets

Leases in terms of which the Group assumes substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance expense in the Group's statement of comprehensive income.

A leased asset under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Other leases are operating leases and are not recognised in the Group's statement of financial position.

Inventories

Inventories are measured at the lower of cost and net realisable value (market value). The cost of inventories is based on the moving average price principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. Finished products and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value of raw materials, notably styrene and other feedstock expected to be sold by INEOS Styrolution, is based on observable market prices, adjusted for freight and handling costs. The net realisable value of styrene and other feedstock that is expected to be used for the production of polymers by INEOS Styrolution, finished goods and other inventories is the estimated selling price of the finished product in the ordinary course of business, less estimated costs of completion and selling.

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

Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. The contributions are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that will be due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

(ii) Defined benefit plans

The Group operates defined benefit pension plans in the countries it has its productions facilities or distribution activities. The Group's net obligation in respect of defined benefit plans 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. The discount rate is based on the yield at the reporting date on AA credit-rated bonds that have maturity dates in line with the terms of the Group's obligations and that are denominated in the currency in which the benefits are expected to be paid.

Remeasurements of the net defined benefit liability from actuarial gains and losses and returns on plan assets greater than the discount rate are recognised immediately in other comprehensive income. The Group determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense is included in finance cost; all other components of employee benefit costs related to defined benefit plans are recognised as personnel expenses in the income statement.

The calculation is performed annually on the basis of an actuarial report using the projected unit credit method. When the calculation results in a defined benefit asset to the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to the plan. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities. The change in the present value of the future benefits resulting from a plan change or a curtailment is recognised as past service cost in comprehensive income in the year in which they occur.

The Group recognises gains and losses from a settlement of a defined benefit plan in profit or loss when the settlement occurs. The gain or loss on settlement is the difference between the present value of the defined benefit obligation to be settled and the settlement price including payments made directly by the company in connection with the settlement.

(iii) 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 or medium-term cash bonus 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.

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. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised in finance cost.

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.

Revenue from contracts with customers

Revenue from contracts with customers is recognised as the amount reflecting the consideration that the entity expects in return for the transfer of goods and services agreed with customers. This amount is measured as the transaction price allocated to a performance obligation excluding variable considerations, such as discounts, incentives or similar items.

To be able to recognise all the previous elements, the five step model for revenue recognition, introduced by IFRS 15, is followed. 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 short 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 consequence timing differences, but since the majority of contracts have a term 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.

The timing of the satisfaction of a performance obligation varies depending on the individual terms of the sales agreement. For sales of styrene, usually transfer of control occurs when the product is received at the customer's warehouse; however, for some international shipments transfer of control occurs on loading the goods onto the relevant carrier at the port. Generally for such products the customer has no right of return.

Certain time and location swaps of commodities are not included as external sales and cost of sales.

Expenses

Operating lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Net finance costs

Interest income and interest expenses are accounted for applying the effective interest method. Interest income includes interest income on funds invested and fair value gains on financial assets at fair value through profit or loss. Interest expenses include interest expense on borrowings, the interest component of employee benefit costs, net of returns on plan assets, the unwinding of the discount on provisions and fair value losses on financial assets at fair value through profit or loss. The difference between the carrying amount of a financial liability extinguished and the consideration paid is included in interest expense.

Gains and losses from the measurement of monetary assets or liabilities denominated in foreign currencies are included in "Other finance gain/(loss)".

Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

- temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and

- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax periods based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

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 for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2019 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 unless otherwise indicated.

IFRS 16 Leases

The Group is required to adopt IFRS 16 Leases from 1 January 2019. The Group has assessed the estimated impact that initial application of IFRS 16 will have on its consolidated financial statements, as described below. The actual impacts of adopting the standard on 1 January 2019 may change because:

- The new accounting policies are subject to change until the Group presents its first financial statements that include the date of initial application.

- The Group's borrowing rate is subject to change until the Group presents its first financial statements that include the date of initial application.

- The Group's latest assessment of whether it will exercise any lease renewal options is subject to change until the Group presents its first financial statements that include the date of initial application.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard—i.e. lessors continue to classify leases as finance or operating leases.

IFRS 16 replaces existing leasing guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases—Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

i. Leases in which the Group is a lessee

The Group will recognise new assets and liabilities for its operating leases, which include vessels, storage and transportation infrastructure. The nature of expenses related to those leases will now change because the Group will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities.

Previously, the Group recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

In addition, the Group will no longer recognise provisions for operating leases that it assesses to be onerous. Instead, the Group will include the payments due under the lease in its lease liability.

No significant impact is expected for the Group's finance leases.

Based on the information currently available, the Group estimates that it will recognise additional lease liabilities of approximately EUR 137 million as at 1 January 2019. The impact on EBITDA before special items, which is the main measure of profit, is expected to be approximately EUR 25 million for the year ended 31 December 2019. The Group does not expect the adoption of IFRS 16 to impact its ability to comply with the revised leverage threshold loan covenant and other KPIs.

ii. Leases in which the Group is a lessor

The Group will reassess the classification of sub-leases in which the Group is a lessor. No significant impact is expected for leases in which the Group is a lessor.

iii. Transition

The Group plans to apply IFRS 16 initially on 1 January 2019, using the modified retrospective approach and measuring the right of use asset equal to the lease liability. Therefore, the cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information.

1. Accounting Policies

The Group has a number of arrangements that are not in the legal form of a lease, for which it concluded that the arrangement contains a lease of equipment under IFRIC 4. On transition to IFRS 16, the Group does not plan to apply the practical expedient to grandfather the definition of a lease on transition. This means that the new definition of a lease under IFRS 16 will be applied to all of the contracts in place on transition.

When applying the modified retrospective approach to leases previously classified as operating leases under IAS 17, the lessee can elect, on a lease-by-lease basis, whether to apply a number of practical expedients on transition. The Group is assessing the potential impact of using these practical expedients.

Other forthcoming standards and amendments

The following new or amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements.

- IFRIC 23 Uncertainty over Income Tax Treatments.
- Prepayment Features with Negative Compensation (Amendments to IFRS 9).
- Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)
- Plan Amendment, Curtailment or Settlement (Amendments to IAS 19).
- Annual Improvements to IFRs Standards 2015-17 Cycle- various standards
- Amendments to References to Conceptual Framework in IFRS Standards
- IFRS 17 Insurance Contracts
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).

Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. When measuring the fair value of an asset or liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation method as follows:

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

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Fair values have been determined for measurement or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Intangible assets and goodwill

The fair value of patents, trademarks and technologies acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the patent, trademark or technology being owned. The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that contribute to achieve to related cash flows.

The fair value of the cash generating units for goodwill has been determined based on estimated discounted cash flows.

(ii) Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is the estimated amount for which a property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably. The fair value of items of plant, equipment, fixtures and fittings is based on the market approach or cost approaches using quoted market prices for similar items when available or depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence of buildings used for production, machinery and equipment acquired in a business combination. The fair value of land and office and laboratory buildings or warehouses acquired in a business combination is based on discounted cash flows or rental income estimates.

(iii) Trade and other receivables

The fair value of trade and other receivables is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes or when such assets are acquired in a business combination.

(iv) Forward exchange contracts

The fair value of forward exchange contracts is based on their quoted price, if available. If a quoted price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a credit-adjusted risk-free interest rate (based on government bonds).

(v) Other non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. In respect of the unfavourable contracts assumed in a business combination, the fair value is based on estimates of future cash flows that exceed a contractual arrangement at market terms and the effect of discounting such excess cash outflows.

2. Acquisition of subsidiary

Updates to acquisitions in 2017

As of 28 February 2017, INEOS Styrolution acquired the K-Resin® styrene-butadiene copolymers (SBC) business from Chevron Phillips Chemical Company LLC (Chevron Phillips Chemical) and Daelim Industrial Co. Ltd. The transaction includes the purchase of 100% of the equity interests in KR Copolymer Co. Ltd. (KRCC), K-Resin SBC intellectual property, inventories and other assets related to the SBC business. This acquisition is in line with the Company's 'Triple Shift' growth strategy.

The purchase price was agreed at USD 127 million. The purchase agreement provided for corrections for net working capital contributions and this reduced the actual cash payment to USD 121.2 million (EUR 114.2 million). The

Group incurred acquisition-related costs of EUR 1.6 million on legal fees and due diligence costs. These costs have been included in "administrative expenses" when incurred.

The fair value of the consideration exchanged in the transaction has been allocated to the following identified assets acquired and liabilities assumed:

In millions of EUR	Fair values
Assets	
Intangible assets	65.5
Property, plant and equipment	14.7
Inventories	41.1
Cash and cash equivalents	14.3
Liabilities	
Employee benefits	(13.8)
Deferred tax liabilities	(19.4)
Other net assets and liabilities	(3.6)
Net assets of businesses acquired	**98.8**
Consideration paid	114.2
Thereof Goodwill	**15.4**

In 2018 the fair values assigned to the book values of the identifiable assets and liabilities were reviewed and the allocation of the purchase price was finalised without changes to the allocation as of 31 December 2017.

The goodwill is the remaining difference between net assets acquired, adjusted for the fair value of the consideration and includes certain economic benefits that cannot be identified as separate intangible assets. The goodwill is attributable to the value of customer relations, intellectual property and the profitability of the acquired business. Goodwill has been mainly allocated to the Asia polymers segment and is not expected to be deductible for income tax purposes.

The fair value of acquired trade receivables is EUR 5.5 million. The trade receivables comprise gross contractual amounts due of EUR 5.6 million, of which EUR 0.1 million was expected to be uncollectable at the date of acquisition.

For the ten month period since 1 March 2017, the acquired business contributed a revenue of EUR 77.6 million and an EBITDA of EUR 7.2 million. EBITDA is reduced because of inventory fair value considerations in the opening balance. If the acquisition had occurred on 1 January 2017, management estimates that consolidated revenue would have been EUR 95.9 million and the EBITDA including fair value considerations would have been EUR 10.2 million.

3. Profit from operating activities

Revenue from contracts with customers

In millions of EUR	1 January to 31 December 2018	1 January to 31 December 2017
Sales of goods to third parties	5,276.4	5,247.7
Sales of goods to related parties	90.3	94.7
Total	**5,366.7**	**5,342.4**

Sales of goods to related parties contain sales to INEOS.

The split of revenue by region were as follows:

In millions of EUR	1 January to 31 December 2018	1 January to 31 December 2017
EMEA	1,854.9	1,856.1
Americas	2,206.2	2,215.4
Asia	1,305.6	1,270.9

Total	**5,366.7**	**5,342.4**

The split of revenue by product group were as follows:

In millions of EUR	1 January to 31 December 2018	1 January to 31 December 2017
Global Styrene Monomer	1,046.9	1,046.5
Polystyrene	1,926.7	1,985.8
ABS Standard	922.3	888.5
Specialties	1,470.8	1,421.6
Total	**5,366.7**	**5,342.4**

The timing of revenue recognition for the vast majority of the Group's sale transactions is at a point in time. Revenues for goods or services transferred over time are immaterial.

No contract assets and liabilities have been recognised in the Balance Sheet of the Group. Its impact, if any, was deemed immaterial. The performed analysis has concluded that the right of payment of the goods and services sold by the Group is unconditional, except for the passage of time. Therefore, all rights of payment have been booked as trade receivable.

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

Expenses by nature

In millions of EUR	Note	1 January to 31 December 2018	1 January to 31 December 2017
Cost of production		(4,093.0)	(4,025.8)
Personnel expenses	4	(283.1)	(282.0)
Other personnel related expenses		(40.9)	(37.7)
Contract services		(9.7)	(24.1)
Depreciation and amortisation		(209.0)	(226.9)
Consulting and professional fees		(2.1)	(4.0)
Insurance, supplies and maintenance expenses		(76.6)	(56.8)
Operating lease payments		(28.8)	(27.1)
Other expenses		(19.9)	(51.6)
Total		**(4,763.1)**	**(4,736.0)**

Cost of production comprises raw material costs, utilities, freight and selling expenses. Within the other expenses, there are other income items of EUR 13.8 million (2017: EUR 11.5 million) for site services.

Other expenses in 2017 contain the expenses related to a liability recognised to the previous shareholder BASF under prior legal agreements.

Auditors' fee

In millions of EUR	1 January to 31 December 2018	1 January to 31 December 2017
Annual audit	1.7	1.6
Audit related services	0.1	0.1
Tax consultation services	1.0	1.0
Other services	0.1	—
Total	**2.9**	**2.7**

The total in 2018 includes fees paid to PricewaterhouseCoopers LLP worldwide for the audit of the consolidated financial statements and the audits of the financial statements of the Company and several of its worldwide subsidiaries.

4. Staff numbers and costs

In millions of EUR	1 January to 31 December 2018	1 January to 31 December 2017
Wages and salaries	(237.8)	(237.5)
Compulsory social security contribution	(20.7)	(19.3)
Other pension costs—defined contribution plans	(17.4)	(16.9)
Other pension costs—defined benefit plans	(7.2)	(8.3)
Total	**(283.1)**	**(282.0)**

The average monthly number of employees during 2018 was 3,301 (2017: 3,230) in full-time equivalents (FTE), of which 133 (2017: 133) were in management positions, 967 were administrative employees (2017: 916), and 2,201 (2017: 2,181) factory workers.

The Group employed 3,373 (2017: 3,315) employees at 31 December 2018, in full-time equivalents. The employees worked in the following regions:

	31 December 2018	31 December 2017
EMEA	1,432	1,407
Asia	1,062	1,049
Americas	879	859
Total	**3,373**	**3,315**

5. Directors' remuneration

The directors did receive emoluments of their services to the company during the year. There were no changes in 2018.

The total compensation the key management personnel (see note 23) received for the full year periods as Management Board of the Group were as follows:

In millions of EUR	1 January to 31 December 2018	1 January to 31 December 2017
Short-term employee benefits	(4.7)	(4.4)
Post-employment benefits	(0.2)	(0.2)
—thereof defined-benefit	*(0.1)*	*(0.1)*
—thereof defined-contribution	*(0.1)*	*(0.1)*
Termination Benefits	—	—
Other long-term benefits	(2.7)	(1.7)
Total	**(7.6)**	**(6.3)**

The total compensation the Board of Directors received for the full year periods they were directors of the company (see Directors report, section Directors) as Board of Directors of INEOS Styrolution Holding Limited were as follows:

In millions of EUR	1 January to 31 December 2018	1 January to 31 December 2017
Short-term employee benefits	(2.3)	(2.0)
Post-employment benefits	(0.1)	(0.1)
—thereof defined-benefit	—	—
—thereof defined-contribution	*(0.1)*	*(0.1)*
Termination Benefits	—	—
Other long-term benefits	(1.2)	(0.7)
Total	**(3.6)**	**(2.8)**

The compensation the highest paid director received for the full year period 2018 and 2017 as Board of Directors of INEOS Styrolution Holding Limited were as follows:

In millions of EUR	1 January to 31 December 2018	1 January to 31 December 2017
Short-term employee benefits	(1.7)	(1.4)
Post-employment benefits	(0.1)	(0.1)
—thereof defined-benefit	—	—
—thereof defined-contribution	*(0.1)*	*(0.1)*
Termination Benefits	—	—
Other long-term benefits	(0.9)	(0.5)
Total	**(2.7)**	**(2.0)**

6. Finance income and costs

In millions of EUR	1 January to 31 December 2018	1 January to 31 December 2017
Interest payable and other finance charges	(27.6)	(46.2)
Amortisation of issue costs	(8.7)	(5.4)
Interest on employee benefit liabilities	(1.2)	(1.2)
Net fair value loss on derivatives	(6.7)	(0.3)
Other interest receivables	4.7	4.2
Net finance costs before exchange movements	**(39.5)**	**(48.9)**
Exchange movements	12.5	(49.6)
Total net finance costs	**(27.0)**	**(98.5)**

6. Finance income and costs

In March 2018, the Company agreed to reduce the drawn amount under the asset securitization program from EUR 100 million to EUR 50 million. On 18 May 2018, INEOS Styrolution agreed to repay USD 120 million of the outstanding USD tranche of the institutional term loans as of 30 May 2018. Due to the reduction of gross debt and the improved nominal interest rates for the outstanding term loans realised during 2017, the net interest cost decreased for the year 2018 compared to 2017 (see note 14). This decrease was partly offset by the amortisation of EUR 8.7 million of capitalised financing costs and net fair value losses of EUR 6.7 million on derivatives.

In 2018, the Company recorded net gains from foreign exchange valuation of mainly translation effects from intercompany loans, including financing between consolidated subsidiaries, of EUR 12.5 million (2017: EUR 49.6 million loss).

7. Income tax expense

The components of income tax (expense) / benefit were as follows:

In millions of EUR	1 January to 31 December 2018	1 January to 31 December 2017
United Kingdom:		
Current taxes	—	—
Deferred taxes	—	—
Total UK taxes	—	—
Foreign:		
Current taxes	(145.8)	(164.5)
Deferred taxes	21.7	149.7
Total Foreign taxes	**(124.1)**	**(14.8)**
Income tax expense	**(124.1)**	**(14.8)**

The Group's operations are subject to income taxes in various jurisdictions. Excluding certain tax incentives, the statutory income tax rates vary from 9.77 percent to 34.94 percent; the applicable weighted average tax rate of the group was 19.0 percent for the year ended 31 December 2018 (2017: 20.2 percent).

A reconciliation of the applicable weighted average tax rate as a percentage of profit before taxes and the effective income tax rate is as follows:

In millions of EUR	1 January to 31 December 2018	%	1 January to 31 December 2017	%
Income before taxes	576.6		507.9	
Expected tax expense	(109.7)	(19.0)	(102.6)	(20.2)
Effect from tax rate change	—	—	67.1	13.2
Tax exempt income	0.8	0.1	6.3	1.2
Non-deductible expenses	(3.6)	(0.6)	(8.6)	(1.7)
Adjustments prior year tax charge	(5.5)	(1.0)	1.8	0.4
Effects from valuation allowances	—	—	0.6	0.1
Applicable tax credits	1.5	0.3	1.6	0.3
Other	(7.6)	(1.3)	19.0	3.7
Income tax expense / effective tax rate	**(124.1)**	**(21.5)**	**(14.8)**	**(2.9)**

The effect from valuation allowances is based on the non-recognition of deferred tax assets on tax losses. The effective income tax rate increased from 2.9 percent as of 31 December 2017 to 21.5 percent as of 31 December 2018. The effective tax rate in 2017 was considerably lower mainly due to a positive net effect caused by the US and Belgium tax reform. Both reforms led to a reduction in the deferred tax positions. Additionally, last year there was a recognition of

a tax asset at INEOS Styrolution Investment GmbH resulting from the transfer of assets to INEOS Styrolution from the previous shareholder BASF in 2014 where recognition criteria have been met in 2017.

8. Property, plant and equipment

In millions of EUR	Land	Buildings	Technical installations	Under construction	Total
Cost					
1 January 2017	**75.5**	**123.6**	**1,156.9**	**114.9**	**1,470.9**
Additions	—	0.2	9.8	136.1	146.1
Business acquisitions	3.0	2.9	8.8	—	14.7
Transfers	—	1.2	88.8	(88.2)	1.8
Retirements/Disposals	(0.1)	(0.2)	(22.2)	—	(22.5)
Effect of movements in exchange rates	(5.2)	(3.9)	(61.9)	(13.4)	(84.4)
31 December 2017	**73.2**	**123.8**	**1,180.2**	**149.4**	**1,526.6**
Additions	—	1.4	66.4	99.3	167.1
Transfers	—	4.2	89.6	(93.8)	—
Retirements/Disposals	—	(0.1)	(11.4)	—	(11.5)
Effect of movements in exchange rates	1.4	0.8	20.2	5.7	28.1
31 December 2018	**74.6**	**130.1**	**1,345.0**	**160.6**	**1,710.3**
Accumulated depreciation and impairment losses					
1 January 2017	**0.2**	**39.1**	**498.0**	**0.3**	**537.6**
Depreciation for the year	0.1	8.4	133.2	—	141.7
Transfers	—	—	1.8	—	1.8
Retirements/Disposals	—	(0.2)	(21.5)	—	(21.7)
Effect of movements in exchange rates	(0.1)	(0.9)	(20.3)	—	(21.3)
31 December 2017	**0.2**	**46.4**	**591.2**	**0.3**	**638.1**
Depreciation for the year	—	8.1	125.3	—	133.4
Transfers	—	0.1	(0.1)	—	—
Retirements/Disposals	—	(0.1)	(11.2)	—	(11.3)
Effect of movements in exchange rates	—	0.3	7.1	—	7.4
31 December 2018	**0.2**	**54.8**	**712.3**	**0.3**	**767.6**
Carrying amounts					
At 31 December 2017	73.0	77.4	589.0	149.1	888.5
At 31 December 2018	**74.4**	**75.3**	**632.7**	**160.3**	**942.7**

In 2013 the Group recognised a building under a finance lease contract at EUR 8.3 million at inception. The net carrying amount of the building at balance sheet date amounts to EUR 6.9 million (2017: EUR 7.1 million).

9. Intangible assets and goodwill

In millions of EUR	Goodwill	Customer relationships	Patents, Trademarks	Technologies	Under Construction	Other	Total
Cost							
1 January 2017	**725.3**	**744.9**	**25.0**	**190.3**	**2.2**	**56.0**	**1,743.7**
Additions	—	—	—	—	1.3	—	1.3
Business acquisitions	15.4	55.8	1.5	7.9	—	0.3	80.9
Transfers	—	—	—	0.7	(1.4)	0.7	—
Retirements/Disposals	—	—	—	(3.1)	—	(0.2)	(3.3)
Effect of movements in exchange rates	(45.1)	(33.5)	(0.8)	(10.5)	(0.2)	4.2	(85.9)
31 December 2017	**695.6**	**767.2**	**25.7**	**185.3**	**1.9**	**61.0**	**1,736.7**
Additions	—	—	—	7.2	1.2	0.5	8.9
Transfers	—	—	—	—	—	—	—
Retirements/Disposals	—	—	—	(0.3)	—	—	(0.3)
Effect of movements in exchange rates	11.8	6.3	0.3	2.8	(0.2)	1.0	22.0
31 December 2018	**707.4**	**773.5**	**26.0**	**195.0**	**2.9**	**62.5**	**1,767.3**
Accumulated amortisation and impairment losses							
1 January 2017	**—**	**127.6**	**2.8**	**25.3**	**—**	**38.8**	**194.5**

Amortisation for the year	—	62.0	1.3	10.3	—	11.6	85.2
Transfers	—	—	—	—	—	—	—
Retirements/Disposals	—	—	—	—	—	(0.2)	(0.2)
Effect of movements in exchange rates	—	(5.8)	(0.1)	(0.8)	—	—	(6.7)
31 December 2017	**—**	**183.8**	**4.0**	**34.8**	**—**	**50.2**	**272.8**
Amortisation for the year	—	61.5	1.3	9.6	—	3.2	75.6
Transfers	—	—	—	—	—	—	—
Retirements/Disposals	—	—	—	—	—	—	—
Effect of movements in exchange rates	—	3.2	—	0.5	—	—	3.7
31 December 2018	**—**	**248.5**	**5.3**	**44.9**	**—**	**53.4**	**352.1**
Carrying amounts							
At 31 December 2017	695.6	583.4	21.7	150.5	1.9	10.8	1,463.9
At 31 December 2018	**707.4**	**525.0**	**20.7**	**150.1**	**2.9**	**9.1**	**1,415.2**

The amortisation of the intangible assets is included within cost of sales. The maximum remaining useful life of customer relationships, Patents, Trademarks and Technologies is 19 years. Intangible assets under construction presented at 31 December 2018 are related to software licenses.

The carrying amounts of the customer relationships, technologies (production technologies) and patents / trademarks relate to the identified intangible assets resulting from the purchase price allocation in 2014 when INEOS acquired BASF's 50% shares in the Group. Their initial cost is the fair value at the date of acquisition. In addition, in 2017 the Group acquired intangible assets with the K-Resin acquisition. The carrying amounts of these assets resulting from the purchase price allocation in 2017 are presented in the line acquisitions.

Impairments-if any-can be a result of either the evidence that the assumptions for determining the estimated useful lives are incorrect or the annual impairment test of the cash-generating unit to which the acquisition-related intangible assets are related.

9. Intangible assets and goodwill

Goodwill impairment testing

Management identifies the operating segments as cash generating units for purposes of monitoring goodwill for impairment. The carrying amount of goodwill has been allocated to the following cash generating units:

In millions of EUR	31 December 2018	31 December 2017
Polymers EMEA	252.2	252.2
Polymers Asia	95.4	96.5
Polymers Americas	182.9	175.2
Styrene Monomer	176.9	171.7
Total	**707.4**	**695.6**

The Group determined the recoverable amount based on value in use. The recoverable amount is calculated on a long-term business plan for the cash generating units with a detailed planning period of three years and a consistent terminal growth rate of 0.5 percent for each unit for the period thereafter. Key assumption on which the management based its cash flow projection is an increase of the EBITDA 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 increase revenues and profitability.

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 Company. 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. INEOS Styrolution expects its Specialties and ABS Standards products groups to continue to grow, especially in its key focus industries. The Group has also announced to invest in these product groups and is increasing capacity to meet the growing demand. Polystyrene demand is expected to slightly decline in line with demand especially from the packaging industry. Styrene Monomer capacities are fully utilised and total volumes will remain stable. Gross margin levels are expected to sustain at upper to mid-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.

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 America	Polymers Asia	Styrene Monomer
Pre-tax discount rate	10.85%	12.55%	13.14%	11.77%

The estimated recoverable amount exceeded the carrying amount for all cash generating units.

In millions of EUR	Polymers EMEA	Polymers America	Polymers Asia	Styrene Monomer
Excess recoverable amount over carrying amount	858	787	81	644

10. Investments

The group consists of INEOS Styrolution Holding Limited and the following consolidated subsidiaries:

Name of the company	Country of incorporation and registered address	Voting share	Ownership share
INEOS Styrolution Financing Limited[2].	United Kingdom, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG	100%	100%
INEOS Styrolution Investment GmbH[1].	Germany, Mainzer Landstrasse 50, 60325 Frankfurt	100%	100%
INEOS Styrolution Holding GmbH[1]	Germany, Mainzer Landstrasse 50, 60325 Frankfurt	100%	100%

INEOS Styrolution America LLC	USA, 1209 Orange Street, Wilmington DE 19801, Delaware	100%	100%
INEOS Styrolution Belgium NV	Belgium, Haven 725, Scheldelaan 600, 2040 Antwerp	100%	100%
INEOS Styrolution Belgium Services bvba	Belgium, 2070 Zwijndrecht, Nieuwe Weg 1, 1053 Haven, Mechelen	100%	100%
INEOS Styrolution Beteiligungs GmbH[(1)]	Germany, Mainzer Landstrasse 50, 60325 Frankfurt	100%	100%
INEOS Styrolution Canada Ltd.	Canada, 872 Tashmoo Avenue, Sarnia ON N7T 8A3 Ontario	100%	100%
INEOS Styrolution do Brasil Polimeros Ltda.	Brazil, Rua Quintana 887 3° andar, conjuntos 33 e 34, Ciudade Moncoes, São Paulo 04569-011	100%	100%
INEOS Styrolution HongKong Company Limited	China, Room 905, 9/F, OfficePlus@Sheung Wan, 93-103 Wing Lok Street, Sheung Wan, Hong Kong	100%	100%
INEOS Styrolution Europe GmbH[(1)]	Germany, Mainzer Landstrasse 50, 60325 Frankfurt	100%	100%
INEOS Styrolution France SAS	France, rue Albert Duplat, F-62410 Wingles	100%	100%
INEOS Styrolution France Services SAS	France, 95 rue la Boétie, F-75008 Paris	100%	100%
INEOS Styrolution Group GmbH[(1)]	Germany, Mainzer Landstrasse 50, 60325 Frankfurt	100%	100%
INEOS Styrolution Iberia S.L.	Spain, Ronda General Mitre 28-30, 08017 Barcelona	100%	100%
INEOS Styrolution India Limited	India, 5th Floor, OHM House—II, OHM Business Park, Ellora Park (East), Subhanpura, 390023 Vadodara Gujarat	75%	75%
INEOS Styrolution Switzerland SA	Switzerland, Avenue des Uttins 3, CH-1180 Rolle	100%	100%
INEOS Styrolution Italia S.r.L.	Italy, Via Caldera 21, 20153 Milano Cesano Maderno	100%	100%
INEOS Styrolution Kimyasal Ürünler Ticaret Limited Sirketi	Turkey, Eski Büyükdere Cad. No. 9/78, Iz Plaza Giz, Zemin Kat Oda no. 9-K, 34398 Maslak Şişli Istanbul	100%	100%
INEOS Styrolution Köln GmbH[(1)]	Germany, Alte Strasse 201, 50769 Cologne	100%	100%
INEOS Styrolution Korea Ltd.	South Korea, Sanggae-ro 143 (Sanggae-dong), Nam-gu, Ulsan	100%	100%
KR Copolymer Co. Ltd.	South Korea, 434, Sandanjungang-ro, Yeosu-si, Jeollanam-do, 59643 Republic of Korea	100%	100%
INEOS Styrolution Ludwigshafen GmbH[(1)]	Germany, Mainzer Landstrasse 50, 60325 Frankfurt	100%	100%
INEOS Styrolution Mexicana, S.A. de C.V.	Mexico, Avenida Insurgentes Sur No. 859, Piso 11, Oficina 1102, Colonia Nápoles, 03810, Mexico City	100%	100%
INEOS Styrolution Netherlands B.V.	The Netherlands, Strawinskylaan 411, NL-1077 XX Amsterdam	100%	100%
INEOS Styrolution OOO	Russian Federation, Bldg. 3, 18 Pyatnitskaya St., 115035 Moscow	100%	100%
INEOS Styrolution Poland Sp. z o.o.	Poland, ul. Wołoska 9, 02-583 Warszawa	100%	100%
INEOS Styrolution Polymers (Shanghai) Co. Ltd.	China, Central Towers, Suite 2501&2503, 567 Langao Road, 200333 Shanghai	100%	100%
INEOS Styrolution Polymers (Shanghai) Co. Ltd.—Guangzhou Branch	China, Room 06, 34th Floor, No. 208, Teem Plaza, Tianhe Road, Tianhe District, 510620 Guangzhou	100%	100%
INEOS Styrolution (Shanghai) Management Co. Ltd.	China, Suite 2502, 567 Langao Road, 200333 Shanghai	100%	100%
INEOS Styrolution Schwarzheide GmbH[(1)]	Germany, Schipkauer Strasse 1, 01987 Schwarzheide	100%	100%
INEOS Styrolution Servicios, S.A. de C.V.	Mexico, Avenida Insurgentes Sur No. 859, Piso 11, Colonia Nápoles, 03810, Mexico City	100%	100%
INEOS Styrolution APAC Pte Ltd.	Singapore, 111 Somerset Road, #14-16 to 21 TripleOne Somerset, Singapore 238164	100%	100%
INEOS Styrolution UK Limited	United Kingdom, c/o DWF LLP, 1 Scott Place 2 Hardman Street, Manchester M3 3AA	100%	100%
INEOS Styrolution US Holding LLC	USA, 1209 Orange Street, Wilmington DE 19801, Delaware	100%	100%
INEOS Styrolution Verwaltungsgesellschaft GmbH[(1)]	Germany, Mainzer Landstrasse 50, 60325 Frankfurt	100%	100%

INEOS Styrolution (Thailand) Co., Ltd. .	Thailand, No. 4/2, I-8 Road, T. Map Ta Phut, A Muang, 2115 Rayong	100%	100%
INEOS Styrolution Vietnam Co., Ltd.	Vietnam, 11th Floor, Lotte Center Hanoi, 54 Lieu Giai Street Hanoi	100%	100%
INEOS Styrolution APAC Pte Ltd.— Japan Branch	Japan, 1-25-1 Nishi-Shinjuku, Shinjuku-ku (35F, Shinjyuku Center Building), Tokyo 1630635	100%	100%
Deutsche Bank Mexico F/1787 Styrolution.....	Mexico, Torre Virreyes, Pedregal 24, Piso 20, Colonia Molino del Rey, 11040, Mexico City	0%	0%
INEOS Styrolution Receivables Finance Designated Activity Company	Ireland, 3rd Floor, Kilmore House, Park Lane, Spencer Dock, Dublin 1	0%	0%

(1) Pursuant to HGB, section 264 (3), these subsidiaries are exempt from applying certain legal requirements to their statutory stand-alone financial statements for the year ended 31 December 2018.

(2) Company held directly by INEOS Styrolution Holding Limited. All other companies are held indirectly.

The non-controlling interest is in INEOS Styrolution India Limited and represents publicly traded shares. INEOS Styrolution India Limited generated revenues of EUR 263.8 million (2017: EUR 242.7 million) and a net income of EUR 3.3 million (2017: EUR 9.7 million) and holds non-current assets of EUR 32.8 million at 31 December 2018 (2017: EUR 27.8 million), current assets of EUR 114.9 million at 31 December 2018 (2017: EUR 101.8 million), non-current liabilities of EUR 14.5 million at 31 December 2018 (2017: EUR 4.6 million) and current liabilities of EUR 63.0 million at 31 December 2018 (2017: EUR 53.9 million). In India, there are restrictions on INEOS Styrolution India Limited to access or use assets due to the non-controlling interest.

There are no further restrictions to the entities within the Group, unless cash movements are restricted by local law. For all subsidiaries listed, the financial year corresponds to the calendar year. Only the financial year of INEOS Styrolution India Limited ends on 31 March of a year, due to local legal requirements.

11. Trade and other receivables

In millions of EUR	31 December 2018	31 December 2017
Trade receivables due from third parties	545.1	593.2
Trade receivables due from related parties	11.2	14.0
Trade receivables	**556.3**	**607.2**
Income tax receivables	25.0	49.6
Income tax receivables	**25.0**	**49.6**
VAT receivables	46.4	47.6
Prepaid expenses	7.8	7.4
Other current receivables	12.2	12.3
Other receivables and miscellaneous current assets	**66.4**	**67.3**
Total current trade and other receivables	**647.7**	**724.1**
Other non-current receivables	4.8	4.9
Other receivables and miscellaneous non-current assets	**4.8**	**4.9**

Trade receivables ageing

In millions of EUR	Trade Receivables 31 December 2018	Impairments thereof 31 December 2018	Expected credit loss rate	Trade Receivables 31 December 2017	Impairments thereof 31 December 2017	Expected credit loss rate
Not past due.....	512.3	(0.3)	0.1%	563.9	—	—
Past due 0-30 days....	43.9	(1.7)	3.9%	41.9	—	—
Past due 31-90 days..	1.6	(1.1)	68.8%	3.5	(2.1)	60.0%
Past due more than 90 days	4.9	(3.3)	67.3%	3.5	(3.5)	100.0%
Total.....	**562.7**	**(6.4)**	**1.1%**	**612.8**	**(5.6)**	**0.9%**

External receivables originated from INEOS Styrolution Europe GmbH, INEOS Styrolution Switzerland SA, INEOS Styrolution America LLC, INEOS Styrolution Canada Ltd. and INEOS Styrolution Mexicana S.A. de C.V. are

pledged as security for an external loan as part of the EUR 450 million asset securitization program of INEOS Styrolution Group GmbH.

The Group's exposure to credit and currency risk, and impairment losses related to trade and other receivables is disclosed in note 20.

12. Deferred tax assets and liabilities

Deferred tax assets and liabilities relate to the following balance sheet captions:

Deferred tax assets

In millions of EUR	1 January 2018	Recognised in income	Business acquisitions	Other changes and exchange rate changes	31 December 2018
Tax loss carry forward	11.2	(3.9)	—	(1.5)	5.8
Tangible fixed assets	25.8	(2.3)	—	—	23.5
Intangible fixed assets	5.2	(1.5)	—	0.9	4.6
Inventories	8.2	0.4	—	—	8.6
Receivables	1.5	0.6	—	0.1	2.2
Other current assets	0.4	0.1	—	0.1	0.6
Pension provisions	17.6	0.8	—	2.6	21.0
Other provisions	8.5	(1.0)	—	0.8	8.3
Other liabilities	3.5	0.6	—	(0.1)	4.0
Other	0.1	—	—	0.4	0.5
Deferred tax assets	**82.0**	**(6.2)**	**—**	**3.3**	**79.1**
Valuation allowances tax loss carry forward	(3.1)	—	—	0.6	(2.5)
Valuation allowances other temporary differences	—	—	—	—	—
Deferred tax assets	**78.9**	**(6.2)**	**—**	**3.9**	**76.6**

In millions of EUR	1 January 2017	Recognised in income	Business acquisitions	Other changes and exchange rate changes	31 December 2017
Tax loss carry forward	17.8	(7.3)	—	0.7	11.2
Tangible fixed assets	—	25.8	—	—	25.8
Intangible fixed assets	7.7	(1.4)	—	(1.1)	5.2
Inventories	9.1	(0.1)	—	(0.8)	8.2
Receivables	1.8	(0.2)	—	(0.1)	1.5
Other current assets	1.7	(1.1)	—	(0.2)	0.4
Pension provisions	16.6	2.9	2.9	(4.8)	17.6
Other provisions	8.9	0.9	—	(1.3)	8.5
Other liabilities	5.1	(1.3)	0.4	(0.7)	3.5
Other	0.1	—	—	—	0.1
Deferred tax assets	**68.8**	**18.2**	**3.3**	**(8.3)**	**82.0**
Valuation allowances tax loss carry forward	(3.2)	0.6	—	(0.5)	(3.1)
Valuation allowances other temporary differences	—	—	—	—	—
Deferred tax assets	**65.6**	**18.8**	**3.3**	**(8.8)**	**78.9**

Deferred tax liabilities

In millions of EUR	1 January 2018	Recognised in income	Business acquisition	Other changes and exchange rate changes	31 December 2018
Tangible fixed assets	122.2	(7.0)	—	(1.1)	114.1
Intangible fixed assets	205.3	(21.0)	—	10.9	195.2
Inventories	2.4	0.2	—	0.1	2.7
Investments	27.7	—	—	13.4	41.1
Receivables	0.1	—	—	0.7	0.8
Other current assets	2.3	0.9	—	0.2	3.4

Other provisions	3.0	1.1	—	(0.4)	3.7
Other liabilities	5.5	(2.9)	—	0.5	3.1
Other	17.8	0.8	—	(18.6)	—
Deferred tax liabilities	**386.3**	**(27.9)**	**—**	**5.7**	**364.1**

In millions of EUR	1 January 2017	Recognised in income	Business acquisition	Other changes and exchange rate changes	31 December 2017
Tangible fixed assets	183.0	(52.7)	1.7	(9.8)	122.2
Intangible fixed assets	243.2	(29.1)	13.9	(22.7)	205.3
Inventories	2.3	(3.1)	3.8	(0.6)	2.4
Investments	40.6	(13.0)	—	0.1	27.7
Receivables	0.3	—	—	(0.2)	0.1
Other current assets	1.8	0.2	—	0.3	2.3
Other provisions	2.5	0.9	—	(0.4)	3.0
Other liabilities	33.0	(26.4)	—	(1.1)	5.5
Other	26.6	(7.7)	—	(1.1)	17.8
Deferred tax liabilities	**533.3**	**(130.9)**	**19.4**	**(35.5)**	**386.3**

Deferred tax assets and deferred tax liabilities are offset against each other to the following extent:

In millions of EUR	31 December 2018	31 December 2017
Deferred tax assets	76.6	78.9
Deferred tax liabilities	(364.1)	(386.3)
Offsetting of assets and liabilities	40.1	24.6
Deferred tax assets	**36.5**	**54.3**
Deferred tax liabilities	**324.0**	**361.7**

In 2018, there were no significant changes to deferred tax assets and liabilities. In 2017, the increase of deferred tax assets for tangible fixed assets resulted from the transfer of assets to INEOS Styrolution from the previous shareholder BASF in 2014 where recognition criteria have been met in 2017. Deferred tax liabilities were reduced due to the US and the Belgium tax reforms and thereby lower corporate tax rates. The full deferred tax impact is recognised in income in 2017.

In assessing the Group's ability to realise deferred tax assets, management considers whether it is probable that some portion or 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 (particularly in Canada). 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 it is probable that the Group will realise aforementioned benefits.

At 31 December 2018, the tax losses carried forward expire as follows:

In millions of EUR	2019	2020	2021	2022-2026	later	unlimited	Non-recognised
Losses carried forward	—	—	—	1.7	10.2	28.9	(27.9)

13. Inventories

In millions of EUR	31 December 2018	31 December 2017
Raw materials	144.7	129.2
Finished goods	358.1	399.5
Catalysts, maintenance and other spares	23.1	18.2
Total	**525.9**	**546.9**

The net write-down of inventories to net realisable value recognised in profit and loss amounted to EUR 8.9 million (2017: EUR 1.5 million) after the reversal of previous write downs of EUR 4.0 million (2017: EUR 2.8 million).

14. Financial indebtedness

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, foreign currency and liquidity risk see note 20.

In millions of EUR	31 December 2018	31 December 2017
Non-current financial indebtedness		
Institutional term loans	614.0	704.9
Borrowings from asset securitization program	50.0	100.0
Finance Lease and other	7.9	9.0
Total	**671.9**	**813.9**

In March, 2018 the Company agreed to reduce the drawn amounts under the asset securitization program from EUR 100 million to EUR 50 million.

On 18 May 2018, INEOS Styrolution agreed to prepay USD 120 million of the outstanding USD tranche of the institutional term loans as of 30 May 2018, resulting in a further gross debt reduction.

Under the terms of asset securitization programs, certain subsidiaries of the Group sell eligible customer receivables to a consolidated special purpose entity with INEOS Styrolution Group GmbH acting as master servicer. The Group's borrowing capacity under the asset securitization program is subject to the volume of receivables sold to the special purpose entity as well as the performance of the customer receivable portfolio, which is pledged as collateral for the financing by a committed lender or institutional buyers (conduit investors).

The term loans as well as the asset securitization program are subject to specific terms and failure by the Company to perform in accordance with these terms may result in a termination of these facilities. An event of default in either of the two facilities would also result in a cross default. During the reporting period the Company has fulfilled all obligations in its financing arrangements.

In millions of EUR	31 December 2018	31 December 2017
Current financial indebtedness		
Institutional term loans	7.0	7.2
Short-term borrowings other	32.3	18.9
Total	**39.3**	**26.1**

In order to manage local financing requirements, INEOS Styrolution has established a number of working capital facilities with local banks to meet the requirements of its entities whereby legislation limits or prohibits funding through liquidity available at Group level. These short-term credit facilities are arranged in India, Korea, Singapore and Thailand. The undrawn amount of those facilities as at 31 December 2018 was approximately EUR 81.7 million (2017: EUR 95.6 million) equivalent.

Terms and debt payment schedule

Terms of the significant outstanding financial indebtedness were as follows:

31 December 2018 In millions of EUR	Currency	Nominal interest rate	Year of maturity	Face value	Carrying amount[(1)]
Institutional term loan	EUR	EURIBOR (0.5% floor) + 200 bps	March 2024	442.7	441.8
Institutional term loan	USD	USD LIBOR + 200 bps	March 2024	179.8	179.2
Assets securitization	EUR	0.83%	July 2021	50.0	50.0
Total				**672.5**	**671.0**

(1) The carrying amount of the term loans is reduced by EUR 1.5 million financing costs.

31 December 2017 In millions of EUR	Currency	Nominal interest rate	Year of maturity	Face value	Carrying amount[1]
Institutional term loan	EUR	EURIBOR (0.5% floor) + 200 bps	March 2024	447.2	441.6
Institutional term loan	USD	USD LIBOR + 200 bps	March 2024	275.4	270.5
Assets securitization.....	EUR	1.17%	March 2019	100.0	100.0
Total.....				**822.6**	**812.1**

(1) The carrying amount of the term loans is reduced by EUR 10.5 million financing costs.

In July 2018, the Company extended the asset securitization program for a period of three years. This spreads the debt maturity profile into 2021, and the introduction of a second banking partner mitigates a potential risk of single sourcing. The facility matures in July 2021.

As a result of the Company's strong cash generation, the Company was able to reduce its gross debt in 2018.

Finance Lease Liabilities

In millions of EUR	31 December 2018	31 December 2017
Gross finance lease liabilities—minimum lease payments:		
No later than 1 year	1.3	1.3
Later than 1 year and not later than 5 years.....	2.4	3.4
Later than 5 years	10.4	10.9
Future finance charges on finance lease liabilities	(5.3)	(5.8)
**Present value of finance lease liabilities.....	**8.8**	**9.8**

In millions of EUR	31 December 2018	31 December 2017
Present value of finance lease liabilities:		
No later than 1 year	0.9	0.9
Later than 1 year and not later than 5 years.....	1.2	2.0
Later than 5 years	6.7	6.9
**Present value of finance lease liabilities.....	**8.8**	**9.8**

14. Financial indebtedness

From the present value of finance lease liabilities of EUR 8.8 million (2017: EUR 9.8 million), EUR 0.9 million (2017: EUR 0.9 million) are current liabilities. EUR 7.9 million (2017: EUR 8.9 million) refer to non-current finance lease liabilities.

Cash and cash equivalents

In millions of EUR	31 December 2018	31 December 2017
Bank balances	319.4	254.0
Short-term investments	247.7	41.9
Total	**567.1**	**295.9**

Bank balances include an amount of EUR 94.3 million (2017: EUR 68.1 million) representing funds in collection accounts that facilitate the asset securitization program which are pledged to the lenders. These funds are available to the Company at the respective year end in the short term but not immediately. There is no restricted cash as of 31 December 2018 (31 December 2017: nil).

15. Trade payables

In millions of EUR	31 December 2018	31 December 2017
Trade payables due to third parties	410.8	401.7
Trade payables due to related parties	54.8	65.6
Total	**465.6**	**467.3**

An amount of EUR 127.2 million (2017: EUR 132.7 million) of the trade payables are related to accruals for goods or services not yet invoiced. The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 20.

16. Employee benefits obligations

As part of the employment compensation package, the Group provides different retirement benefit arrangements or similar benefits covering (substantially) all employees depending on the legal, economic and fiscal environment in each country. The pension obligations comprise both defined benefit and defined contribution plans.

Net defined benefit and contribution obligations

The Group's defined benefit plans mainly exist in Canada, the United States of America, Germany and South Korea and are at 31 December 2018 all fully or partially funded via pension funds. In order to limit the risks of changing capital market conditions and demographic developments, the major defined benefit plans have either been closed to new entrants or curtailed to preclude participants from vesting in additional benefits. The Group offers only defined contribution schemes to newly hired employees. In addition to their pension plans, the North American Group entities operate unfunded post-employment medical care plans.

Description of the defined benefit plans

- **Germany**

For German Group companies all defined benefit plans were closed in 2013 for new employees and replaced by a defined contribution plan, funded by Allianz Unterstützungskasse—*Allianz Pensions Management e.V.* and Allianz direct insurances—*Allianz Lebensversicherungs AG.* BASF and INEOS / BP heritage plans grant a basic level of benefits. For BASF plans accruals until end of 2014 are provided by BASF Pensionskasse VVaG. After the termination of membership, accruals after 2014 are financed under a contractual trust arrangement. Occupational pension promises that exceed the basic level of benefits as also INEOS / BP basic level of benefits are financed via pension provisions with

a contractual trust arrangement. The benefits are based on cash balance plans. Furthermore, employees are given the option of participating in various deferred compensation schemes.

- **South Korea**

Since March 2017 the company is consolidating post-employment benefit liabilities of the new acquired KRCC Business. In accordance with the Korean Employee Retirement benefit Security Act (ERBSA) and the KRCC's employee benefits policy, employees, who are terminating their employment with at least one year of service are entitled to severance and retirement benefits based on the rates of pay in effect at the time of termination, years of service and certain other factors.

- **Canada**

The Canadian Group company closed all defined benefit (final salary) plans for new employees. One of the two company's defined benefit plans has been frozen, with no further increases in benefits based on future years of service or salary increase. On 29 September 2016 Canadian regulators approved the merger of the two plans, effective date as at 31 December 2014.

- **United States of America**

Employees of the U.S. Group company receive benefits from defined contribution plans. The existing defined benefit plans were closed to further increases in benefits based on future years of service, and benefits earned in the past have been frozen. There is no entitlement to pension adjustments to compensate for cost-of-living increases. For future years of service, employees are granted benefits based on defined contribution plans.

The changes in the defined benefit obligation comprise:

In millions of EUR	2018	2017
Defined benefit obligation at 1 January	**197.0**	**186.6**
Service costs	7.2	8.3
Interest cost	5.0	5.1
Business acquisition*	—	13.8
Employee contributions	0.2	0.2
Benefits paid by the plan	(5.1)	(7.7)
Benefits directly paid by employer	(1.7)	(0.8)
Actuarial losses / (gains)—experience adjustments	2.5	(2.2)
Actuarial losses / (gains)—demographic assumptions	0.6	(0.1)
Actuarial (gains) / losses—financial assumptions	(3.4)	0.9
Past service costs	—	—
Settlements	—	—
Other	0.7	—
Effect of movement in exchange rates	(0.1)	(7.1)
Defined benefit obligation at 31 December	**202.9**	**197.0**

* Acquisition of KR Copolymer Co. Ltd.

Thereof		
Germany	97.1	90.4
Canada	39.7	42.2
USA	21.5	23.0
South Korea	22.9	20.7
Other countries	21.7	20.7

The changes in the fair value of plan assets comprise:

In millions of EUR	2018	2017
Fair value of plan assets at 1 January	**146.0**	**142.7**
Interest on plan assets	3.8	3.9
Return on plan assets (less) / greater than discount rate	(6.0)	5.3
Employer contributions	7.5	8.5

Plan participants' contributions	0.2	0.2
Disbursements	(6.9)	(9.4)
Settlements	—	—
Other	0.6	—
Effect of movement in exchange rates	(0.7)	(5.2)
Fair value of plan assets at 31 December	**144.5**	**146.0**

The funded status of the defined benefit schemes is as follows:

In millions of EUR	31 December 2018	31 December 2017
Defined Benefit Obligation	(202.9)	(197.0)
thereof funded	*(172.0)*	*(167.5)*
thereof unfunded	*(30.9)*	*(29.5)*
Fair value of plan assets	144.5	146.0
Net Defined Benefit Obligation	**(58.4)**	**(51.0)**
Thereof		
Germany	(26.2)	(22.3)
Canada	(0.2)	0.8
USA	(7.2)	(7.7)
South Korea	(15.6)	(14.2)
Other countries	(9.2)	(7.6)

The following pension expenses resulting from defined benefit plans have been recognised in the statement of income:

In millions of EUR	2018	2017
Service costs	7.2	8.3
thereof current service costs	*7.2*	*8.3*
thereof settlement (gains)/losses	—	—
Net interest costs	1.2	1.2
Total	**8.4**	**9.5**
Thereof		
Germany	4.3	5.3
Canada	0.5	0.5
USA	0.5	0.6
South Korea	1.6	1.4
Other countries	1.5	1.7

The change in the net defined benefit liability is due to the following components:

In millions of EUR	2018	2017
Net defined benefit liability at 1 January	**(51.0)**	**(43.9)**
Cost recognised in profit and loss	(8.4)	(9.5)
Remeasurement (loss) / gain recognised in other comprehensive income	(5.7)	6.7
Business acquisition	—	(13.8)
Employer contributions to plan assets	5.7	6.8
Benefits directly paid by employer	1.7	0.8
Other	(0.1)	—
Effect of movements in exchange rates	(0.6)	1.9
Net defined benefit liability at 31 December	**(58.4)**	**(51.0)**

In order to mitigate the interest rate risk, target plan asset allocations have been defined for several funded plans in North America by using asset liability studies and are reviewed regularly. Accordingly, the asset portfolios and their durations are aligned with the duration of the pension liabilities, taking into consideration investment risks and adherence to statutory regulations. In Germany, the Company funded its defined benefit obligations through a contractual trust agreement (CTA) in an amount of EUR 59.3 million (2017: EUR 56.2 million). A portion of the past service of the

defined contribution and defined benefit arrangements are funded via the BASF Pensionskasse VvAG. The company terminated the membership in BASF Pensionskasse VvAG End of 2014.

The weighted duration of all pension liabilities totalled 16.7 years as at 31 December 2018 (2017: 17.2 years). The actual return on plan assets was a loss of EUR 2.2 million (2017 gain: EUR 9.1 million).

The company expects to contribute EUR 6.8 million (2017: EUR 6.4 million) to the plan assets in the following year.

Plan asset allocation

In % (weighted averages)

A. Securities with quoted market price in an active market

	31 December 2018	31 December 2017
Equities	20.2%	22.2%
Bonds:		
Government-fixed rate	50.8%	42.3%
Government-variable rate		—
Corporate	13.9%	20.3%
Real Estate	0.1%	0.1%
Cash and cash-equivalents	0.5%	0.9%
Other quoted securities	5.0%	4.8%
	90.5%	**90.5%**

16. Employee benefits obligations

B. Other securities

Insurance contracts	1.4%	1.3%
Other	8.1%	8.2%
	9.5%	**9.5%**
Total	**100.0%**	**100.0%**

Other plan assets comprise assets held by insurance carriers primarily for the German plan. The plan assets neither comprise equity instruments in INEOS Styrolution nor Company-occupied real estate or other assets used by the company.

The Group determined the following economic and actuarial assumptions used for the calculation of the defined benefit obligation and expenses.

Assumptions used to determine employee benefit obligation and expense

Expressed as weighted averages	**2018**				**2017**			
	Germany	**Canada**	**USA**	**Other countries**	**Germany**	**Canada**	**USA**	**Other countries**
Discount rate	**2.00%**	**3.50%**	**4.25%**	**2.55%**	2.00%	3.25%	3.50%	2.68%
Future salary increases	**2.75%**	**3.00%**	**3.50%**	**3.66%**	2.75%	3.00%	3.50%	4.61%
Medical cost trend rate	**N/A**	**4.50%**	**5.00%**	**N/A**	N/A	4.50%	5.00%	N/A
Inflation	**1.75%**	**2.00%**	**2.50%**	**1.99%**	1.75%	2.00%	2.50%	2.06%
Mortality	**Heubeck 2018G**	**CPM 2014***	**RP-2014 mortality tables****		Heubeck 2005G	CPM 2014*	RP-2014 mortality tables**	

* Private Sector Mortality Table projected generationally using Scale B2D with no size adjustments

** Projected generationally with Scale MP-2018 from 2006 / RP-2014 head-count weighted mortality tables (white and blue collar) projected generationally with Scale MP-2018 from 2006

Inflation relates to indexed pension increases in Germany.

The following tables show the impact on the Group's pension liabilities in the case of a change of the material economic and actuarial assumptions:

In millions of EUR	**Sensitivity of the defined benefit obligation by a change of the following parameters:**	
	31 December 2018	**31 December 2017**
Discount rate	***Decrease by 100bps*** 36.9	***Decrease by 100bps*** 36.7
Medical cost trend rate	***Increase by 100bps*** 0.3	***Increase by 100bps*** 0.3
Price inflation	***Increase by 50bps*** 9.6	***Increase by 50bps*** 9.3
Life expectancy	***Increase by 1 year*** 4.6	***Increase by 1 year*** 4.4

Sensitivity results show the change of the defined benefit obligation if the respective assumption is increased or decreased as disclosed above while all other assumptions remain unchanged. Therefore, it does not take into account any interdependence that might exist between the assumptions. The effect was determined using the same valuation methodologies and approaches as used for the calculation of the benefit liability. In consequence, the validity of the sensitivity disclosed above is subject to limitations.

In % of the defined benefit obligation (weighted averages)	**Distribution of the defined benefit obligation:**	
	2018	**2017**

Active employees	65.3%	67.2%
Former vested employees	13.1%	14.0%
Retirees	21.6%	18.8%
Total	**100.0%**	**100.0%**

Defined contribution benefits

The cost of defined contribution plans amounted to EUR 8.7 million (2017: EUR 8.2 million). These benefits are exclusively paid by third parties. INEOS Styrolution is only obliged to pay the contributions.

In addition, employer contributions to the statutory pension insurance systems in the various countries amounted to EUR 8.7 million (2017: EUR 8.7 million).

17. Other liabilities and provisions

In millions of EUR	Onerous contracts	Other items	Total
Obligations at 1 January 2018	**16.5**	**39.2**	**55.7**
Provisions made during the year	—	1.8	1.8
Reclassifications	—	(8.5)	(8.5)
Provisions used during the year	(8.6)	(0.1)	(8.7)
Provisions released during the year	(3.2)	(1.6)	(4.8)
Total 31 December 2018	**4.7**	**30.8**	**35.5**

In millions of EUR	Onerous contracts	Other items	Total
Obligations at 1 January 2017	**22.3**	**11.1**	**33.4**
Provisions made during the year	0.9	28.3	29.2
Provisions used during the year	(6.7)	—	(6.7)
Provisions released during the year	—	(0.2)	(0.2)
Total 31 December 2017	**16.5**	**39.2**	**55.7**

In millions of EUR	31 December 2018	31 December 2017
Current provisions	7.0	17.8
Other current liabilities	103.1	93.1
Accruals and deferred income	46.1	64.0
Total other liabilities and short-term provisions	**156.2**	**174.9**
Non-current provisions	28.5	37.9
Other non-current liabilities	16.6	19.0
Total other liabilities and other long-term provisions	**45.1**	**56.9**
Total	**201.3**	**231.8**

The total amount resulting from exchange differences from the translation of foreign entities financial statements for the current and non-current provisions is zero in 2018 (2017: EUR 0.1 million).

Provisions include an amount of EUR 4.7 million (2017: EUR 16.5 million) for unfavourable supply contracts and contract termination costs with related parties recognised in the business combination. The remaining provision is expected to be fully utilised latest by 2022.

The other provisions is mainly related to a provision recognised for a liability to the previous shareholder BASF under prior legal agreements. Beside this, the other provisions contain provisions for guarantee and environmental costs. Management estimates the incentive accruals based on a steady headcount. Liabilities for uncertain tax positions, which were shown under provisions in the previous year, have been reclassified to current tax liabilities in 2018.

18. Share capital

Fully paid

In millions of EUR	31 December 2018	31 December 2017
200,100 ordinary shares of EUR 1.38 each	0.3	0.3
Total	**0.3**	**0.3**

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.

Please refer to note 5 on page 87 of the company financial statement.

19. Dividends

On 26 March 2018, the Company's shareholder approved an interim dividend out of the net profit for the year 2018 of EUR 3.9 million from INEOS Styrolution Holding Limited to the shareholder INEOS Industries Holdings Limited.

On 2 April 2018, the Company's shareholder approved an interim dividend out of the expected net profit for the year 2018 of EUR 50.0 million from INEOS Styrolution Holding Ltd. to the shareholder INEOS Industries Holdings Limited.

On 14 June 2018, the Company's shareholder approved an interim dividend out of the net profit for the year 2018 of EUR 3.9 million from INEOS Styrolution Holding Limited to the shareholder INEOS Industries Holdings Limited.

On 21 September 2018, the Company's shareholder approved an interim dividend out of the net profit for the year 2018 of EUR 3.9 million from INEOS Styrolution Holding Limited to the shareholder INEOS Industries Holdings Limited.

On 15 October 2018, the Company's shareholder approved an interim dividend out of the net profit for the year 2018 of EUR 103.9 million from INEOS Styrolution Holding Limited to the shareholder INEOS Industries Holdings Limited.

The directors of the Company have proposed and paid a dividend of EUR 165.5 million (EUR 827 per share) during the year (dividend in 2017: EUR 55.0 million). The Company does not propose a further dividend for 2018.

20. Financial instruments

IFRS 7

Financial risk management

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

- credit risk
- liquidity risk
- market risk
- currency 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.

Risk management framework

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.

Credit risk

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 and INEOS, its ultimate owner, and cash and cash equivalents.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

In millions of EUR	Note	Carrying amount 31 December 2018	Carrying amount 31 December 2017
Trade and other receivables	11	652.5	729.0
Thereof derivative		*0.1*	*0.6*
Cash and cash equivalents	14	567.1	295.9
Total		**1,219.6**	**1,024.9**

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. Geographically there is no 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. The Group's review includes external ratings, when available, and in some cases bank references. Credit limits are established for each customer, which represents the maximum open amount without requiring approval; these limits are reviewed periodically. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

As of 2018, IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. The impact of the application of the expected loss credit model as of 1 January 2018 is an increase of the loss allowance of EUR 0.7 million. The Group took advantage of the exemption allowing it not to restate comparative information for the prior year with respect to classification and measurement changes. The differences in measurement resulting from the adoption of IFRS 9 are recognised in retained earnings as at 1 January 2018.

The impact was calculated considering past experience and management's estimate of future developments. Management expects no considerable 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 will review the assumptions of the ECL model on a yearly basis.

20. Financial instruments

Impairment losses

In millions of EUR	Carrying amount 31 December 2018	Carrying amount 31 December 2017
Neither past due nor impaired	0.3	—
Past due 1-30 days	1.7	—
Past due 31-90 days	1.1	2.1
Past due more than 90 days	1.7	3.5
More than 180 days	1.6	—
Total	**6.4**	**5.6**

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows:

In millions of EUR	Individual impairments
31 December 2016	**4.7**
Impairment losses released	—
Impairment losses used	(0.1)
Impairment loss recognised	0.6
Other movements	0.4
31 December 2017	**5.6**
Amount restated in opening retained earnings	0.7
1 January 2018 *(including IFRS 9 effect)*	**6.3**
Impairment losses released	—
Impairment losses used	(0.3)
Impairment loss recognised	0.4
31 December 2018	**6.4**

Cash and cash equivalents

The Group held cash and cash equivalents of EUR 567.1 million at 31 December 2018 while it held cash and cash equivalents of EUR 295.9 million at 31 December 2017, which represents its maximum exposure from cash and cash equivalents to the credit risk of banks which hold the funds on these assets.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with working capital requirements, capital expenditure or its financial liabilities that are settled by delivering cash or other financial assets. 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 both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group aims to maintain the level of its cash and cash equivalents and other highly marketable investments at an amount in excess of expected cash outflows on financial liabilities over the succeeding 60 days. The Group also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables.

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

31 December 2018 In millions of EUR	Carrying amount	Contractual cash flows	1 year or less	1 to <2 years	2 to <5 years	5 years and over
Institutional term loans (secured)	621.0	726.6	27.5	27.6	80.9	590.6

Asset securitization (secured)	50.0	50.0	50.0	—	—	—
Other borrowings	40.2	45.4	32.6	1.0	1.4	10.4
Trade payables	465.6	465.6	465.6	—	—	—
	1,176.8	**1,287.6**	**575.7**	**28.6**	**82.3**	**601.0**

31 December 2017 **In millions of EUR**	**Carrying amount**	**Contractual cash flows**	**1 year or less**	**1 to <2 years**	**2 to <5 years**	**5 years and over**
Institutional term loans (secured)	712.1	854.5	28.9	28.7	84.8	712.1
Asset securitization (secured)	100.0	100.0	100.0	—	—	—
Other short-term borrowing	27.9	27.9	18.9	0.9	1.2	6.9
Trade payables	467.3	467.3	467.3	—	—	—
	1,307.3	**1,449.7**	**615.1**	**29.6**	**86.0**	**719.0**

Comparison of carrying amount and fair value and fair-value-hierarchies

As of 1 January 2018, the categories of financial assets and liabilities have been adjusted. The derivatives were mandatorily assigned in the category Fair Value through Profit and Loss. There are no assets or liabilities deliberately assigned into this category.

31 December 2018

				Amounts recognised in the statement of financial position in accordance with IFRS 9		
In millions of EUR	**Category in accordance with IFRS 9 / (IAS 39)***	**Level**	**Carrying amounts**	**Amortised cost**	**Fair value recognised in equity**	**Fair value recognised in profit or loss**
Assets						
Trade receivables	AMC / (LaR)		556.3	556.3	—	—
Cash and cash equivalents	AMC / (LaR)		567.1	567.1	—	—
Other assets			96.1	96.1	—	—
of which long-term	AMC / (LaR)		4.8	4.8	—	—
of which short-term	AMC / (LaR)		91.4	91.4	—	—
of which: Derivatives	*FVTPL / (FAHfT)*	*2*	*0.1*	—	—	*0.1*
of which: Derivatives	*FVTPL / (FAHfT)*	*3*	—	—	—	*(0.6)*
Liabilities						
Trade payables	AMC / (FLAC)		465.6	465.6	—	—
Financial indebtedness	AMC / (FLAC)		711.2	711.2	—	—
Other short-term liabilities	AMC / (FLAC)		156.2	156.2	—	—
of which: Derivatives	*FVTPL / (FLHfT)*	*2*	—	—	—	—
of which: Derivatives	*FVTPL / (FLHfT)*	*3*	*6.2*	—	—	*(6.2)*

* ***Categories: IFRS 9*** *AMC = Amortised cost, FVTPL = Fair Value through Profit and Loss*
IAS 39 *LaR = Loans and Receivables, FLAC = Financial Liabilities measured at Amortised Cost*
FAHfT = Financial Assets Held for Trading FLHfT = Financial Liabilities Held for Trading

31 December 2017

				Amounts recognised in the statement of financial position in accordance with IAS 39		
In millions of EUR	**Category in accordance with IAS 39**	**Level**	**Carrying amounts**	**Amortised cost**	**Fair value recognised in equity**	**Fair value recognised in profit or loss**
Assets						
Trade receivables	LaR		607.2	607.2	—	—
Cash and cash equivalents	LaR		295.9	295.9	—	—
Other assets			121.8	121.8	—	—
of which long-term	LaR		4.9	4.9	—	—
of which short-term	LaR		116.9	116.9	—	—
of which: Derivatives	*FAHfT*	*2*	—	—	—	—
of which: Derivatives	*FAHfT*	*3*	*0.6*	—	—	*0.6*

Liabilities						
Trade payables.....	FLAC		467.3	467.3	—	—
Financial indebtedness	FLAC		840.0	840.0	—	—
Other short-term liabilities	FLAC		174.9	174.9	—	—
of which: Derivatives.....	*FLHfT*	*2*	*0.1*	—	—	*0.1*
of which: Derivatives.....	*FLHfT*	*3*	—	—	—	—

* ***Categories: IAS 39*** *LaR = Loans and Receivables, FLAC = Financial Liabilities measured at Amortised Cost FAHfT = Financial Assets Held for Trading FLHfT = Financial Liabilities Held for Trading*

The fair value of all other classes of financial instruments approximates their carrying amount.

The fair value measurements of pension plan assets, and projected benefit obligations under these defined benefit plans are described in note 16.

The financial assets/liabilities categorised as Fair Value through Profit and Loss (FVTPL) presented in Level 2 and Level 3 constitute separate classes of derivative financial instruments. Level 2 contains foreign currency derivatives, Level 3 contains commodity derivatives.

Since there are no market prices available for the derivative financial instruments in the portfolio assigned to Level 2 due to the fact that they are not listed on the market, the fair values are calculated using standard financial valuation models, based entirely on observable inputs. The fair value of derivatives is the value that Styrolution would receive or have to pay if the financial instrument were transferred at the reporting date. The carrying amount of the financial asset is EUR 0.1 million. The carrying amount of the financial liabilities is zero as at 31 December 2018. If the price expectations had been 5% lower at the reporting date, with otherwise unchanged parameters the fair value of the financial assets would have been EUR 0.0 million lower. If the price expectations had been 5% higher at the reporting date, with otherwise unchanged parameters, the fair value of the financial liability would have been EUR 0.0 million higher. Global netting agreements do not exist for any of the reported foreign currency derivatives. All derivatives classified into Level 2 are short-term. In 2018, EUR 1.5 million of currency derivatives were disposed.

The financial assets/liabilities classified as fair value through profit and loss assigned to Level 3 relate to commodity swaps on styrene monomer in order to hedge fix price forward Polymer sales deals. Since there are no market prices available for the derivative financial instruments in the portfolio assigned to Level 3 due to the fact that they are not listed on the market, the fair values are calculated using standard financial valuation models. The calculation is based on observable and unobservable inputs, since there are no liquid forward prices available. The substantial input parameters are the price expectations regarding future monthly contract prices on styrene monomer. The carrying amount of the financial liability is EUR 6.2 million as of December 31, 2018. If the price expectations had been 10 percent lower at the reporting date, with otherwise unchanged parameters the fair value of the financial asset would have been EUR 3.8 million higher (the fair market value of the open styrene monomer derivatives would have been EUR (10.0) million) If the price expectations had been 10% higher at the reporting date, with otherwise unchanged parameters, the fair value of the financial asset would have been EUR 3.8 million lower (the fair market value of the open styrene monomer derivatives would have been EUR (2.4) million). All derivatives classified into Level 3 are short-term.

Gains and losses from Level 3 financial derivatives are recognised in the finance income and expense in the lines interest receivable or interest payable (see note 6).

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, raw materials (feedstock) and equity prices will affect the Group’s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Risks resulting from the availability and possible market price movements of raw materials are covered by different measures to control volatility as well as the commitment of Styrene Monomer derivatives.

31 December 2018

In millions of EUR	Category in accordance with with IFRS 9 / (IAS 39)*	Level	Carrying amounts	Profit/Loss	Other Comprehensive Income

Assets					
Trade receivables	AMC / (LaR)		556.3	(0.4)	4.7
Cash and cash equivalents	AMC / (LaR)		567.1	2.1	1.4
Other assets			96.1	—	(0.1)
of which long-term	AMC / (LaR)		4.7	—	—
of which short-term	AMC / (LaR)		91.4	—	(0.1)
of which: Derivatives	*FVTPL / (FAHfT)*	*2*	*0.1*	*0.1*	—
of which: Derivatives	*FVTPL / (FAHfT)*	*3*	—	*(0.6)*	—
Liabilities					
Trade payables	AMC / (FLAC)		465.6	—	(7.4)
Financial indebtedness	AMC / (FLAC)		711.2	(35.6)	(6.4)
Other short-term liabilities	AMC / (FLAC)		156.2	—	(0.7)
of which: Derivatives	*FVTPL / (FLHfT)*	*2*	—	—	—
of which: Derivatives	*FVTPL / (FLHfT)*	*3*	*6.2*	*(6.2)*	—

* ***Categories IFRS 9:*** *AMC = Amortised cost, FVTPL = Fair Value through Profit and Loss*
IAS 39 *LaR = Loans and Receivables, FLAC = Financial Liabilities measured at Amortised Cost*
FAHfT = Financial Assets Held for Trading FLHfT = Financial Liabilities Held for Trading

31 December 2017

In millions of EUR	Category in accordance with with IAS 39	Level	Carrying amounts	Profit/Loss	Other Comprehensive Income
Assets					
Trade receivables	LaR		607.2	(0.6)	(16.8)
Cash and cash equivalents	LaR		295.9	1.7	(7.9)
Other assets			121.8	—	(9.2)
of which long-term	LaR		4.9	—	(0.1)
of which short-term	LaR		116.9	—	(9.1)
of which: Derivatives	*FAHfT*	*2*	—	—	—
of which: Derivatives	*FAHfT*	*3*	*0.6*	*0.6*	—
Liabilities					
Trade payables	FLAC		467.3	—	25.4
Financial indebtedness	FLAC		840.0	(43.1)	47.9
Other short-term liabilities	FLAC		174.9	—	8.8
of which: Derivatives	*FLHfT*	*2*	*0.1*	*(0.1)*	—
of which: Derivatives	*FLHfT*	*3*	—	—	—

* ***Categories: IAS 39*** *LaR = Loans and Receivables, FLAC = Financial Liabilities measured at Amortised Cost*
FAHfT = Financial Assets Held for Trading FLHfT = Financial Liabilities Held for Trading

During 2018, allowances for doubtful debt of EUR 0.4 million (2017: EUR 0.6 million) on trade receivables were reflected in the income statement.

For the long-term financing, interest expenses of EUR 35.6 million (2017: EUR 43.1 million) were reflected in the income statement.

Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities, primarily the EUR, but also US Dollars. The currencies in which these transactions primarily are denominated are USD, EUR, INR and KRW.

The trade receivables were denominated in the following currencies:

In millions of EUR	31 December 2018	31 December 2017
USD	324.3	317.8
EUR	181.1	229.0
INR	27.9	29.0

KRW	15.1	22.9
Others	7.9	8.5
Total	**556.3**	**607.2**

20. Financial instruments

Sensitivity analysis

A strengthening/weakening of the EUR, as indicated below, against the USD, KRW and INR as at 31 December 2018 would have increased/decreased net income by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases.

Net income:

	31 December 2018		31 December 2017	
Gain / (loss) in millions of EUR	Impact of strengthening	Impact of weakening	Impact of strengthening	Impact of weakening
USD (5% movement)	(8.9)	9.9	(10.3)	11.4
INR (5% movement)	(0.2)	0.2	(0.5)	0.5
KRW (5% movement)	(1.8)	1.9	(2.1)	2.3

OCI, net of tax:

	31 December 2018		31 December 2017	
Gain / (loss) in millions of EUR	Impact of strengthening	Impact of weakening	Impact of strengthening	Impact of weakening
USD (5% movement)	(64.1)	70.9	(52.9)	58.5
INR (5% movement)	(3.3)	3.7	(3.4)	3.7
KRW (5% movement)	(11.0)	12.1	(10.7)	11.8

Interest rate risk

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

In millions of EUR	31 December 2018	31 December 2017
Fixed rate instruments		
Financial lease liabilities	8.8	9.0
Variable rate instruments		
Institutional term loans	621.0	712.1
Asset securitization	50.0	100.0
Other financial liabilities	31.4	18.9

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group generally does not enter into derivatives (interest rate swaps) to hedge against changes in the fair value of fixed rate financial assets or liabilities. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

Management considers the institutional term loans a variable rate instrument, as the interest rate contains a variable parameter. Further, the interest for the asset securitization program is set on a monthly base and therefore considered as a variable rate instrument. The program is committed by the banks until 2021.

A change of 0.5 percentage point in interest rates at the reporting date would have increased/decreased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss 2018		Profit or loss 2017	
In millions of EUR	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Long-term debt—Variable rate instruments	1.2	(0.9)	1.9	(1.4)
Short-term debt—Variable rate instruments	0.2	(0.2)	0.1	(0.1)
Cash flow sensitivity, net	**1.4**	**(1.1)**	**2.0**	**(1.5)**

Capital management

The core of the financial strategy is to safeguard INEOS Styrolution's strong financial profile, credit rating and thereby its financial stability. The financial strategy aims to support and promote the strategic and operating performance of the Company and to ensure access to capital and to favourable financing conditions at all times.

The Group does not have any financial covenants that require maintenance of capital ratios. For its own capital management the Group reviews the ratio of working capital in relation to revenues. The working capital definition of the Group includes inventory, accounts receivable and accounts payable.

In millions of EUR	2018	2017
Inventory	525.9	546.9
Accounts receivable—trade	556.3	607.2
Less: Short-term payables—trade	(465.6)	(467.3)
Working capital at 31 December	**616.6**	**686.8**
Revenues	5,366.7	5,342.4
Revenues	**5,366.7**	**5,342.4**
Working capital to revenues ratio at 31 December	**11.5%**	**12.9%**

Working capital decreased in 2018 compared to 2017 due to a decrease in raw material pricing. As the revenue increased, the working capital to revenues ratio was lower in 2018 compared to 2017.

21. Operating leases

Non-cancellable operating lease rentals are payable as follows:

In millions of EUR	31 December 2018	31 December 2017
Less than one year	28.5	26.0
Between one and five years	83.4	69.3
More than five years	36.6	28.3
Total	**148.5**	**123.6**

The Group leases a number of warehouse, factory facilities and vehicles under operating leases. Some leases provide for additional rent payments that are based on changes in a local price index or contain renewal options.

During the year an amount of EUR 28.8 million (2017: EUR 27.1 million) was recognised as an expense in profit or loss in respect of operating leases.

22. Capital commitments

At 31 December 2018 the Company was committed to capital spending projects of EUR 169.7 million (2017: EUR 71.4 million), of which EUR 2.1 million (2017: EUR 1.0 million) relates to intangible fixed assets and EUR 167.6 million (2017: EUR 70.4 million) relates to tangible fixed assets.

The Group had the following long-term purchase commitments for raw materials, primarily feedstock, for the next 5 years, and other purchase commitments. All amounts were estimated based on current price information, while volumes are defined.

31 December 2018 In millions of EUR	Following year	2nd year	3rd year	4th year	5th year	Total
Styrene Monomer	864.9	148.5	40.3	40.3	40.3	1,134.3
Ethylene	412.6	402.0	387.4	373.2	76.7	1,651.9
Benzene	1,291.6	390.3	317.2	250.3	195.2	2,444.6
Other purchase commitments	712.9	243.0	11.3	11.2	11.0	989.4
Total	**3,282.0**	**1,183.8**	**756.2**	**675.0**	**323.2**	**6,220.2**

23. Related parties

Related parties comprise:

- Parent entities and their subsidiaries not included within the INEOS Styrolution Holding Limited Group;
- Entities controlled by the shareholders of INEOS Limited, the ultimate parent company of INEOS Styrolution Holding Limited; and
- Key management personnel.

Board of directors

Kevin McQuade
Markus Fieseler
Graeme Leask
Jonathan Ginns
Andrew Currie

Key management personnel

The key management positions of the Group are the management board members. The management board consists of Kevin McQuade, Markus Fieseler, Steve Harrington, Rob Buntinx, Alexander Glueck and Pierre Minguet.

Transactions with key management personnel

Key management personnel compensation (including directors)

The key management personnel consists of the Company's directors. Details of Directors' remuneration are given in note 5.

Other related party transactions

In millions of EUR	Transaction value 1 January-31 December 2018	Balance outstanding 31 December 2018	Transaction value 1 January-31 December 2017	Balance outstanding 31 December 2017
Sale of products				
INEOS	90.3		94.7	
Purchase of raw materials				
INEOS	362.3		432.7	
Services received				
INEOS	46.7		49.7	
Trade and other receivables				
INEOS		11.2		14.0
Trade and other payables				
INEOS		(54.8)		(65.6)

In general, all outstanding balances with INEOS are priced based on contractual arrangements and are to be settled in cash within two months of the reporting date. None of the balances are secured.

The transactions were made on terms equivalent to those that prevail in arm`s length transactions. The amount of services received includes key management services, such as guidance on corporate strategy, financing, SHE, Tax strategy, operational optimization and sharing of best practices, of EUR 10.8 million (2017: EUR 10.6 million). There were no provisions for doubtful debt related to INEOS as of 31 December 2018.

Dividends paid to INEOS are disclosed in note 19.

24. 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.

The Group entered into land rental agreements, some of which contain clauses that require the tenant to return the property in a specified condition. This might oblige the Group to dismantle and remove its assets and restore and clean the site on which a plant is located. Provisions are recognised when a closure decision has been made. Provisions are not recognised for future obligations, as no reliable estimates can be made for the costs and for the end date of the lease term given that are no plans to return the leased property within the foreseeable future. Due to the inherent uncertainty about costs and timing of any outflow no financial effect are included in the financial statements of the Group.

25. Ultimate parent undertaking and controlling party

The immediate parent undertaking is INEOS Industries Holdings Limited.

The ultimate parent undertaking at 31 December 2018 was INEOS Limited, a company registered in the Isle of Man.

The directors regard Mr J A Ratcliffe to be the ultimate controlling party by virtue of his majority shareholding in INEOS Limited.

The largest group in which the results of the Company are consolidated is that headed by INEOS Industries Limited.

26. Cash flow disclosures

Cash used in investing activities

In 2017, INEOS Styrolution paid EUR 113.2 million for the acquisition of the K-Resin business, which was slightly lower than the consideration paid on acquisition date of EUR 114.2 million due to foreign exchange effects and timing of the payments. The acquired business did have a cash balance of EUR 14.3 million and that led to a net cash outflow from investing activities of EUR 98.9 million.

Changes in liabilities arising from financing activities

An analysis of changes in the Group's liabilities arising from financing activities is as follows:

In millions of EUR	External borrowings	Related party borrowings	Finance lease	Total
Financial indebtedness at 1 January 2017	**884.6**	**245.7**	**7.9**	**1,138.2**
Cash inflows during the year	145.1	—	—	145.1
Cash outflows during the year	(157.8)	(249.4)	(1.0)	(408.2)
Effects from changes in foreign exchange rates and other non-cash changes	(41.7)	3.7	2.9	(35.1)
Financial indebtedness at 31 December 2017	**830.2**	**—**	**9.8**	**840.0**
Cash inflows during the year	29.6	—	—	29.6
Cash outflows during the year	(173.8)	—	(0.8)	(174.6)
Effects from changes in foreign exchange rates and other non-cash changes	16.4	—	(0.2)	16.2

Financial indebtedness at 31 December 2018.....	**702.4**	**—**	**8.8**	**711.2**

27. Subsequent events

On 23 January 2019, INEOS Styrolution agreed to increase the drawn amount under the asset securitization program from EUR 50 million to EUR 250 million.

On 30 January 2019, INEOS Styrolution granted a loan of EUR 450 million to INEOS Industries Holdings Limited. Management proposes to declare this payment as a dividend in the course of 2019.

Effective 1 February 2019, INEOS Styrolution acquired Total S.A.s Polystyrene business in China. The acquisition covers the wholly owned Chinese polystyrene business including two production sites in Ningbo and Foshan and two related sales offices in Guangzhou and Shanghai. The transaction includes the purchase of 100% of the equity interests in Total Petrochemical (Foshan) Company Limited and Total Petrochemical (Ningbo) Company Limited. This acquisition is in line with the Company's 'Triple Shift' growth strategy. The preliminary purchase price excluding preliminary cash acquired was agreed at approximately USD 152 million. The purchase agreement provides for corrections for actual net working capital contributions compared to target.

No further subsequent events are to be reported for the period between the reporting date of these Consolidated Financial Statements and their authorization by the Board of Directors on 22 February 2019.

28. Accounting estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying 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 affected.

There are no significant judgements in applying the entity's accounting policies. Information about critical estimate in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following elements:

- Impairment tests for goodwill and other non-financial assets: Goodwill impairment testing is performed annually or if there is an indication of impairment. Goodwill impairments 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 forecasts of the unit. The management of the Group identified the operating segments as cash generating units (CGU) for 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 purpose. 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 the assessment whether goodwill or a non-financial asset are impaired is based on long-term business plans for the cash generating units and the determination of an appropriate discount rate, management used significant estimates and judgments in making these assessments.

- Net realisable value of inventories: The recoverability of styrene monomer and other feedstock is based on management estimates of the expected future use of those inventories. The net realisable value of inventories expected to be sold on the market are measured at market price and can lead to a write down. The net realisable value of styrene monomer expected to be used in our polymer production is determined based on the net realisable value of the polymer product which did not result in write downs of similar magnitude due to the higher gross profit margins of polymer products.

- Provisions: The Company recognises a provision when it has a present obligation and it is more likely than not that it will make payments; the provision will be based on the most reliable estimate. The determination of the probability of a loss and the amount of the most reliable estimate require significant judgment. The provision for contract losses on a supply agreement with a related party was adjusted in 2018 to consider changes in the cost to close, demolish and decommission a site in Marl. The change in the estimate for provisions in 2018 resulted in a provision release of EUR 3.2 million for lower expected costs.

- Management is required to estimate the tax payable in each of the jurisdictions in which the Group operates. This involves estimating the actual current tax charge or credit together with assessing temporary differences resulting from differing treatment of items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which may be included on the consolidated balance sheet of the Group. Management has performed an assessment as to the extent to which future taxable profits will allow the deferred asset to be recovered. The calculation of the Group's total tax charge necessarily involves a significant degree of estimation in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority, or, as appropriate, through a formal legal process.

- The Group has, from time to time, contingent tax liabilities arising from trading and corporate transactions in the countries in which it operates. After appropriate consideration, management makes provision for these liabilities based on the probable level of economic loss that may be incurred and which is reliably measurable.

- The breadth of the Group's structure with operations in many geographic locations makes the use of estimates and assumptions more challenging. The resolution of issues is not always within the control of the Group and can be reliant upon the efficiency of the legal processes in the relevant jurisdictions in which the Group operates, and as a result, issues can, and often do take many years to resolve.

- Details of amounts recognised with regard to taxation are disclosed in notes 7 and 12.

INEOS Styrolution Holding Limited
(Registered Company number 09922632)
Consolidated Financial Statements
for the year ended 31 December 2017

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INEOS STYROLUTION HOLDING LIMITED

Report on the audit of the group financial statements

Opinion

In our opinion, INEOS Styrolution Holding Limited's group financial statements (the "financial statements"):

- give a true and fair view of the state of the group's affairs as at 31 December 2017 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Directors' report and consolidated financial statements (the "Annual Report"), which comprise: the consolidated statement of financial position as at 31 December 2017; the consolidated statement of income and the consolidated statement of comprehensive income, the consolidated statement of cash flows, and the consolidated statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material

inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 10, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 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 to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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 auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- certain disclosures of directors' remuneration specified by law are not made.

We have no exceptions to report arising from this responsibility.

Other matter

We have reported separately on the company financial statements of INEOS Styrolution Holding Limited for the year ended 31 December 2017.

/s/

Ian C. Marsden (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne
22 February 2018

INEOS Styrolution Holding Limited

Consolidated statement of income

In millions of EUR	Note	1 January to 31 December 2017	1 January to 31 December 2016
Revenue	3	5,342.4	4,469.7
Cost of sales	3	(4,284.5)	(3,506.6)
Gross profit		**1,057.9**	**963.1**
Selling and distribution expenses*	3	(280.6)	(260.1)
General and administrative expenses	3	(113.6)	(100.7)
Research and development expenses	3	(12.4)	(12.7)
Other operating (expense) / income, net	3	(44.9)	(13.8)
Profit from operating activities		**606.4**	**575.8**
Interest income	6	5.3	5.9
Interest expense	6	(54.2)	(120.3)
Other finance (loss) / gain, net	6	(49.6)	25.5
Net finance costs		**(98.5)**	**(88.9)**
Income before income tax		**507.9**	**486.9**
Income tax expense	7	(14.8)	(109.8)
Net income		**493.1**	**377.1**
Attributable to:			
Non-controlling interests		2.4	2.5
Owners of the company		**490.7**	**374.6**

* See note 1 for description of a change in presentation between selling and distribution expenses and cost of sales.

The notes on pages F-146 to F-195 are an integral part of these consolidated financial statements.

The Group has elected to take the exemption under section 408 of the Companies Act 2006 from presenting the parent company profit and loss account.

INEOS Styrolution Holding Limited

Consolidated statement of comprehensive income

In millions of EUR	Note	1 January to 31 December 2017	1 January to 31 December 2016
Net income		**493.1**	**377.1**
Other comprehensive (loss) income:			
Exchange differences on translation of foreign operations		(93.2)	11.4
Items that might be subsequently reclassified to profit and loss		**(93.2)**	**11.4**
Remeasurement of post-employment benefit obligations	16	6.7	(4.0)
Deferred taxes on remeasurements of post-employment benefit obligations		(1.8)	1.3
Item that will not be reclassified to profit or loss		**4.9**	**(2.7)**
Other comprehensive (loss) income, net of tax		**(88.3)**	**8.7**
Total comprehensive income		**404.8**	**385.8**
Attributable to:			
Non-controlling interests		1.5	0.7
Owners of the company		**403.3**	**385.1**

The notes on pages F-146 to F-195 are an integral part of these consolidated financial statements.

INEOS Styrolution Holding Limited

Consolidated statement of financial position

In millions of EUR	Note	31 December 2017	31 December 2016
Assets			
Property, plant and equipment	8	888.5	933.3
Intangible assets and goodwill	9	1,463.9	1,549.2
Deferred tax assets	17	54.3	33.6
Other receivables and miscellaneous non-current assets	12	4.9	3.9
Non-current assets		**2,411.6**	**2,520.0**
Inventories	11	546.9	452.5
Trade receivables	12	607.2	518.1
Income tax receivables	12	49.6	41.2
Other receivables and miscellaneous current assets	12	67.3	68.5
Cash and cash equivalents	15	295.9	316.9
Current assets		**1,566.9**	**1,397.2**
Total assets		**3,978.5**	**3,917.2**

The notes on pages F-146 to F-195 are an integral part of these consolidated financial statements.

In millions of EUR	Note	31 December 2017	31 December 2016
Equity			
Share capital	13	0.3	0.3
Share premium		2,389.7	2,389.7
Merger reserve		(1,281.2)	(1,281.2)
Other reserves		58.8	146.2
Retained earnings		741.4	305.7
Equity attributable to owners of the Company		**1,909.0**	**1,560.7**
Non-controlling interest		17.8	16.5
Total equity		**1,926.8**	**1,577.2**
Liabilities			
Financial indebtedness	15	813.9	1,106.7
Employee benefits obligations	16	51.0	43.9
Deferred tax liabilities	17	361.7	501.4
Other liabilities and other long-term provisions	18	56.9	39.0
Non-current liabilities		**1,283.5**	**1,691.0**
Trade payables	19	467.3	383.9
Financial indebtedness	15	26.1	31.5
Current tax liabilities	7	99.9	63.6
Other liabilities and short-term provisions	18	174.9	170.0
Current liabilities		**768.2**	**649.0**
Total liabilities		**2,051.7**	**2,340.0**
Total equity and liabilities		**3,978.5**	**3,917.2**

The notes on pages F-146 to F-195 are an integral part of these consolidated financial statements.

The financial statements on pages F-140 to F-195 were approved by the Board of Directors on 22 February 2018 and signed on its behalf by

/s/

Kevin McQuade
Director
22 February 2018
Registered number 09922632

INEOS Styrolution Holding Limited

Consolidated statement of changes in equity

In millions of EUR	Share Capital	Share premium	Merger reserve	Retained Earnings / (Accumulated deficit)	Other Reserves: Pension Reserve	Other Reserves: CTA Reserve	Equity attributable to owners of the company	Non-controlling interest	Total Equity
1 January 2017	**0.3**	**2,389.7**	**(1,281.2)**	**305.7**	**(2.8)**	**149.0**	**1,560.7**	**16.5**	**1,577.2**
Net income	—	—	—	490.7	—	—	490.7	2.4	493.1
Other comprehensive (loss) income	—	—	—	—	4.9	(92.3)	(87.4)	(0.9)	(88.3)
Total Comprehensive Income for the period	**—**	**—**	**—**	**490.7**	**4.9**	**(92.3)**	**403.3**	**1.5**	**404.8**
Transactions with owners in their capacity as owners:									
Dividends	—	—	—	(55.0)	—	—	(55.0)	(0.2)	(55.2)
31 December 2017	**0.3**	**2,389.7**	**(1,281.2)**	**741.4**	**2.1**	**56.7**	**1,909.0**	**17.8**	**1,926.8**
1 January 2016	**0.3**	**—**	**1,108.5**	**186.1**	**(0.1)**	**135.8**	**1,430.6**	**16.0**	**1,446.6**
Net income	—	—	—	374.6	—	—	374.6	2.5	377.1
Other comprehensive (loss) income	—	—	—	—	(2.7)	13.2	10.5	(1.8)	8.7
Total Comprehensive Income	**—**	**—**	**—**	**374.6**	**(2.7)**	**13.2**	**385.1**	**0.7**	**385.8**
Group reorganization	—	2,389.7	(2,389.7)	—	—	—	—	—	—
Transactions with owners in their capacity as owners:									
Dividends	—	—	—	(255.0)	—	—	(255.0)	(0.2)	(255.2)
31 December 2016	**0.3**	**2,389.7**	**(1,281.2)**	**305.7**	**(2.8)**	**149.0**	**1,560.7**	**16.5**	**1,577.2**

The notes on pages F-146 to F-195 are an integral part of these consolidated financial statements.

INEOS Styrolution Holding Limited

Consolidated statement of cash flows*

In millions of EUR	1 January to 31 December 2017	1 January to 31 December 2016
Cash flows from operating activities		
Profit for the year	490.7	374.6
Adjustments for:		
Depreciation and impairment of property, plant and equipment (note 8)	141.7	137.9
Amortisation and impairment of intangible assets (note 9)	85.2	81.8
Net finance costs	98.5	88.9
Loss from sale of property, plant and equipment	0.6	—
Tax charge	14.8	109.8
Minority interest	2.4	2.5
Increase in trade and other receivables	(111.5)	(35.4)
Increase in inventories	(90.5)	(28.4)
Increase in trade and other payables	77.9	57.4
Increase / (decrease) in provisions and employee benefits	24.7	(15.5)
Tax paid	(145.3)	(144.4)
Net cash flows generated from operating activities	**589.2**	**629.2**
Cash flows from investing activities		
Proceeds from long-term assets	0.3	—
Interest and other finance income received	2.4	7.4
Business acquisition, net of cash acquired (note 2)	(98.9)	—
Acquisition of intangible assets (note 9)	(1.3)	(4.2)
Acquisition of property, plant and equipment (note 8)	(145.9)	(123.1)
Net cash flows used in investing activities	**(243.4)**	**(119.9)**
Cash flows from financing activities (note 22)		
Proceeds from external borrowings (note 15)	145.1	1,067.1
Repayment of external borrowings (note 15)	(154.6)	(1,383.0)
Repayment of related party borrowings (note 15)	(249.4)	—
Interest paid	(42.6)	(107.2)
Debt issue costs	(3.2)	(3.6)
Capital element of finance lease payments	(1.0)	(0.4)
Dividends paid attributable to the owners of the company (note 14)	(55.0)	(255.0)
Dividends paid attributable to minority interest	(0.2)	(0.2)
Net cash flows used in financing activities	**(360.9)**	**(682.3)**
Net changes in cash and cash equivalents	**(15.1)**	**(173.0)**
Cash and cash equivalents at 1 January (note 15)	316.9	486.7
Effect of exchange rate fluctuations on cash held	(5.9)	3.2
Cash and cash equivalents at 31 December (note 15)	**295.9**	**316.9**

* The presentation of interest received and paid has been changed. This change in presentation policy is described in note 1.

The notes on pages F-146 to F-195 are an integral part of these consolidated financial statements.

INEOS Styrolution Holding Limited

Consolidated notes

1. Accounting Policies

Overview

INEOS Styrolution Holding Limited ('the Company') is a private company, limited by shares, incorporated, registered and domiciled in the United Kingdom and has its registered office at Chapel Lane, Lyndhurst, Hampshire, SO43 7FG. The Company was incorporated on 18 December 2015 as a subsidiary of INEOS Industries Holdings Limited. Additionally, INEOS Styrolution Financing Limited, domiciled in the United Kingdom with registered office at Chapel Lane, Lyndhurst, Hampshire, SO43 7FG, was founded as subsidiary of the Company on 18 December 2015.

On 9 June 2016, INEOS Styrolution Financing Limited became parent of INEOS Styrolution Investment GmbH and INEOS Styrolution Switzerland SA. That created a newly formed consolidation group consisting of INEOS Styrolution Holding GmbH and all its subsidiaries as well as the above mentioned entities INEOS Styrolution Switzerland SA, INEOS Styrolution Investment GmbH, INEOS Styrolution Financing Limited and INEOS Styrolution Holding Limited.

The Group is the leading global producer, marketer and merchant seller of styrene monomer and styrenic polymers.

Basis of accounting

The financial statements of INEOS Styrolution Holding Limited and its subsidiaries are included into the consolidated financial statements in compliance with the uniformly applicable group accounting and valuation methods.

The Group financial statements have been prepared on a going concern basis and approved by the directors in accordance with International Financial Reporting Standards (IFRSs) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) as adopted by the European Union ("Adopted IFRSs") effective as of 31 December 2017 and with the Companies Act 2006 as applicable to companies using Adopted IFRSs.

The consolidated financial statements were authorized for issue by the Board of Directors on 22 February 2018.

The notes below provide a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. The accounting policies set out below have been applied consistently to the period presented in these consolidated financial statements and have been applied consistently by the Group entities.

Changes in presentation policies

In the course of aligning INEOS wide group accounting methods, there were two main changes in presentation policies. These changes will result in the financial statements providing more reliable and relevant information about the effects of transactions on the entity's financial performance in comparison with other INEOS entities.

The accounting of expenses that are incurred for logistic and supply chain costs during the production activity was changed to showing it under Cost of Sales instead of Selling and Distribution expenses. This change was applied retrospectively as if it had always been applied. The reclassification effect for FY 2016 is EUR 42.6 million and for FY 2017 EUR 41.0 million.

The presentation of interest and other finance income received and paid was changed in the statement of cash flows. Instead of showing these items in cash flows generated from operating activities, interest and other finance income received is shown in cash flows used in investing activities and interest paid is shown in cash flows used in financing activities. Due to this change, the operating cash flow increased by EUR 40.2 million in FY 2017 and EUR 99.8 million in FY 2016. The investing cash flow increased by EUR 2.4 million (2016: EUR 7.4 million) and the financing cash flow decreased by EUR 42.6 million (2016: EUR 107.2 million) respectively.

Basis of measurement

The financial statements are prepared on the historical cost basis except that the derivative financial instrument and financial instruments classified as fair value through profit and loss are stated at their fair value. Additionally, non-current assets and disposal groups held for sale are stated at the lower of previous carrying amount and fair value less costs to sell.

Functional and presentation currency

These consolidated financial statements are presented in EUR, which is the Company's functional currency. The Group primarily generates income, incurs expenditure and has the majority of its assets and liabilities denominated in EUR and USD. All financial information presented in EUR has been rounded to the nearest tenth of a million, except when otherwise indicated. The exchange rate as at 31 December 2017 was $1:EUR 0.8377, £1:EUR 1.1257 and KRW1:EUR 0.0008 (2016: $1:EUR 0.9533, £1:EUR 1.1656 and KRW1:EUR 0.0008).

Changes in accounting policies

There were no new standards applied during the year ended 31 December 2017 by the Group. The Group has applied the following amendments to accounting standards for the first time in 2017 with effect from 1 January 2017 (with material prior period comparative information restated, to the extent required and as explained below):

Amendments to IAS 7: Disclosure Initiative (mandatory for year commencing on or after 1 January 2017)

The amendment introduces a requirement to reconcile cash flows arising from financing activities to the corresponding liabilities in the opening and closing statements of financial position. This disclosure is included in the reconciliation of net cash flow to movement in net debt in note 22.

Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses (mandatory for year commencing on or after 1 January 2017)

The amendment clarifies how to account for deferred tax assets related to debt instruments measured at fair value.

Basis of consolidation

(i) Subsidiaries

Subsidiaries are all entities controlled by the Group (including structured entities).

The Group controls an entity when it 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. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The consideration transferred for the acquisition of a subsidiary usually comprises the fair values of the assets transferred, liabilities incurred to the former owners of the acquired business, equity interests issued by the group, fair value of any asset or liability resulting from a contingent consideration arrangement, and fair value of any pre-existing equity interest in the subsidiary. The consideration transferred does not include amounts related to the settlement of pre-existing business relationships. Such amounts generally are recognised in profit or loss.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; less
- the recognised amount (fair value) of the identifiable assets acquired less the liabilities assumed.

Acquisitions and disposals of non-controlling interest

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result. Adjustments to non-controlling interests arising from disposal transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

Transactions eliminated on consolidation

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

(ii) Special purpose entity ('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 two SPEs, INEOS Styrolution Receivable Finance Designated Activity Company and Deutsche Bank Mexico F/1787 Styrolution, for an asset securitization program. The Group does not have any direct or indirect shareholdings in these SPEs.

INEOS Styrolution Receivables Finance DAC is a special-purpose entity formed by the Group to purchase receivables from Group entities for purposes of a securitization of such financial assets and is, in substance, controlled by the Group.

Deutsche Bank Mexico F/1787 Styrolution is a Mexican Trust established by INEOS Styrolution Receivables Finance DAC to purchase receivables from INEOS Styrolution Mexicana S.A. de C.V. for the purposes of securitization of such assets. INEOS Styrolution Receivables Finance DAC is the first beneficiary of this Trust. It is therefore also, in substance, controlled by the Group.

Foreign currency

(i) Foreign currency translations

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill, are translated to EUR at rates at the reporting date. The income and expenses of foreign operations are translated to EUR at monthly average exchange rates.

Foreign currency differences are recognised in other comprehensive income, and presented in other reserves in equity.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income, and presented in other reserves in equity.

Financial instruments

(i) Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are

initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within 'Other finance gain/(loss), net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the group's right to receive payments is established.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

The Group's non-derivative financial assets generally fall into the loans and receivables category.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses (see note impairment). Loans and receivables comprise cash and cash equivalents, and trade and other receivables.

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 Group in the management of its short-term commitments. Pledged balances on accounts used for payment transactions related to the securitization of receivables are classified as cash. The amount of these balances is disclosed in the notes.

(ii) Non-derivative financial liabilities

The Group initially recognises debt securities issued on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables.

(iii) 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.

Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset and bringing the asset to the location and condition necessary for it to be put into operation. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are recognised as cost of the asset.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. Ongoing repairs and maintenance is expensed as incurred.

(iii) Depreciation

Items of property, plant and equipment are depreciated on a straight-line basis in profit or loss over the estimated useful lives of each component. Leased assets under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land and assets under construction are not depreciated.

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for significant items of property, plant and equipment are as follows:

- buildings 10 - 40 years
- plant and equipment (part of: technical installations) 3 - 40 years
- fixtures and fittings (part of: technical installations) 3 - 20 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. When significant parts of an item of property, plant and equipment have different useful lives, they are accounted as separate items.

Business combinations, goodwill and intangible assets

Business combinations

Business combinations are defined according to IFRS 3 as a transaction or another event in which the acquirer achieves control over one or several business of the acquiree. The acquisition method of accounting is used by the Group to account for all business combinations, regardless of whether equity instruments or other assets are acquired.

Goodwill

Goodwill that arises on the acquisition of businesses is presented with intangible assets. Goodwill is measured at cost less accumulated impairment losses.

Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Except for goodwill, intangible assets are amortised according the straight-line method, which reflects the pattern of economic benefits in profit or loss. They are amortised over their estimated useful lives, from the date that they are available for use.

The estimated useful lives for the current and comparative years are as follows:

• patents and trademarks	19 - 20 years
• technologies	15 - 19 years
• customers relationships	5 - 21 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalized includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalized borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Impairment

(i) Non-derivative financial assets

A financial asset not classified 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 there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount is the higher of value in use and fair value less costs to sell. Goodwill is tested annually for impairment. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, 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.

Leased assets

Leases in terms of which the Group assumes substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance expense in the Group's statement of comprehensive income.

A leased asset under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Other leases are operating leases and are not recognised in the Group's statement of financial position.

Inventories

Inventories are measured at the lower of cost and net realizable value (market value). The cost of inventories is based on the moving average price principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. Finished products and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value of raw materials, notably styrene and other feedstock expected to be sold by INEOS Styrolution, is based on observable market prices, adjusted for freight and handling costs. The net realizable value of styrene and other feedstock that is expected to be used for the production of polymers by INEOS Styrolution, finished goods and other inventories is the estimated selling price of the finished product in the ordinary course of business, less estimated costs of completion and selling.

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

Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. The contributions are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that will be due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

(ii) Defined benefit plans

The Group operates defined benefit pension plans in the countries it has its productions facilities or distribution activities. The Group's net obligation in respect of defined benefit plans 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. The discount rate is based on the yield at the reporting date on AA credit-rated bonds that have maturity dates in line with the terms of the Group's obligations and that are denominated in the currency in which the benefits are expected to be paid.

Remeasurements of the net defined benefit liability from actuarial gains and losses and returns on plan assets greater than the discount rate are recognised immediately in other comprehensive income. The Group determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense is included in finance cost; all other components of employee benefit costs related to defined benefit plans are recognised as personnel expenses in the income statement.

The calculation is performed annually on the basis of an actuarial report using the projected unit credit method. When the calculation results in a defined benefit asset to the Group, the recognised asset is limited to the present value of

economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to the plan. An economic benefit is available to the Group if it is realizable during the life of the plan, or on settlement of the plan liabilities. The change in the present value of the future benefits resulting from a plan change or a curtailment is recognised as past service cost in comprehensive income in the year in which they occur.

The Group recognises gains and losses from a settlement of a defined benefit plan in profit or loss when the settlement occurs. The gain or loss on settlement is the difference between the present value of the defined benefit obligation to be settled and the settlement price including payments made directly by the company in connection with the settlement.

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. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised in finance cost.

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.

Revenue

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement. For sales of styrene, usually transfer occurs when the product is received at the customer’s warehouse; however, for some international shipments transfer occurs on loading the goods onto the relevant carrier at the port. Generally for such products the customer has no right of return.

Certain time and location swaps of commodities are not included as external sales and cost of sales.

Expenses

Leases

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Net Finance costs

Interest income and interest expenses are accounted for applying the effective interest method. Interest income includes interest income on funds invested and fair value gains on financial assets at fair value through profit or loss. Interest expenses include interest expense on borrowings, the interest component of employee benefit costs, net of returns on plan assets, the unwinding of the discount on provisions and fair value losses on financial assets at fair value through

profit or loss. The difference between the carrying amount of a financial liability extinguished and the consideration paid is included in interest expense.

Gains and losses from the measurement of monetary assets or liabilities denominated in foreign currencies are included in “Other finance gain / (loss)”.

Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

1. Accounting Policies

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax periods based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

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 realized simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Accounting standards not applied

A number of new accounting standards are effective for annual periods beginning after 1 January 2018 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 effect on the financial statements unless otherwise indicated:

IFRS 15 Revenue from Contracts with Customers (mandatory for year commencing on or after 1 January 2018 with early adoption permitted)

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised and replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. IFRS 15 introduces a five-step model to determine when to recognise revenue and at what amount, based on transfer of control over goods or services to the customer. New qualitative and quantitative disclosures will also be required.

i. Contracts for goods and services

Currently, revenue arising from the sale of goods is recognised when the goods are either dispatched or delivered depending on the relevant delivery terms, the point at which risks and rewards have been transferred to the buyer, when the prices are determinable, and when collectability is considered probable.

The Group has analysed its material contracts for goods and services, and identified that a number of contracts include distinct performance obligations. The Group's assessment indicates that this will result, in a limited number of cases, revenue for certain performance obligations (being primarily separate shipping obligations) being recognised later than under current policies. However the Group has assessed that the application of IFRS 15 would not have a material impact on revenues recognised.

Certain customer contracts offer various forms of volume or early payment discount. Revenue is currently recognised when a reasonable estimate of the discount can be made, and provided that all other criteria for revenue recognition are met. Under IFRS 15, revenue will be only be recognised for these contracts to the extent that it is highly

likely that a significant reversal in the amount of cumulative revenue recognised will not occur. The Group has assessed that this change will not result in any material impact on the timing of revenue recognition.

ii. Transition

Changes in accounting policies resulting from the adoption of IFRS 15 will be applied retrospectively with the effect of initially applying the standard recognised at the date of the earliest comparative period (i.e. 1 January 2017). The Group plans to take advantage of the practical expedients offered on transition to IFRS 15 as presented below.

- The Group will take advantage of the exemption to not restate completed contracts that begin and end within the same annual reporting period or to restate contracts that are completed contracts at the beginning of the earliest comparative period presented.
- The Group will use the transaction price at the date on which the contract was completed, rather than estimating the variable consideration amounts in each comparative reporting period.
- The Group will take advantage of the exemption to not separately evaluate the effects of contract modifications before the beginning of the earliest reporting period presented using the contract modifications requirements in the new standard. Instead, the Group will reflect the aggregate effect of all of the modifications that occur before the beginning of the earliest period presented in:
    - identifying the satisfied and unsatisfied performance obligations;
    - determining the transaction price; and
    - allocating the transaction price to the satisfied and unsatisfied performance obligations.
- The Group will take advantage of the exemption to not disclose for reporting periods presented before the date of initial application (i.e. 1 January 2018):
    - the amount of the transaction price allocated to the remaining performance obligations; nor
    - an explanation of when the entity expects to recognise that amount as revenue.

IFRS 9 Financial Instruments (mandatory for year commencing on or after 1 January 2018 with early adoption permitted)

IFRS 9 Financial Instruments sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

i. Classification—Financial assets

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit and loss (FVTPL). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification.

Based on its assessment, the Group does not believe that the new classification requirements will have a material impact on its accounting for financial assets or liabilities.

ii. Impairment—Financial assets and contract assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and to contract assets.

Under IFRS 9, loss allowances will be measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not.

All financial assets are in the scope of the impairment model except for financial instruments measured at FVTPL or FVOCI.

As a practical expedient the Lifetime ECL measurement applies for trade receivables and contract assets without a significant financing component.

The application of IFRS 9's impairment requirements at 1 January 2018 requires a change of impairment methodology; however the Group has estimated that application of the lifetime ECL measurement will not result in any material change to the impairment losses.

iii. Classification—Financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities.

However, under IAS 39 all fair value changes of liabilities designated as at FVTPL are recognised in profit or loss, whereas under IFRS 9 these fair value changes are generally presented as follows:

- the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and
- the remaining amount of change in the fair value is presented in profit or loss.

The Group has no financial liabilities designated as FVTPL.

The Group's assessment did not indicate any material impact regarding the classification of financial liabilities at 1 January 2018.

iv. Hedge accounting

When initially applying IFRS 9, the Group may choose as its accounting policy to continue to apply the hedge accounting requirements of IAS 39 instead of the requirements in IFRS 9. The Group has chosen to apply the new requirements of IFRS 9.

The Group's preliminary assessment indicates that the types of hedge accounting relationships that the Group currently designates should be capable of meeting the requirements of IFRS 9 if the Group completes certain planned changes to its internal documentation and monitoring processes.

As the Group is not applying hedge accounting as at 31 December 2017, the application of IFRS 9's hedge accounting requirements at 1 January 2018 will not have a material impact.

v. Disclosures

IFRS 9 will require extensive new disclosures, in particular regarding credit risk and ECLs. The Group's assessment included an analysis to identify data gaps against current processes and the Group is in the process of implementing the system and controls changes that it believes will be necessary to capture the required data.

vi. Transition

Changes in accounting policies resulting from the adoption of IFRS 9 will generally be applied retrospectively, except as described below.

- The Group will take advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 will generally be recognised in retained earnings and reserves as at 1 January 2018.

- The new hedge accounting requirements should generally be applied prospectively.

- The following assessments have to be made on the basis of the facts and circumstances that exist at the date of initial application.

    - The determination of the business model within which a financial asset is held.

    - The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.

    - The designation of certain investments in equity instruments not held for trading as at FVOCI.

IFRS 16 Leases (mandatory for year commencing on or after 1 January 2019 with early adoption permitted only for companies that also apply IFRS 15 Revenue from Contracts with Customers)

IFRS 16 replaces existing leasing guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases—Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply IFRS 15 at or before the date of initial application of IFRS 16.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard—i.e. lessors continue to classify leases as finance or operating leases.

The Group has completed an initial assessment of the potential impact on its consolidated financial statements but has not yet completed its detailed assessment. The actual impact of applying IFRS 16 on the financial statements in the period of initial application will depend on future economic conditions, including the Group's borrowing rate at 1 January 2019, the composition of the Group's lease portfolio at that date, the Group's latest assessment of whether it will exercise any lease renewal options and the extent to which the Group chooses to use practical expedients and recognition exemptions.

So far, the most significant impact identified is that the Group will recognise new assets and liabilities for its operating leases of vessels, storage and transportation infrastructure. As at 31 December 2017, the Group's future minimum lease payments under non-cancellable operating leases amounted to EUR 123.6 million, on an undiscounted basis (see note 21).

In addition, the nature of expenses related to those leases will now change as IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities.

No significant impact is expected for the Group's finance leases.

i. Transition approach

The Group has a number of arrangements that are not in the legal form of a lease, for which it concluded that the arrangement contains a lease of equipment under IFRIC 4. On transition to IFRS 16, the Group can choose whether to:

- apply the IFRS 16 definition of a lease to all its contracts; or
- apply a practical expedient and not reassess whether a contract is, or contains, a lease.

The Group does not plan to apply the practical expedient to grandfather the definition of a lease on transition. This means that the new definition of a lease under IFRS 16 will be applied to all of the contracts in place on transition.

As a lessee, the Group can either apply the standard using a:

- retrospective approach; or
- modified retrospective approach with optional practical expedients.

The lessee applies the election consistently to all of its leases.

The Group plans to apply IFRS 16 initially on 1 January 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information.

When applying the modified retrospective approach to leases previously classified as operating leases under IAS 17, the lessee can elect, on a lease-by-lease basis, whether to apply a number of practical expedients on transition. The Group is assessing the potential impact of using these practical expedients.

The Group is not required to make any adjustments for leases in which it is a lessor except where it is an intermediate lessor in a sub-lease.

Other standards

The following new or amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements.

- Annual Improvements to IFRSs 2014-2016 Cycle—Amendments to IFRS 1 and IAS 28.
- Annual Improvements to IFRSs 2015-2017 Cycle—Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23.
- Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2).
- Transfers of Investment Property (Amendments to IAS 40).
- Prepayment Features with Negative Compensation (Amendments to IFRS 9).
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).
- Plan Amendment, Curtailment or Settlement (Amendments to IAS 19).
- IFRIC 22 Foreign Currency Transactions and Advance Consideration.
- IFRIC 23 Uncertainty over Income Tax Treatments.

Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. When measuring the fair value of an asset or liability, the Group uses

market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation method as follows:

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

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Fair values have been determined for measurement or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Intangible assets and goodwill

The fair value of patents, trademarks and technologies acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the patent, trademark or technology being owned. The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that contribute to achieve to related cash flows.

The fair value of the cash generating units for goodwill has been determined based on estimated discounted cash flows.

(b) Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is the estimated amount for which a property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably. The fair value of items of plant, equipment, fixtures and fittings is based on the market approach or cost approaches using quoted market prices for similar items when available or depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence of buildings used for production, machinery and equipment acquired in a business combination. The fair value of land and office and laboratory buildings or warehouses acquired in a business combination is based on discounted cash flows or rental income estimates.

(c) Trade and other receivables

The fair value of trade and other receivables is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes or when such assets are acquired in a business combination.

(d) Forward exchange contracts

The fair value of forward exchange contracts is based on their quoted price, if available. If a quoted price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a credit-adjusted risk-free interest rate (based on government bonds).

(e) Other non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. In respect of the unfavourable contracts assumed in a business combination, the fair value is based on estimates of future cash flows that exceed a contractual arrangement at market terms and the effect of discounting such excess cash outflows.

2. Acquisition of subsidiary

As of 28 February 2017, INEOS Styrolution acquired the K-Resin® styrene-butadiene copolymers (SBC) business from Chevron Phillips Chemical Company LLC (Chevron Phillips Chemical) and Daelim Industrial Co. Ltd. The transaction includes the purchase of 100% of the equity interests in KR Copolymer Co. Ltd. (KRCC), K-Resin SBC intellectual property, inventories and other assets related to the SBC business. This acquisition is in line with the Company's 'Triple Shift' growth strategy.

The purchase price was agreed at USD 127 million. The purchase agreement provided for corrections for net working capital contributions and this reduced the actual cash payment to USD 121.2 million (EUR 114.2 million). The Group incurred acquisition-related costs of EUR 1.6 million on legal fees and due diligence costs. These costs have been included in "administrative expenses" when incurred.

2. Acquisition of subsidiary

The fair value of the consideration exchanged in the transaction has been allocated to the following identified assets acquired and liabilities assumed:

In millions of EUR	Fair values
Assets	
Intangible assets	65.5
Property, plant and equipment	14.7
Inventories	41.1
Cash and cash equivalents	14.3
Liabilities	
Employee benefits	(13.8)
Deferred tax liabilities	(19.4)
Other net assets and liabilities	(3.6)
Net assets of businesses acquired	**98.8**
Consideration paid	114.2
Thereof Goodwill	**15.4**

Fair values have been determined on a provisional basis, in particular intangible assets, goodwill, property, plant and equipment, provisions and deferred taxes. If new information is obtained within one year from the acquisition date about facts and circumstances that existed at the acquisition date, adjustments to the above fair values will be made.

The goodwill is the remaining difference between net assets acquired, adjusted for the fair value of the consideration and includes certain economic benefits that cannot be identified as separate intangible assets. The goodwill is attributable to the value of customer relations, intellectual property and the profitability of the acquired business. Goodwill has been mainly allocated to the Asia polymers segment and is not expected to be deductible for income tax purposes.

The fair value of acquired trade receivables is EUR 5.5 million. The trade receivables comprise gross contractual amounts due of EUR 5.6 million, of which EUR 0.1 million was expected to be uncollectable at the date of acquisition.

For the ten month period since 1 March 2017, the acquired business contributed a revenue of EUR 77.6 million and an EBITDA of EUR 7.2 million. EBITDA is reduced because of inventory fair value considerations in the opening balance. If the acquisition had occurred on 1 January 2017, management estimates that consolidated revenue would have been EUR 95.9 million and the EBITDA including fair value considerations would have been EUR 10.2 million.

3. Profit from operating activities

Revenue

In millions of EUR	1 January to 31 December 2017	1 January to 31 December 2016
Sales of goods to third parties	5,247.7	4,402.2
Sales of goods to related parties	94.7	67.5
Total	**5,342.4**	**4,469.7**

Sales of goods to related parties contain sales to INEOS.

The split of revenue by region is as following:

In millions of EUR	1 January to 31 December 2017	1 January to 31 December 2016
EMEA	1,856.1	1,590.1
Americas	2,215.4	1,889.7
Asia	1,270.9	989.9
Total	**5,342.4**	**4,469.7**

The split of revenue by product group is as following:

In millions of EUR	1 January to 31 December 2017	1 January to 31 December 2016
Global Styrene Monomer	1,046.5	795.6
Polystyrene	1,985.8	1,799.1
ABS Standard	888.5	706.0
Specialties	1,421.6	1,169.0
Total	**5,342.4**	**4,469.7**

Expenses by nature

In millions of EUR	Note	1 January to 31 December 2017	1 January to 31 December 2016
Cost of production		(4,025.8)	(3,251.1)
Personnel expenses	4	(282.0)	(259.5)
Other personnel related expenses		(37.7)	(41.1)
Contract services		(24.1)	(17.6)
Depreciation and amortisation		(226.9)	(219.7)
Consulting and professional fees		(4.0)	(2.8)
Insurance, supplies and maintenance expenses		(56.8)	(70.2)
Operating lease payments		(27.1)	(19.1)
Other expenses		(51.6)	(12.8)
Total		**(4,736.0)**	**(3,893.9)**

Cost of production comprises raw material costs, utilities, freight and selling expenses. Within the other expenses, there are other income items of EUR 11.5 million (2016: EUR 9.7 million) for site services.

Other expenses contain the expenses related to a liability recognised to the previous shareholder BASF under prior legal agreements.

Auditors' fee

In millions of EUR	1 January to 31 December 2017	1 January to 31 December 2016
Annual audit	1.6	1.5
Audit related services	0.1	0.1
Tax consultation services	1.0	0.6
Other services	—	—
Total	**2.7**	**2.2**

The total in 2017 includes fees paid to PricewaterhouseCoopers LLP worldwide for the audit of the consolidated financial statements and the audits of the financial statements of the Company and several of its worldwide subsidiaries.

4. Staff numbers and costs

In millions of EUR	1 January to 31 December 2017	1 January to 31 December 2016
Wages and salaries	(237.5)	(219.5)

Compulsory social security contribution	(28.0)	(25.8)
Other pension costs	(16.5)	(14.2)
Total	**(282.0)**	**(259.5)**

The average monthly number of employees during 2017 was 3,230 (2016: 3,103) in full-time equivalents (FTE), of which 133 (2016: 135) were in management positions, 916 were administrative employees (2016: 878), and 2,181 (2016: 2,090) factory workers.

The Group employed 3,315 (2016: 3,143) employees at 31 December 2017, in full-time equivalents. The employees worked in the following regions:

	31 December 2017	31 December 2016
EMEA	1,407	1,355
Asia	1,049	976
Americas	859	812
Total	**3,315**	**3,143**

5. Directors' remuneration

The directors did receive emoluments of their services to the company during the year. The legal restructuring of the Group led to changes in the directors of INEOS Styrolution Holding Limited in 2016. There were no changes in 2017.

The total compensation the key management personnel (see note 25) received for the full year periods as Management Board of the Group were as follows:

In millions of EUR	1 January to 31 December 2017	1 January to 31 December 2016
Short-term employee benefits	(4.4)	(3.8)
Post-employment benefits	(0.2)	(0.3)
– *thereof defined-benefit*	*(0.1)*	*(0.1)*
– *thereof defined-contribution*	*(0.1)*	*(0.2)*
Termination Benefits	—	—
Other long-term benefits	(1.7)	(1.8)
Total	**(6.3)**	**(5.9)**

The total compensation the Board of Directors received for the full year periods they were directors of the company (see Directors report, section Directors) as Board of Directors of INEOS Styrolution Holding Limited were as follows:

In millions of EUR	1 January to 31 December 2017	1 January to 31 December 2016
Short-term employee benefits	(2.0)	(1.3)
Post-employment benefits	(0.1)	(0.1)
– *thereof defined-benefit*	—	*(0.1)*
– *thereof defined-contribution*	*(0.1)*	—
Termination Benefits	—	—
Other long-term benefits	(0.7)	(0.8)
Total	(2.8)	(2.2)

The compensation the highest paid director received for the full year period 2017 and 2016 as Board of Directors of INEOS Styrolution Holding Limited were as follows:

In millions of EUR	1 January to 31 December 2017	1 January to 31 December 2016
Short-term employee benefits	(1.4)	(0.5)

Post-employment benefits	(0.1)	(0.1)
– *thereof defined-benefit*	—	*(0.1)*
– *thereof defined-contribution*	*(0.1)*	—
Termination Benefits	—	—
Other long-term benefits	(0.5)	(0.3)
Total	**(2.0)**	**(0.9)**

6. Finance income and costs

In millions of EUR	1 January to 31 December 2017	1 January to 31 December 2016
Finance income		
Interest receivable	5.3	5.1
Interest receivable on related party balances	—	0.8
Exchange movements	—	25.5
Total finance income	**5.3**	**31.4**
Finance costs		
Interest payable	(45.3)	(101.9)
Interest payable on related party balances	(7.7)	(17.4)
Interest on employee benefit liabilities	(1.2)	(1.0)
Exchange movements	(49.6)	—
Total finance costs	**(103.8)**	**(120.3)**
Net finance costs	**(98.5)**	**(88.9)**

INEOS Styrolution redeemed the outstanding EUR tranche of the institutional term loan held by INEOS in October 2017. In addition, the Group completed two repricing transactions for the outstanding institutional term loans during 2017. Due to the reduction of gross debt and improved nominal interest rates for the outstanding term loans, the net interest cost decreased for the year 2017 compared to 2016 (see note 15). This decrease was partly offset by the write down of EUR 1.0 million of capitalized financing costs that related to the 2016 financing shown in interest payable.

7. Income tax expense

In millions of EUR	1 January to 31 December 2017	1 January to 31 December 2016
The components of income tax benefit (expense) are as follows:		
United Kingdom:		
Current taxes	—	—
Deferred taxes	—	—
Total UK taxes	—	—
Foreign:		
Current taxes	(164.5)	(130.7)
Deferred taxes	149.7	20.9
Total Foreign taxes	**(14.8)**	**(109.8)**
Income tax expense	**(14.8)**	**(109.8)**

The Group's operations are subject to income taxes in various jurisdictions. Excluding certain tax incentives, the statutory income tax rates vary from 9.8 percent to 35 percent; the applicable weighted average tax rate of the group was 20.2 percent for the period ended 31 December 2017 (2016: 22.8 percent).

With the US tax reform enacted at 22 December 2017, the US corporate tax rate is reduced from 35% to 21% effective as of 1 January 2018. Any deferred tax in the US entities expected to reverse after 1 January 2018 has been remeasured using the new corporate tax rate of 21%.

With the Belgium tax reform also enacted in December 2017, the corporate tax rate is reduced from 34% to 29.6% effective as of 1 January 2018 and further down to 25% as of 1 January 2020. Any deferred tax in the Belgium entities expected to reverse after 1 January 2018 has been remeasured using the new corporate tax rates.

A reconciliation of the applicable weighted average tax rate as a percentage of profit before taxes and the effective income tax rate is as follows:

In millions of EUR	1 January to 31 December 2017	%	1 January to 31 December 2016	%
Income before taxes	507.9		486.9	
Expected tax expense	(102.6)	(20.2)	(111.0)	(22.8)
Effect from tax rate change	67.1	13.2	2.9	0.6
Tax exempt income	6.3	1.2	7.6	1.6
Non-deductible expenses	(8.6)	(1.7)	(14.8)	(3.0)
Adjustments prior year tax charge	1.8	0.4	4.7	1.0
Effects from valuation allowances	0.6	0.1	1.1	0.2
Applicable tax credits	1.6	0.3	3.5	0.7
Other	19.0	3.7	(3.8)	(0.8)
Income tax expense / effective tax rate	**(14.8)**	**(2.9)**	**(109.8)**	**(22.6)**

The effect from valuation allowances is based on the non-recognition of deferred tax assets on tax losses. The effective income tax rate decreased from 22.6 percent as of 31 December 2016 to 2.9 percent as of 31 December 2017, mainly due to three reasons. A positive net effect is caused by the US and the Belgium tax reforms. Both reforms led to a reduction in the deferred tax positions. The other effect relates mainly to the recognition of a tax asset at INEOS Styrolution Investment GmbH resulting from the transfer of assets to INEOS Styrolution from the previous shareholder BASF in 2014 where recognition criteria have been met in 2017.

8. Property, plant and equipment

In millions of EUR	Land	Buildings	Technical installations	Under construction	Total
Cost					
1 January 2016	**73.9**	**121.8**	**1,066.5**	**74.6**	**1,336.8**
Additions	—	0.4	30.4	92.6	123.4
Transfers	0.1	2.9	53.9	(56.9)	—
Retirements/Disposals	(0.4)	(3.0)	(13.0)	—	(16.4)
Effect of movements in exchange rates	1.9	1.5	19.1	4.6	27.1
31 December 2016	**75.5**	**123.6**	**1,156.9**	**114.9**	**1,470.9**
Additions	—	0.2	9.8	136.1	146.1
Business acquisitions	3.0	2.9	8.8	—	14.7
Transfers	—	1.2	88.8	(88.2)	1.8
Retirements/Disposals	(0.1)	(0.2)	(22.2)	—	(22.5)
Effect of movements in exchange rates	(5.2)	(3.9)	(61.9)	(13.4)	(84.4)
31 December 2017	**73.2**	**123.8**	**1,180.2**	**149.4**	**1,526.6**
Accumulated depreciation and impairment losses					
1 January 2016	**0.7**	**33.4**	**374.3**	**0.3**	**408.7**
Depreciation for the period	0.1	8.4	129.4	—	137.9
Transfers	—	—	—	—	—
Retirements/Disposals	(0.4)	(3.0)	(12.4)	—	(15.8)
Effect of movements in exchange rates	(0.2)	0.3	6.7	—	6.8
31 December 2016	**0.2**	**39.1**	**498.0**	**0.3**	**537.6**
Depreciation for the period	0.1	8.4	133.2	—	141.7
Transfers	—	—	1.8	—	1.8
Retirements/Disposals	—	(0.2)	(21.5)	—	(21.7)
Effect of movements in exchange rates	(0.1)	(0.9)	(20.3)	—	(21.3)
31 December 2017	**0.2**	**46.4**	**591.2**	**0.3**	**638.1**
Carrying amounts					
At 31 December 2016	75.3	84.5	658.9	114.6	933.3
At 31 December 2017	**73.0**	**77.4**	**589.0**	**149.1**	**888.5**

In 2013 the Group recognised a building under a finance lease contract at EUR 8.3 million at inception. The net carrying amount of the building at balance sheet date amounts to EUR 7.1 million.

9. Intangible assets and goodwill

In millions of EUR	Goodwill	Customer relationships	Patents, Trademarks	Technologies	Under Construction	Other	Total
Cost							
1 January 2016	**710.9**	**735.2**	**24.7**	**187.0**	**1.6**	**55.0**	**1,714.4**
Additions	—	—	—	1.8	1.4	0.7	3.9
Transfers	—	—	—	—	(0.8)	0.8	—
Retirements/Disposals	—	—	—	(0.6)	—	(0.8)	(1.4)
Effect of movements in exchange rates	14.4	9.7	0.3	2.1	—	0.3	26.8
31 December 2016	**725.3**	**744.9**	**25.0**	**190.3**	**2.2**	**56.0**	**1,743.7**
Additions	—	—	—	—	1.3	—	1.3
Business acquisitions.	15.4	55.8	1.5	7.9	—	0.3	80.9
Transfers	—	—	—	0.7	(1.4)	0.7	—
Retirements/Disposals	—	—	—	(3.1)	—	(0.2)	(3.3)

Effect of movements in exchange rates	(45.1)	(33.5)	(0.8)	(10.5)	(0.2)	4.2	(85.9)
31 December 2017	**695.6**	**767.2**	**25.7**	**185.3**	**1.9**	**61.0**	**1,736.7**
Accumulated amortisation and impairment losses							
1 January 2016	**—**	**65.4**	**1.6**	**15.5**	**—**	**28.6**	**111.1**
Amortization for the period	—	60.1	1.3	9.4	—	11.0	81.8
Transfers	—	—	—	—	—	—	—
Retirements/Disposals	—	—	—	—	—	(0.8)	(0.8)
Effect of movements in exchange rates	—	2.1	(0.1)	0.4	—	—	2.4
31 December 2016	**—**	**127.6**	**2.8**	**25.3**	**—**	**38.8**	**194.5**
Amortisation for the period	—	62.0	1.3	10.3	—	11.6	85.2
Transfers	—	—	—	—	—	—	—
Retirements/Disposals	—	—	—	—	—	(0.2)	(0.2)
Effect of movements in exchange rates	—	(5.8)	(0.1)	(0.8)	—	—	(6.7)
31 December 2017	**—**	**183.8**	**4.0**	**34.8**	**—**	**50.2**	**272.8**
Carrying amounts							
At 31 December 2016	725.3	617.3	22.2	165.0	2.2	17.2	1,549.2
At 31 December 2017	**695.6**	**583.4**	**21.7**	**150.5**	**1.9**	**10.8**	**1,463.9**

The amortisation of the intangible assets is included within cost of sales. The maximum remaining useful life of customer relationships, Patents, Trademarks and Technologies is 20 years. Intangible assets under construction presented at 31 December 2017 related to software licenses.

The carrying amounts of the customer relationships, technologies (production technologies) and patents / trademarks relate to the identified intangible assets resulting from the purchase price allocation in 2014 when INEOS acquired BASF's 50% shares in the Group. Their initial cost is the fair value at the date of acquisition. In addition, in 2017 the Group acquired intangible assets with the K-Resin acquisition. The carrying amounts of these assets resulting from the purchase price allocation in 2017 and are presented in the line acquisitions.

Impairments—if any—can be a result of either the evidence that the assumptions for determining the estimated useful lives are incorrect or the annual impairment test of the cash-generating unit to which the acquisition-related intangible assets are related.

Goodwill impairment testing

Management identifies the operating segments as cash generating units for purposes of monitoring goodwill for impairment. The carrying amount of goodwill has been allocated to the following cash generating units:

In millions of EUR	31 December 2017	31 December 2016
Polymers EMEA	252.2	252.0
Polymers Asia	96.5	86.4
Polymers Americas	175.2	198.8
Styrene Monomer	171.7	188.1
Total	**695.6**	**725.3**

The Group determined the recoverable amount based on value in use. The recoverable amount is calculated on a long-term business plan for the cash generating units with a detailed planning period of three years and a consistent terminal growth rate of 0.5 percent for each unit for the period thereafter. Key assumption on which the management based its cash flow projection is an increase of the EBITDA 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 increase revenues and profitability.

The main assumptions for the preparation of the three-year-business plan are economic development in its main customer regions and industries and the resulting demand and supply balance for its product groups. These assumptions are based on external market data as well as internal assessments. INEOS Styrolution expects its Specialties and ABS Standards products groups to continue to grow, especially in its key focus industries. The Group has also announced to invest in these products and increase capacity to meet the growing demand. Polystyrene demand is expected to slightly decrease in line with demand for packaging. Styrene Monomer will grow moderately. Gross margin levels are expected to reduce to mid-cycle level, because of increasing feedstock costs. For the main foreign currencies a stable exchange rate on the current level is expected so that profitability and cash flows are not materially affected by exchange rate changes.

9. Intangible assets and goodwill

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 America	Polymers Asia	Styrene Monomer
Pre-tax discount rate	9.92%	11.14%	11.86%	10.81%

The estimated recoverable amount exceeded the carrying amount for all cash generating units.

In millions of EUR	Polymers EMEA	Polymers America	Polymers Asia	Styrene Monomer
Excess recoverable amount over carrying amount	899	1,144	275	886

10. Investments

The group consists of INEOS Styrolution Holding Limited and the following consolidated subsidiaries:

Name of the company	Country of incorporation and registered address	Voting share	Ownership share
INEOS Styrolution Financing Limited[2]	United Kingdom, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG	100%	100%
INEOS Styrolution Investment GmbH[1]	Germany, Mainzer Landstrasse 50, 60325 Frankfurt	100%	100%
INEOS Styrolution Holding GmbH[1]	Germany, Mainzer Landstrasse 50, 60325 Frankfurt	100%	100%
INEOS Styrolution America LLC	USA, 1209 Orange Street, Wilmington DE 19801, Delaware	100%	100%
INEOS Styrolution Belgium NV	Belgium, Haven 725, Scheldelaan 600, 2040 Antwerp	100%	100%
INEOS Styrolution Belgium Services bvba	Belgium, 2070 Zwijndrecht, Nieuwe Weg 1, 1053 Haven, Mechelen	100%	100%
INEOS Styrolution Beteiligungs GmbH[1]	Germany, Mainzer Landstrasse 50, 60325 Frankfurt	100%	100%
INEOS Styrolution Canada Ltd.	Canada, 872 Tashmoo Avenue, Sarnia ON N7T 8A3 Ontario	100%	100%
INEOS Styrolution do Brasil Polimeros Ltda.	Brazil, Rua Arandu, 57, anterior 1544, conjuntos 111 and 112, Brooklin Paulista, São Paulo 04562-910	100%	100%
INEOS Styrolution HongKong Company Limited	China, Room 905, 9/F, OfficePlus@Sheung Wan, 93-103 Wing Lok Street, Sheung Wan, Hong Kong	100%	100%
INEOS Styrolution Europe GmbH[1]	Germany, Mainzer Landstrasse 50, 60325 Frankfurt	100%	100%
INEOS Styrolution France SAS	France, rue Albert Duplat, F-62410 Wingles	100%	100%
INEOS Styrolution France Services SAS	France, 95 rue la Boétie, F-75008 Paris	100%	100%
INEOS Styrolution Group GmbH[1]	Germany, Mainzer Landstrasse 50, 60325 Frankfurt	100%	100%
INEOS Styrolution Iberia S.L.	Spain, Ronda General Mitre 28-30, 08017 Barcelona	100%	100%
INEOS Styrolution India Limited	India, 6th Floor, ABS Towers, Old Padra Road, 390007 Vadodara	75%	75%
INEOS Styrolution Switzerland SA	Switzerland, Avenue des Uttins 3, CH-1180 Rolle	100%	100%
INEOS Styrolution Italia S.r.L.	Italy, Via Caldera 21, 20153 Milano Cesano Maderno	100%	100%

INEOS Styrolution Kimyasal Ürünler Ticaret Limited Sirketi	Turkey, Eski Büyükdere Cad. No. 9/78, Iz Plaza Giz, Zemin Kat Oda no. 9-K, 34398 Maslak Şişli Istanbul	100%	100%
INEOS Styrolution Köln GmbH[1]	Germany, Alte Strasse 201, 50769 Cologne	100%	100%
INEOS Styrolution Korea Ltd.	South Korea, Sanggae-ro 143 (Sanggae-dong), Nam-gu, Ulsan	100%	100%
KR Copolymer Co. Ltd. *(acquired on 1 March 2017)*	South Korea, 14th Fl., Ace Tower, 1-170, SunHwa-Dong, Chung-Ku, Seoul	100%	100%
INEOS Styrolution Ludwigshafen GmbH[1]	Germany, Mainzer Landstrasse 50, 60325 Frankfurt	100%	100%
INEOS Styrolution Mexicana, S.A. de C.V.	Mexico, Avenida Insurgentes Sur No. 859, Piso 11, Colonia Nápoles, 03810, Mexico City	100%	100%
INEOS Styrolution Netherlands B.V.	The Netherlands, Strawinskylaan 411, NL-1077 XX Amsterdam	100%	100%
INEOS Styrolution OOO	Russian Federation, Bldg. 3, 18 Pyatnitskaya St., 115035 Moscow	100%	100%
INEOS Styrolution Poland Sp. z o.o.	Poland, ul. Wołoska 9, 02-583 Warszawa Legionowo	100%	100%
INEOS Styrolution Polymers (Shanghai) Co. Ltd.	China, Suite 2304, Central Towers, 567 Langao Road, Putuo District, Shanghai 200333	100%	100%
INEOS Styrolution Polymers (Shanghai) Co. Ltd.—Guangzhou Branch	China, Suite 3406, Teem Tower, No. 208, Tianhe Road, Tianhe District, Guangzhou 510620 Shanghai	100%	100%
INEOS Styrolution Schwarzheide GmbH[1]	Germany, Schipkauer Strasse 1, 01987 Schwarzheide	100%	100%
INEOS Styrolution Servicios, S.A. de C.V.	Mexico, Avenida Insurgentes Sur No. 859, Piso 11, Colonia Nápoles, 03810, Mexico City	100%	100%
INEOS Styrolution APAC Pte Ltd.	Singapore, 111 Somerset Road, #08 238164 Singapore	100%	100%
INEOS Styrolution UK Limited	United Kingdom, c/o DWF LLP, 1 Scott Place 2 Hardman Street, Manchester M3 3AA	100%	100%
INEOS Styrolution US Holding LLC	USA, 1209 Orange Street, Wilmington DE 19801, Delaware	100%	100%
INEOS Styrolution Verwaltungsgesellschaft GmbH[1]	Germany, Mainzer Landstrasse 50, 60325 Frankfurt	100%	100%
INEOS Styrolution (Thailand) Co., Ltd.	Thailand, No. 4/2, I-8 Road, T. Map Ta Phut, A Muang, 2115 Rayong	100%	100%
INEOS Styrolution Vietnam Co., Ltd.	Vietnam, 11th Floor, Lotte Center Hanoi, 54 Lieu Giai Street Hanoi	100%	100%
INEOS Styrolution APAC Pte Ltd.—Japan Branch	Japan, Nishishinjuku 1-25-1, Shinjuku-ku, Tokyo-to	100%	100%
Deutsche Bank Mexico F/1787 Styrolution	Mexico, Torre Virreyes, Pedregal 24, Piso 20, Colonia Molino del Rey, 11040, Mexico City	0%	0%
INEOS Styrolution Receivables Finance Designated Activity Company	Ireland, 3rd Floor, Kilmore House, Park Lane, Spencer Dock, Dublin 1	0%	0%

(1) Pursuant to HGB, section 264 (3), these subsidiaries are exempt from applying certain legal requirements to their statutory stand-alone financial statements for the year ended 31 December 2017.

(2) Company held directly by INEOS Styrolution Holding Limited. All other companies are held indirectly.

On 1 March 2017, INEOS Styrolution acquired 100% of the equity interests in KR Copolymer Co. Ltd. (KRCC). On 27 July 2017, INEOS Styrolution do Brasil ABS S.A. was liquidated. On 23 November 2017, INEOS Styrolution Brazil Holding B.V. was liquidated.

The non-controlling interest is in INEOS Styrolution India Limited and represents publicly traded shares. INEOS Styrolution India Limited generated revenues of EUR 242.7 million (2016: EUR 204.3 million) and a net income of EUR 9.7 million (2016: EUR 10.1 million) and holds non-current assets of EUR 27.8 million at 31 December 2017 (2016: EUR 29.1 million), current assets of EUR 101.8 million at 31 December 2017 (2016: EUR 97.1 million), non-current liabilities of EUR 4.6 million at 31 December 2017 (2016: EUR 4.2 million) and current liabilities of EUR

53.9 million at 31 December 2017 (2016: EUR 56.0 million). In India, there are restrictions on INEOS Styrolution India Limited to access or use assets due to the non-controlling interest.

There are no further restrictions to the entities within the Group, unless cash movements are restricted by local law. For all subsidiaries listed, the financial year corresponds to the calendar year. Only the financial year of INEOS Styrolution India Limited ends on 31 March of a year, due to local legal requirements.

11. Inventories

In millions of EUR	31 December 2017	31 December 2016
Raw materials	129.2	109.4
Finished goods	399.5	331.2
Catalysts, maintenance and other spares	18.2	11.9
Total	**546.9**	**452.5**

The net write down of inventories to net realizable value recognised in profit and loss amounted to EUR 1.5 million (2016: EUR 1.5 million) after the reversal of previous write downs of EUR 2.8 million (2016: nil).

12. Trade and other receivables

In millions of EUR	31 December 2017	31 December 2016
Trade receivables due from third parties	593.2	512.5
Trade receivables due from related parties	14.0	5.6
Trade receivables	**607.2**	**518.1**
Income tax receivables	**49.6**	**41.2**
Other receivables from related parties	—	0.1
VAT receivables	47.6	45.1
Receivables from shareholder	—	0.4
Prepaid expenses	7.4	4.5
Other current receivables	12.3	18.4
Other receivables and miscellaneous current assets	**67.3**	**68.5**
Total current trade and other receivables	**724.1**	**627.8**
Other non-current receivables	4.9	3.9
Other receivables and miscellaneous non-current assets	**4.9**	**3.9**

Trade Receivables Ageing

In millions of EUR	Trade Receivables 31 December 2017	Impairments thereof 31 December 2017	Trade Receivables 31 December 2016	Impairments thereof 31 December 2016
Trade receivables not overdue	563.9	—	470.5	—
Trade receivables 0-30 days overdue	41.9	—	40.3	—
Trade receivables 31-90 days overdue	3.5	(2.1)	3.6	(1.6)
Trade receivables more than 90 days overdue	3.5	(3.5)	8.4	(3.1)
Total	**612.8**	**(5.6)**	**522.8**	**(4.7)**

12. Trade and other receivables

External receivables of INEOS Styrolution Europe GmbH, INEOS Styrolution Switzerland SA, INEOS Styrolution America LLC, INEOS Styrolution Canada Ltd. and INEOS Styrolution Mexicana S.A. de C.V. are pledged as security for an external loan as part of the EUR 500 million asset securitization program of INEOS Styrolution Group GmbH.

The Group's exposure to credit and currency risk, and impairment losses related to trade and other receivables is disclosed in note 20.

13. Share capital

Fully paid

In millions of EUR	31 December 2017	31 December 2016
200,100 ordinary shares of EUR 1.38 each	0.3	0.3
Total	**0.3**	**0.3**

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.

Please refer to note 5 on page 84 of the company financial statement.

14. Dividends

On 29 March 2017, the Company's shareholder approved an interim dividend out of the net profit for the year 2016 of EUR 3.75 million from INEOS Styrolution Holding Limited to the shareholder INEOS Industries Holdings Limited.

On 9 June 2017, the Company's shareholder approved an interim dividend out of the net profit for the year 2016 of EUR 3.75 million from INEOS Styrolution Holding Limited to the shareholder INEOS Industries Holdings Limited.

On 13 September 2017, the Company's shareholder approved an interim dividend out of the expected net profit for the year 2017 of EUR 3.75 million from INEOS Styrolution Holding Limited to the shareholder INEOS Industries Holdings Limited.

On 12 October 2017, the Company's shareholder approved an interim dividend out of the expected net profit for the year 2017 of EUR 43.75 million from INEOS Styrolution Holding Limited to the shareholder INEOS Industries Holdings Limited.

The directors of the Company have proposed and paid a dividend of EUR 55.0 million (EUR 275 per share) during the year (2016: EUR 255.0 million). The Company does not propose a further dividend for 2017.

15. Financial indebtedness

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, foreign currency and liquidity risk see note 20.

In millions of EUR	31 December 2017	31 December 2016
Non-current financial indebtedness		
Institutional term loans	704.9	999.0
Borrowings from asset securitizations	100.0	100.0
Finance Lease and other	9.0	7.7

Total	**813.9**	**1,106.7**

On 30 March 2017, INEOS Styrolution refinanced its outstanding institutional term loans in EUR and USD. The Company extended the maturity of the term loans until March 2024 with improved conditions of E+250 bps (0.75% floor) and L+275 bps.

INEOS Styrolution redeemed the outstanding EUR tranche in the amount of EUR 248 million with INEOS Holdings Limited on 30 October 2017.

On 22 November 2017, INEOS Styrolution successfully closed an amendment transaction for its two institutional term loan tranches. The volumes are EUR 447 million and USD 329 million with institutional investors. The borrowings consist of EUR and USD tranches, each maturing in March 2024 and priced at EURIBOR/USD LIBOR +200 basis points with the EURIBOR floor of 0.5%. INEOS Styrolution Group GmbH and INEOS Styrolution US Holding LLC remain the borrowers.

Under the terms of asset securitization programs, certain subsidiaries of the Group sell eligible customer receivables to a consolidated special purpose entity with INEOS Styrolution Group GmbH acting as master servicer. The availability of the asset securitization program to the Group is subject to the volume of receivables that are sold to the special purpose entity as well as the performance of the customer receivable portfolio, which is pledged as collateral for the financing by a committed lender or institutional buyers (conduit investors). The facility matures in March 2019.

The term loans as well as the asset securitization program are subject to specific terms and failure by the Company to perform in accordance with these terms may result in a termination of these facilities. An event of default in either of the two facilities would also result in a cross default. During the reporting period the Company has fulfilled all obligations in its financing arrangements.

In millions of EUR	31 December 2017	31 December 2016
Current financial indebtedness		
Institutional term loans	7.2	7.8
Short-term borrowings other	18.9	23.7
Total	**26.1**	**31.5**

In order to manage local financing requirements, INEOS Styrolution has established a number of working capital facilities with local banks to meet the requirements of its entities whereby legislation limits or prohibits funding through liquidity available at Group level. These short-term credit facilities are arranged in India, Korea, Singapore and Thailand. The undrawn amount of those facilities as at 31 December 2017 was about EUR 95.6 million (2016: EUR 101.1 million) equivalent.

Terms and debt payment schedule

Terms of the significant outstanding financial indebtedness were as follows:

31 December 2017 In millions of EUR	Currency	Nominal interest rate	Year of maturity	Face value	Carrying amount[1]
Institutional term loan	EUR	EURIBOR (0.5% floor) + 200 bps	March 2024	447.2	441.6
Institutional term loan	USD	USD LIBOR + 200 bps	March 2024	275.4	270.5
Assets securitization	EUR	1.17%	March 31, 2019	100.0	100.0
Total				**822.6**	**812.1**

(1) The carrying amount of the term loans is reduced by EUR 10.5 million financing costs.

31 December 2016 In millions of EUR	Currency	Nominal interest rate	Year of maturity	Face value	Carrying amount[1]
Institutional term loan	EUR	EURIBOR (1% floor) + 375 bps	September 2021	623.4	608.7
Institutional term loan	USD	USD LIBOR (1% floor) + 375 bps	September 2021	399.4	390.3
Assets securitization	EUR	1.17%	March 31, 2019	100.0	100.0
Total				**1,122.8**	**1,099.0**

(1) The carrying amount of the term loans is reduced by EUR 12.4 million financing costs.

As a result of the Company's strong cash generation, the Company was able to reduce its gross debt in 2017.

Finance Lease Liabilities

In millions of EUR	31 December 2017	31 December 2016
Gross finance lease liabilities—minimum lease payments:		
No later than 1 year	1.3	0.5
Later than 1 year and not later than 5 years	3.4	1.9
Later than 5 years	10.9	11.3
Future finance charges on finance lease liabilities	(5.8)	(5.8)
Present value of finance lease liabilities	**9.8**	**7.9**

Present Value of Finance Lease Liabilities

In millions of EUR	31 December 2017	31 December 2016
No later than 1 year	0.9	0.2
Later than 1 year and not later than 5 years	2.0	0.6
Later than 5 years	6.9	7.1
Present value of finance lease liabilities	**9.8**	**7.9**

From the present value of finance lease liabilities of EUR 9.8 million (2016: EUR 7.9 million), EUR 0.9 million (2016: EUR 0.2 million) are current liabilities. EUR 8.9 million (2016: EUR 7.7 million) refer to non-current finance lease liabilities.

Cash and cash equivalents

In millions of EUR	31 December 2017	31 December 2016
Bank balances	254.0	242.5
Short-term investments	41.9	74.4
Total	**295.9**	**316.9**

Bank balances include an amount of EUR 68.1 million (2016: EUR 51.3 million) representing funds in collection accounts that facilitate the asset securitization program which are pledged to the lenders. These funds are available to the Company at the respective period end in the short term but not immediately. There is no restricted cash as of 31 December 2017 (31 December 2016: nil).

16. Employee benefits obligations

As part of the employment compensation package, the Group provides different retirement benefit arrangements or similar benefits covering (substantially) all employees depending on the legal, economic and fiscal environment in each country. The pension obligations comprise both defined benefit and defined contribution plans.

Net defined benefit and contribution obligations

The Group's defined benefit plans mainly exist in Canada, the United States of America and Germany and are at 31 December 2017 all fully or partially funded via pension funds. In order to limit the risks of changing capital market conditions and demographic developments, the major defined benefit plans have either been closed to new entrants or curtailed to preclude participants from vesting in additional benefits. The Group offers only defined contribution schemes to newly hired employees. In addition to their pension plans, the North American Group entities operate unfunded post-employment medical care plans.

Description of the defined benefit plans

- **Germany**

For German Group companies all defined benefit plans were closed in 2013 for new employees and replaced by a defined contribution plan, funded by Allianz Unterstützungskasse—*Allianz Pensions Management e.V.* and Allianz direct insurances—*Allianz Lebensversicherungs AG.* BASF and INEOS / BP heritage plans grant a basic level of benefits. For BASF plans accruals until end of 2014 are provided by BASF Pensionskasse VVaG. After the termination of membership, future accruals after 2014 are financed under a contractual trust arrangement. Occupational pension promises that exceed the basic level of benefits as also INEOS / BP basic level of benefits are financed via pension provisions with a contractual trust arrangement. The benefits are based on cash balance plans. Furthermore, employees are given the option of participating in various deferred compensation schemes.

- **Canada**

The Canadian Group company closed all defined benefit (final salary) plans for new employees. One of the two company's defined benefit plans has been frozen, with no further increases in benefits based on future years of service or salary increase. On 29 September 2016 Canadian regulators approved the merger of the two plans, effective date as at 31 December 2014.

- **United States of America**

Employees of the U.S. Group company receive benefits from defined contribution plans. The existing defined benefit plans were closed to further increases in benefits based on future years of service, and benefits earned in the past have been frozen. There is no entitlement to pension adjustments to compensate for cost-of-living increases. For future years of service, employees are granted benefits based on defined contribution plans.

- **South Korea**

Since March 2017 the company is consolidating post-employment benefit liabilities of the new acquired KRCC Business. In accordance with the Korean Employee Retirement benefit Security Act (ERBSA) and the KRCC's employee benefits policy, employees, who are terminating their employment with at least one year of service are entitled to severance and retirement benefits based on the rates of pay in effect at the time of termination, years of service and certain other factors.

The changes in the defined benefit obligation comprise:

In millions of EUR	31 December 2017	31 December 2016
Defined benefit obligation at the beginning of the period	**186.6**	**170.8**
Service costs	8.3	6.8
Interest cost	5.1	5.0
Business acquisition*	13.8	—
Employee contributions	0.2	0.2
Benefits paid by the plan	(7.7)	(3.5)
Benefits directly paid by employer	(0.8)	(1.7)
Actuarial (gains) / losses—experience adjustments	(2.2)	0.6
Actuarial (gains) / losses—demographic assumptions	(0.1)	(1.5)
Actuarial (gains) / losses—financial assumptions	0.9	8.0
Past service costs	—	(0.3)
Settlements	—	(2.2)
Other	—	0.5
Effect of movement in exchange rates	(7.1)	3.9
Defined benefit obligation at the end of the period	**197.0**	**186.6**

* Acquisition of KR Copolymer Co. Ltd.

Thereof		
Germany	90.4	85.9
Canada	42.2	46.8
USA	23.0	24.8
South Korea	20.7	6.8
Other Countries	20.7	22.3

The changes in the fair value of plan assets comprise:

In millions of EUR	31 December 2017	31 December 2016
Fair value of plan assets at the beginning of the period	**142.7**	**130.3**
Interest on plan assets	3.9	4.0
Return on plan assets greater / (less) than discount rate	5.3	3.1
Employer contributions	8.5	8.6
Plan participants' contributions	0.2	0.2
Disbursements	(9.4)	(5.2)
Settlements	—	(2.2)
Other	—	0.2
Effect of movement in exchange rates	(5.2)	3.7
Fair value of plan assets at the end of the period	**146.0**	**142.7**

16. Employee benefits obligations

The funded status of the defined benefit schemes is as follows:

Funded status of the defined benefit plans In millions of EUR	31 December 2017	31 December 2016
Defined Benefit Obligation	(197.0)	(186.6)
—thereof funded	(167.5)	(170.3)
—thereof unfunded	(29.5)	(16.3)
Fair Value of plan assets	146.0	142.7
Net defined benefit obligation	**(51.0)**	**(43.9)**
Thereof		
Germany	(22.3)	(26.1)
Canada	0.8	1.7
USA	(7.7)	(7.7)
South Korea	(14.2)	(0.8)
Other Countries	(7.6)	(7.6)

The following pension expenses resulting from defined benefit plans have been recognised in the statement of income:

In millions of EUR	2017	2016
Service costs	8.3	6.5
—thereof current service costs	8.3	6.8
—thereof settlement (gains)/losses	—	(0.3)
Net interest costs	1.2	1.0
Total	**9.5**	**7.5**
Thereof		
Germany	5.3	4.6
Canada	0.5	0.4
USA	0.6	0.6
South Korea	1.4	0.4
Other Countries	1.7	1.5

The change in the net defined benefit liability is due to the following components:

In millions of EUR	31 December 2017	31 December 2016
Net defined benefit liability at the beginning of the period	**(43.9)**	**(40.5)**
Cost recognised in profit and loss	(9.5)	(7.5)
Remeasurement gain / (loss) recognised in other comprehensive income	6.7	(4.0)
Business acquisition	(13.8)	—
Employer contributions to plan assets	6.8	7.0
Benefits directly paid by employer	0.8	1.7
Other	—	(0.4)
Effect of movements in exchange rates	1.9	(0.2)
Net defined benefit liability at the end of the period	**(51.0)**	**(43.9)**

In order to mitigate the interest rate risk, target plan asset allocations have been defined for several funded plans in North America by using asset liability studies and are reviewed regularly. Accordingly, the asset portfolios and their durations are aligned with the duration of the pension liabilities, taking into consideration investment risks and adherence to statutory regulations. In Germany, the Company funded its defined benefit obligations through a contractual trust agreement (CTA) in an amount of EUR 56.2 million (2016: EUR 48.4 million). A portion of the past service of the

defined contribution and defined benefit arrangements are funded via the BASF Pensionskasse VvAG. The company terminated the membership in BASF Pensionskasse VvAG End of 2014.

The weighted duration of all pension liabilities totalled 17.2 years as at 31 December 2017 (2016: 18.4 years). The actual return on plan assets was EUR 9.1 million (2016: EUR 7.1 million).

The company expects to contribute EUR 6.4 million (2016: EUR 6.2 million) to the plan assets in the following year.

Plan asset allocation

In % (weighted averages)

A. Securities with quoted market price in an active market

	31 December 2017	31 December 2016
Equities	22.2%	25.3%
Bonds:		
—Government—fixed rate	42.3%	43.5%
—Government—variable rate	—	—
—Corporate	20.3%	15.9%
Real Estate	0.1%	—
Cash and cash-equivalents	0.9%	1.2%
Other quoted securities	4.8%	4.2%
	90.5%	**90.1%**

B. Other securities

Insurance contracts	1.3%	2.0%
Other	8.2%	7.9%
	9.5%	**9.9%**
Total	**100.0%**	**100.0%**

Other plan assets comprise assets held by insurance carriers primarily for the German plan. The plan assets neither comprise equity instruments in INEOS Styrolution nor Company-occupied real estate or other assets used by the company.

The Group determined the following economic and actuarial assumptions used for the calculation of the defined benefit obligation and expenses.

Assumptions used to determine employee benefit obligation and expense

Expressed as weighted averages

	2017				2016			
	Germany	Canada	USA	Other Countries	Germany	Canada	USA	Other Countries
Discount rate	2.00%	3.25%	3.50%	2.68%	2.00%	3.50%	4.00%	2.40%
Future salary increases	2.75%	3.00%	3.50%	4.61%	2.75%	3.00%	3.50%	3.96%
Medical cost trend rate	N/A	4.50%	5.00%	N/A	N/A	4.50%	5.00%	N/A
Inflation	1.75%	2.00%	2.50%	2.06%	1.75%	2.00%	2.50%	2.07%
Mortality	Heubeck 2005G	CPM 2014*	RP-2014 mortality tables**		Heubeck 2005G	CPM 2014*	RP-2014 mortality tables**	

* Private Sector Mortality Table projected generationally using Scale B2D with no size adjustments

** Projected generationally with Scale MP-2016 from 2006 / RP-2014 head-count weighted mortality tables (white and blue collar) projected generationally with Scale MP-2016 from 2006

Inflation relates to indexed pension increases in Germany.

The following tables show the impact on the Group's pension liabilities in the case of a change of the material economic and actuarial assumptions:

Sensitivity of the defined benefit obligation by a change of the following parameters

In millions of EUR	31 December 2017	31 December 2016
	Decrease by 100bps	**Decrease by 100bps**
Discount rate	36.7	37.3
	Increase by 100bps	**Increase by 100bps**
Medical cost trend rate	0.3	0.6
	Increase by 50bps	**Increase by 50bps**
Price inflation	9.3	9.5
	Increase by 1 year	**Increase by 1 year**
Life expectancy	4.4	4.3

Sensitivity results show the change of the defined benefit obligation if the respective assumption is increased or decreased as disclosed above while all other assumptions remain unchanged. Therefore, it does not take into account any interdependence that might exist between the assumptions. The effect was determined using the same valuation methodologies and approaches as used for the calculation of the benefit liability. In consequence, the validity of the sensitivity disclosed above is subject to limitations.

Distribution of the defined benefit obligation **In % of the defined benefit obligation (weighted averages)**	**2017**	**2016**
Active employees	67.2%	78.6%
Former vested employees	14.0%	9.2%
Retirees	18.8%	12.2%
Total	**100.0%**	**100.0%**

Defined contribution benefits

The cost of defined contribution plans amounted to EUR 8.2 million (2016: EUR 7.7 million). These benefits are exclusively paid by third parties. INEOS Styrolution is only obliged to pay the contributions.

In addition, employer contributions to the statutory pension insurance systems in the various countries amounted to EUR 8.7 million (2016: EUR 7.7 million).

17. Deferred tax assets and liabilities

Deferred tax assets and liabilities relate to the following balance sheet captions:

Deferred tax assets

In millions of EUR	1 January 2017	Recognised in income	Business acquisitions	Other changes and exchange rate changes	31 December 2017
Tax loss carry forward	17.8	(7.3)	—	0.7	11.2
Tangible fixed assets	—	25.8	—	—	25.8
Intangible fixed assets	7.7	(1.4)	—	(1.1)	5.2
Inventories	9.1	(0.1)	—	(0.8)	8.2
Receivables	1.8	(0.2)	—	(0.1)	1.5
Other current assets	1.7	(1.1)	—	(0.2)	0.4
Pension provisions	16.6	2.9	2.9	(4.8)	17.6
Other provisions	8.9	0.9	—	(1.3)	8.5
Other liabilities	5.1	(1.3)	0.4	(0.7)	3.5
Other	0.1	—	—	—	0.1
Deferred tax assets	**68.8**	**18.2**	**3.3**	**(8.3)**	**82.0**
Valuation allowances tax loss carry forward	(3.2)	0.6	—	(0.5)	(3.1)

Deferred tax assets	**65.6**	**18.8**	**3.3**	**(8.8)**	**78.9**

In millions of EUR	1 January 2016	Recognised in income	Other changes and exchange rate changes	31 December 2016
Tax loss carry forward	23.9	(5.6)	(0.5)	17.8
Tangible fixed assets	0.2	—	(0.2)	—
Intangible fixed assets	9.2	(1.4)	(0.1)	7.7
Inventories	5.6	3.6	(0.1)	9.1
Receivables	2.0	(0.2)	—	1.8
Other current assets	1.3	0.4	—	1.7
Pension provisions	14.9	0.8	0.9	16.6
Other provisions	7.0	3.1	(1.2)	8.9
Other liabilities	5.0	(1.2)	1.3	5.1
Other	2.0	—	(1.9)	0.1
Deferred tax assets	**71.1**	**(0.5)**	**(1.8)**	**68.8**
Valuation allowances tax loss carry forward	(6.2)	0.9	2.1	(3.2)
Valuation allowances other temporary differences	(2.6)	0.2	2.4	—
Deferred tax assets	**62.3**	**0.6**	**2.7**	**65.5**

17. Deferred tax assets and liabilities

Deferred tax liabilities

In millions of EUR	1 January 2017	Recognised in income	Business acquisition	Other changes and exchange rate changes	31 December 2017
Tangible fixed assets	183.0	(52.7)	1.7	(9.8)	122.2
Intangible fixed assets	243.2	(29.1)	13.9	(22.7)	205.3
Inventories	2.3	(3.1)	3.8	(0.6)	2.4
Investments	40.6	(13.0)	—	0.1	27.7
Receivables	0.3	—	—	(0.2)	0.1
Other current assets	1.8	0.2	—	0.3	2.3
Other provisions	2.5	0.9	—	(0.4)	3.0
Other liabilities	33.0	(26.4)	—	(1.1)	5.5
Other	26.6	(7.7)	—	(1.1)	17.8
Deferred tax liabilities	**533.3**	**(130.9)**	**19.4**	**(35.5)**	**386.3**

In millions of EUR	1 January 2016	Recognised in income	Other changes and exchange rate changes	31 December 2016
Tangible fixed assets	193.6	(15.8)	5.2	183.0
Intangible fixed assets	260.0	(22.3)	5.5	243.2
Inventories	3.0	(0.5)	(0.2)	2.3
Investments	40.6	—	—	40.6
Receivables	0.3	(0.1)	0.1	0.3
Other current assets	1.4	0.5	(0.1)	1.8
Other provisions	1.6	0.2	0.7	2.5
Other liabilities	12.1	21.0	(0.1)	33.0
Other	30.1	(3.3)	(0.2)	26.6
Deferred tax liabilities	**542.7**	**(20.3)**	**10.9**	**533.3**

Deferred tax assets and deferred tax liabilities are offset against each other to the following extent:

In millions of EUR	31 December 2017	31 December 2016
Deferred tax assets	78.9	65.5
Deferred tax liabilities	(386.3)	(533.3)
Offsetting of assets and liabilities	24.6	31.9
Deferred tax assets	**54.3**	**33.6**
Deferred tax liabilities	**361.7**	**501.4**

The increase of deferred tax assets for tangible fixed assets resulted from the transfer of assets to INEOS Styrolution from the previous shareholder BASF in 2014 where recognition criteria have been met in 2017.

Deferred tax liabilities were reduced due to the US and the Belgium tax reforms and thereby lower corporate tax rates. The full deferred tax impact is recognised in income in 2017.

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

In order to fully realize the deferred tax asset, the Group will need to generate future taxable income in the countries where the net operating losses were incurred (particularly in Canada). 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 it is probable that the Group will realize aforementioned benefits.

At 31 December 2017, the tax losses carried forward expire as follows:

In millions of EUR	2018	2019	2020	2021 - 2025	later	unlimited	Non-recognised
Losses carried forward	—	—	—	—	25.4	32.0	(30.2)

18. Other liabilities and provisions

In millions of EUR	Onerous Contracts	Other Items	Total
Obligations at 1 January 2017	**22.3**	**11.1**	**33.4**
Provisions made during the period	0.9	28.3	29.2
Provisions used during the period	(6.7)	—	(6.7)
Provisions released during the period	—	(0.2)	(0.2)
Total 31 December 2017	**16.5**	**39.2**	**55.7**

In millions of EUR	Onerous Contracts	Other Items	Total
Obligations at 1 January 2016	**37.2**	**10.9**	**48.1**
Provisions made during the period	2.6	3.4	6.0
Provisions used during the period	(17.5)	(0.4)	(17.9)
Provisions released during the period	—	(2.8)	(2.8)
Total 31 December 2016	**22.3**	**11.1**	**33.4**

In millions of EUR	31 December 2017	31 December 2016
Current provisions	17.8	16.2
Other current liabilities	93.1	84.9
Accruals and deferred income	64.0	68.9
Total other liabilities and short-term provisions	**174.9**	**170.0**
Non-current provisions	37.9	17.2
Other non-current liabilities	19.0	21.8
Total other liabilities and other long-term provisions	**56.9**	**39.0**
Total	**231.8**	**209.0**

The total amount resulting from exchange differences from the translation of foreign entities financial statements for the current and non-current provisions is EUR 0.1 million in 2017 (2016: nil).

Provisions include an amount of EUR 16.5 million (2016: EUR 22.3 million) for unfavourable supply contracts and contract termination costs with related parties recognised in the business combination. The remaining provision is expected to be fully utilised latest by 2035.

The increase in other provisions is mainly related to a provision recognised for a liability to the previous shareholder BASF under prior legal agreements. Beside this, the other provisions contain provision for uncertain tax positions, site closure provision and severance provisions. Management estimates the incentive accruals based on a steady headcount.

19. Trade payables

In millions of EUR	31 December 2017	31 December 2016
Trade payables due to third parties	401.7	328.5
Trade payables due to related parties	65.6	55.4
Total	**467.3**	**383.9**

An amount of EUR 132.7 million (2016: EUR 110.7 million) of the trade payables are related to accruals for goods or services not yet invoiced. The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 20.

20. Financial instruments

IFRS 7

Financial risk management

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

- credit risk
- liquidity risk
- market risk
- currency 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.

Risk management framework

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.

Credit risk

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 and INEOS, its ultimate owner, and cash and cash equivalents.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

In millions of EUR	Note	Carrying amount 31 December 2017	Carrying amount 31 December 2016
Trade and other receivables	12	729.0	631.7
Thereof derivative		0.6	1.5
Cash and cash equivalents	15	295.9	316.9
Total		**1,024.9**	**948.6**

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. Geographically there is no 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. The Group's review includes external ratings, when available, and in some cases bank references. Credit limits are established for each customer, which represents the maximum open amount without requiring approval; these limits are reviewed periodically. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

Impairment losses

In millions of EUR	Carrying amount 31 December 2017	Carrying amount 31 December 2016
Neither past due nor impaired	—	—
Past due 1 - 30 days	—	—
Past due 31 - 90 days	2.1	1.6
Past due more than 90 days	3.5	3.1
More than 180 days	—	—
Total	**5.6**	**4.7**

The movement in the allowance for impairment in respect of trade and other receivables during the period was as follows:

In millions of EUR	Individual impairments
31 December 2015	**5.3**
Impairment losses released	(0.3)
Impairment losses used	(0.5)
Impairment loss recognised	0.2
31 December 2016	**4.7**
Impairment losses released	—
Impairment losses used	(0.1)
Impairment loss recognised	0.6
Other movements	0.4
31 December 2017	**5.6**

Cash and cash equivalents

The Group held cash and cash equivalents of EUR 295.9 million at 31 December 2017 while it held cash and cash equivalents of EUR 316.9 million at 31 December 2016, which represents its maximum exposure from cash and cash equivalents to the credit risk of banks which hold the funds on these assets.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with working capital requirements, capital expenditure or its financial liabilities that are settled by delivering cash or other financial assets. 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 both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group aims to maintain the level of its cash and cash equivalents and other highly marketable investments at an amount in excess of expected cash outflows on financial liabilities over the succeeding 60 days. The Group also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables.

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

31 December 2017 In millions of EUR	Carrying amount	Contractual cash flow	2 months or less	2-12 months	1-2 years	2-5 years	>5 years
Institutional term loans	712.1	854.5	—	28.9	28.7	84.8	712.1
Asset securitizations (secured)	100.0	100.0	100.0	—	—	—	—
Other borrowings	27.9	27.9	18.1	0.8	0.9	1.2	6.9
Trade payables	467.3	467.3	467.3	—	—	—	—
	1,307.3	**1,449.7**	**585.4**	**29.7**	**29.6**	**86.0**	**719.0**

31 December 2016 In millions of EUR	Carrying amount	Contractual cash flow	2 months or less	2-12 months	1-2 years	2-5 years	>5 years
Institutional term loans	999.0	1,250.9	—	59.2	58.7	1,133.0	—

Asset securitizations (secured)	100.0	100.0	100.0	—	—	—	—
Other short-term borrowing.....	31.5	31.5	19.3	12.2	—	—	—
Trade payables.....	383.9	383.9	383.9	—	—	—	—
	1,514.4	**1,766.3**	**503.2**	**71.4**	**58.7**	**1,133.0**	**—**

Comparison of carrying amount and fair value and fair-value-hierarchies

				Amounts recognised in the statement of financial position in accordance with IAS 39		
31 December 2017 In millions of EUR	**Category in accordance with IAS 39**	**Level**	**Carrying amounts**	**Amortised cost**	**Fair value recognised in equity**	**Fair value recognised in profit or loss**
Assets						
Trade receivables.....	LaR		607.2	607.2	—	—
Cash and cash equivalents.....	LaR		295.9	295.9	—	—
Other assets			121.8	121.8	—	—
of which long-term	LaR		4.9	4.9	—	—
of which short-term	LaR		116.9	116.9	—	—
of which: Derivatives.....	*FAHfT*	*2*	—	—	—	—
of which: Derivatives.....	*FAHfT*	*3*	0.6	—	—	*0.6*
Liabilities						
Trade payables.....	FLAC		467.3	467.3	—	—
Financial indebtedness	FLAC		840.0	840.0	—	—
Other short-term liabilities	FLAC		174.9	174.9	—	—
of which: Derivatives.....	*FLHfT*	*2*	*0.1*	—	—	*0.1*
of which: Derivatives.....	*FLHfT*	*3*	—	—	—	—

31 December 2016 In millions of EUR	Category in accordance with IAS 39	Level	Carrying amounts	Amounts recognised in the statement of financial position in accordance with IAS 39 Amortised cost	Fair value recognised in equity	Fair value recognised in profit or loss
Assets						
Trade receivables	LaR		518.1	518.1	—	—
Cash and cash equivalents	LaR		316.9	316.9	—	—
Other assets			113.6	113.6	—	—
of which long-term	LaR		3.9	3.9	—	—
of which short-term	LaR		109.7	109.7	—	—
of which: Derivatives	*FAHfT*	*2*	—	—	—	—
of which: Derivatives	*FAHfT*	*3*	*1.5*	—	—	*1.5*
Liabilities						
Trade payables	FLAC		383.9	383.9	—	—
Financial indebtedness	FLAC		1,138.2	1,138.2	—	—
Other short-term liabilities	FLAC		170.0	170.0	—	—
of which: Derivatives	*FLHfT*	*2*	*0.3*	—	—	*0.3*
of which: Derivatives	*FLHfT*	*3*	—	—	—	—

The fair value of all other classes of financial instruments approximates their carrying amount.

The fair value measurements of pension plan assets, and projected benefit obligations under these defined benefit plans are described in note 16.

The financial assets/liabilities held for trading (FAHfT) presented in Level 2 and Level 3 constitute separate classes of derivative financial instruments. Level 2 contains foreign currency derivatives, Level 3 contains commodity derivatives.

Since there are no market prices available for the derivative financial instruments in the portfolio assigned to Level 2 due to the fact that they are not listed on the market, the fair values are calculated using standard financial valuation models, based entirely on observable inputs. The fair value of derivatives is the value that Styrolution would receive or have to pay if the financial instrument were transferred at the reporting date. The carrying amount of the financial asset is zero. The carrying amount of the financial liabilities is EUR 0.1 million as at 31 December 2017. If the price expectations had been 5% lower at the reporting date, with otherwise unchanged parameters the fair value of the financial liabilities would have been EUR 0.1 million lower. If the price expectations had been 5% higher at the reporting date, with otherwise unchanged parameters, the fair value of the financial liability would have been EUR 0.1 million higher. Global netting agreements do not exist for any of the reported foreign currency derivatives. All derivatives classified into Level 2 are short-term. In 2017, EUR 0.3 million of currency derivatives were disposed of.

The financial assets/liabilities held for trading assigned to Level 3 relate to commodity swaps on styrene monomer in order to hedge fix price forward Polymer sales deals. Since there are no market prices available for the derivative financial instruments in the portfolio assigned to Level 3 due to the fact that they are not listed on the market, the fair values are calculated using standard financial valuation models. The calculation is based on observable and unobservable inputs, since there are no liquid forward prices available. The substantial input parameters are the price expectations regarding future monthly contract prices on styrene monomer. The carrying amount of the financial asset is EUR 0.6 million as of December 31, 2017. If the price expectations had been 10 percent lower at the reporting date, with otherwise unchanged parameters the fair value of the financial asset would have been EUR 0.4 million lower (the fair market value of the open styrene monomer derivatives would have been EUR 0.2 million) If the price expectations had been 10% higher at the reporting date, with otherwise unchanged parameters, the fair value of the financial asset would have been EUR 0.4 million higher (the fair market value of the open styrene monomer derivatives would have been EUR 1.0 million). All derivatives classified into Level 3 are short-term. The decrease of other short-term assets by EUR 0.9 million was due to financial assets held for trading assigned to Level 3.

Gains and losses from Level 3 financial derivatives are recognised in the finance income and expense in the lines interest receivable or interest payable (see note 6).

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, raw materials (feedstock) and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Risks resulting from the availability and possible market price movements of raw materials are covered by different measures to control volatility as well as the commitment of Styrene Monomer derivatives.

31 December 2017 In millions of EUR	Category in accordance with IAS 39	Level	Carrying amounts	Profit/Loss	Other Comprehensive Income
Assets					
Trade receivables	LaR		607.2	(0.6)	(16.8)
Cash and cash equivalents	LaR		295.9	1.7	(7.9)
Other assets			121.8	—	(9.2)
of which long-term	LaR		4.9	—	(0.1)
of which short-term	LaR		116.9	—	(9.1)
of which: Derivatives	*FAHfT*	*2*	—	—	—
of which: Derivatives	*FAHfT*	*3*	*0.6*	*0.6*	—
Liabilities					
Trade payables	FLAC		467.3	—	25.4
Financial indebtedness	FLAC		840.0	(43.1)	47.9
Other short-term liabilities	FLAC		174.9	—	8.8
of which: Derivatives	*FLHfT*	*2*	*0.1*	*(0.1)*	—
of which: Derivatives	*FLHfT*	*3*	—	—	—

31 December 2016 In millions of EUR	Category in accordance with IAS 39	Level	Carrying amounts	Profit/Loss	Other Comprehensive Income
Assets					
Trade receivables	LaR		518.1	0.1	6.0
Cash and cash equivalents	LaR		316.9	1.2	3.2
Other assets			113.6	—	2.1
of which long-term	LaR		3.9	—	—
of which short-term	LaR		109.7	—	—
of which: Derivatives	*FAHfT*	*2*	—	—	—
of which: Derivatives	*FAHfT*	*3*	*1.5*	*1.5*	—
Liabilities					
Trade payables	FLAC		383.9	—	(6.8)
Financial indebtedness	FLAC		1,138.2	(109.0)	(11.8)
Other short-term liabilities	FLAC		170.0	—	(0.9)
of which: Derivatives	*FLHfT*	*2*	*0.3*	*(0.3)*	—
of which: Derivatives	*FLHfT*	*3*	—	—	—

During 2017, allowances for doubtful debt of EUR 0.6 million on trade receivables were reflected in the income statement.

For the long-term financing, interest expenses of EUR 43.1 million (2016: EUR 109.0 million) were reflected in the income statement.

Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities, primarily the EUR, but also US Dollars. The currencies in which these transactions primarily are denominated are USD, EUR, INR and KRW.

The trade receivables were denominated in the following currencies:

In millions of EUR	31 December 2017	31 December 2016
USD	317.8	287.9
EUR	229.0	175.7
INR	29.0	30.1
KRW	22.9	18.8
others	8.5	5.6
Total	**607.2**	**518.1**

20. Financial instruments

Sensitivity analysis

A strengthening/weakening of the EUR, as indicated below, against the USD, KRW and INR as at 31 December 2017 would have increased/decreased net income by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases.

Net income:

	31 December 2017		31 December 2016	
In millions of EUR	Impact of strengthening	Impact of weakening	Impact of strengthening	Impact of weakening
	EUR	EUR	EUR	EUR
USD (5% movement)	(10.3)	11.4	(7.0)	7.7
INR (5% movement)	(0.5)	0.5	(0.5)	0.5
KRW (5% movement)	(2.1)	2.3	(0.9)	1.0

OCI, net of tax

	31 December 2017		31 December 2016	
In millions of EUR	Impact of strengthening	Impact of weakening	Impact of strengthening	Impact of weakening
	EUR	EUR	EUR	EUR
USD (5% movement)	(52.9)	58.5	(46.4)	51.3
INR (5% movement)	(3.4)	3.7	(3.2)	3.5
KRW (5% movement)	(10.7)	11.8	(5.4)	6.0

Interest rate risk

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

In millions of EUR	31 December 2017	31 December 2016
Fixed rate instruments		
Financial lease liabilities	9.0	7.9
Variable rate instruments		
Institutional term loans	712.1	999.0
Asset securitization	100.0	100.0
Other financial liabilities	18.9	31.5

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group generally does not enter into derivatives (interest rate swaps) to hedge against changes in the fair value of fixed rate financial assets or liabilities. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

Management considers the institutional term loans a variable rate instrument, as the interest rate contains a variable parameter. Further, the asset securitization scheme that is used for financing purposes is being considered as variable rate indebtedness as it represents a revolving scheme. The availability of the asset securitization scheme to the Company is subject to a number of aspects, which include the ability of the bank to provide liquidity into the program.

A change of 0.5 percentage point in interest rates at the reporting date would have increased/decreased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss 2017		Profit or loss 2016	
In millions of EUR	**0.5% increase**	**0.5% decrease**	**0.5% increase**	**0.5% decrease**
Long-term debt—Variable rate instruments.	1.9	(1.4)	(0.6)	0.6
Short-term debt—Variable rate instruments.	0.1	(0.1)	—	—
Cash flow sensitivity, net	**2.0**	**(1.5)**	**(0.6)**	**0.6**

Capital management

The core of the financial strategy is to safeguard INEOS Styrolution's strong financial profile, credit rating and thereby its financial stability. The financial strategy aims to support and promote the strategic and operating performance of the Company and to ensure access to capital and to favourable financing conditions at all times.

The Group does not have any financial covenants that require maintenance of capital ratios. For its own capital management the group reviews the ratio of working capital in relation to sales. The working capital definition of the Group includes inventory, accounts receivable and accounts payable.

In millions of EUR	**2017**	**2016**
Inventory	546.9	452.5
Accounts receivable—trade	607.2	518.1
Less: Short-term payables—trade	(467.3)	(383.9)
Working capital at 31 December	**686.8**	**586.7**
Revenues	5,342.4	4,469.7
Revenues	**5,342.4**	**4,469.7**
Working capital to revenues ratio at 31 December	**12.9%**	**13.1%**

Working capital increased in 2017 compared to 2016 due to higher sales volumes, increase in raw material pricing and the acquisition of the K-resin business. As the revenue increased more than the working capital, the working capital to revenues ratio was lower in 2017 compared to 2016.

21. Operating leases

Non-cancellable operating lease rentals are payable as follows:

In millions of EUR	**31 December 2017**	**31 December 2016**
Less than one year	26.0	25.8
Between one and five years	69.3	72.1
More than five years	28.3	46.6
Total	**123.6**	**144.5**

The Group leases a number of warehouse and factory facilities under operating leases. The lease contracts typically have a 5-year period term, with an option to renew the lease after that date. Lease payments are increased every five years to reflect market rentals. Some leases provide for additional rent payments that are based on changes in a local price index.

During the period an amount of EUR 27.1 million (2016: EUR 19.1 million) was recognised as an expense in profit or loss in respect of operating leases.

22. Cash flow disclosures

Cash used in investing activities

INEOS Styrolution paid EUR 113.2 million for the acquisition of the K-Resin business, which is slightly lower than the consideration paid on acquisition date of EUR 114.2 million due to foreign exchange effects and timing of the

payments. The acquired business did have a cash balance of EUR 14.3 million and that led to a net cash outflow from investing activities of EUR 98.9 million.

Changes in liabilities arising from financing activities

An analysis of changes in the Group's liabilities arising from financing activities is as follows:

In millions of EUR	External borrowings	Related party borrowings	Finance lease	Total
Financial indebtedness at 1 January 2017	**884.6**	**245.7**	**7.9**	**1,138.2**
Cash inflows during the period	145.1	—	—	145.1
Cash outflows during the period	(157.8)	(249.4)	(1.0)	(408.2)
Effects from changes in foreign exchange rates and other non-cash changes	(41.7)	3.7	2.9	(35.1)
Financial indebtedness at 31 December 2017	**830.2**	**—**	**9.8**	**840.0**

23. Capital commitments

At 31 December 2017 the company was committed to capital spending projects of EUR 71.4 million (2016: EUR 76.9 million), of which EUR 1.0 million (2016: nil) relate to intangible fixed assets and EUR 70.4 million (2016: EUR 76.9 million) relate to tangible fixed assets.

In addition to that, the Group had obligations for repairs, maintenance or enhancement of property, plant and equipment of EUR 10.5 million.

The Group had the following long-term purchase commitments for raw materials, primarily feedstock, for the next 5 years, and other purchase commitments. All amounts were estimated based on current price information, while volumes are defined.

31 December 2017 In millions of EUR	Following year	2nd year	3rd year	4th year	5th year	Total
Styrene Monomer	732.2	91.9	—	—	—	824.1
Ethylene	474.1	476.1	270.8	207.7	61.5	1,490.2
Benzene	1,103.2	540.0	291.6	237.3	237.3	2,409.4
Other purchase commitments	628.5	301.9	255.2	—	—	1,185.6
Total	**2,938.0**	**1,409.9**	**817.6**	**445.0**	**298.8**	**5,909.3**

24. 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.

The Group entered into land rental agreements, some of which contain clauses that require the tenant to return the property in a specified condition. This might oblige the Group to dismantle and remove its assets and restore and clean the site on which a plant is located. Provisions are recognised when a closure decision has been made. Provisions are not recognised for future obligations, as no reliable estimates can be made for the costs and for the end date of the lease term given that are no plans to return the leased property within the foreseeable future. Due to the inherent uncertainty about costs and timing of any outflow no financial effect are included in the financial statements of the Group.

25. Related parties

Board of directors

Kevin McQuade
Markus Fieseler
Graeme Leask
Jonathan Ginns
Andrew Currie

Key management personnel

The key management positions of the Group are the management board members. The management board consists of Kevin McQuade, Markus Fieseler, Steve Harrington, Rob Buntinx, Alexander Glueck and Pierre Minguet.

Transactions with key management personnel

Key management personnel compensation (including directors)

The key management personnel consists of the Company's directors. Details of Directors' remuneration are given in note 5.

Other related party transactions

In millions of EUR	Transaction value 1 January-31 December 2017	Balance outstanding 31 December 2017	Transaction value 1 January-31 December 2016	Balance outstanding 31 December 2016
Sale of products				
INEOS	94.7		67.5	
Purchase of raw materials				
INEOS	432.7		363.6	
Services received				
INEOS	49.7		54.2	
Trade and other receivables				
INEOS		14.0		5.7
Shareholder		—		0.4
Trade and other payables				
INEOS		(65.6)		(55.4)

In general, all outstanding balances with INEOS are priced based on contractual arrangements and are to be settled in cash within two months of the reporting date. None of the balances are secured.

The transactions were made on terms equivalent to those that prevail in arm`s length transactions. The amount of services received includes key management services, such as guidance on corporate strategy, financing, SHE, Tax strategy, operational optimization and sharing of best practices, of EUR 10.6 million (2016: EUR 10.1 million). There were no provisions for doubtful debt related to INEOS as of 31 December 2017.

INEOS Styrolution redeemed the outstanding EUR tranche in the amount of EUR 248 million with INEOS Holdings Limited on 30 October 2017.

Dividends paid to INEOS are disclosed in note 14.

26. Ultimate parent undertaking and controlling party

The immediate parent undertaking is INEOS Industries Holdings Limited.

The ultimate parent undertaking at 31 December 2017 was INEOS Limited, a company registered in the Isle of Man.

The directors regard Mr J A Ratcliffe to be the ultimate controlling party by virtue of his majority shareholding in INEOS Limited.

The largest group in which the results of the Company are consolidated is that headed by INEOS Industries Limited.

27. Subsequent events

No further subsequent events are to be reported for the period between the reporting date of these Consolidated Financial Statements and their authorization by the Board of Directors on 22 February 2018.

28. Accounting estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying 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 affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following elements:

- Impairment tests for goodwill and other non-financial assets: Goodwill impairment testing is performed annually or if there is an indication of impairment. Goodwill impairments 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 forecasts of the unit. The management of the Group identified the operating segments as cash generating units (CGU) for 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 purpose. 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 the assessment whether goodwill or a non-financial asset are impaired is based on long-term business plans for the cash generating units and the determination of an appropriate discount rate, management used significant estimates and judgments in making these assessments.

- Net realizable value of inventories: The recoverability of styrene monomer and other feedstock is based on management estimates of the expected future use of those inventories. The net realizable value of inventories expected to be sold on the market are measured at market price and can lead to a write down. The net realizable value of styrene monomer expected to be used in our polymer production is determined based on the net realizable value of the polymer product which did not result in write downs of similar magnitude due to the higher gross profit margins of polymer products.

- Provisions: The Company recognises a provision when it has a present obligation and it is more likely than not that it will make payments; the provision will be based on the most reliable estimate. The determination of the probability of a loss and the amount of the most reliable estimate require significant judgment. The provision for contract losses on a supply agreement with a related party was adjusted in 2016 to consider changes in the cost to close, demolish and decommission a site in Marl. The change in the estimate for provisions in 2017 resulted in additional expenses of EUR 0.9 million for the expected costs.

- Management is required to estimate the tax payable in each of the jurisdictions in which the Group operates. This involves estimating the actual current tax charge or credit together with assessing temporary differences resulting from differing treatment of items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which may be included on the consolidated balance sheet of the Group. Management has performed an assessment as to the extent to which future taxable profits will allow the deferred asset to be recovered. The calculation of the Group's total tax charge necessarily involves a significant degree of estimation in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority, or, as appropriate, through a formal legal process.

  The Group has, from time to time, contingent tax liabilities arising from trading and corporate transactions in the countries in which it operates. After appropriate consideration, management makes provision for these liabilities based on the probable level of economic loss that may be incurred and which is reliably measurable.

The breadth of the Group's structure with operations in many geographic locations makes the use of estimates and assumptions more challenging. The resolution of issues is not always within the control of the Group and can be reliant upon the efficiency of the legal processes in the relevant jurisdictions in which the Group operates, and as a result, issues can, and often do take many years to resolve.

Details of amounts recognised with regard to taxation are disclosed in notes 7 and 17.



INOVYN Limited

Unaudited condensed consolidated financial statements for the three and nine month periods ended September 30, 2020 and 2019

INOVYN LIMITED

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	Three-Month Period Ended September 30,	
	2020	2019
	(€ in millions)	
Revenue	**697.0**	**775.0**
Total cost of sales	(473.2)	(534.1)
Gross profit	**223.8**	**240.9**
Distribution costs	(86.5)	(89.0)
Administrative expenses	(39.1)	(43.6)
Exceptional administrative expenses	—	(0.7)
Total administrative expenses	(39.1)	(44.3)
Total expenses	(125.6)	(133.3)
Operating profit	**98.2**	**107.6**
Loss on disposal of property, plant and equipment	(0.5)	—
Profit before net finance (costs)/income	**97.7**	**107.6**
Total finance income	9.2	16.4
Total finance costs	(10.7)	(9.0)
Net finance (costs)/income	(1.5)	7.4
Profit before tax	**96.2**	**115.0**
Tax charge	(19.1)	(22.4)
Profit for the period attributable to owners of the parent	**77.1**	**92.6**

The condensed notes presented on pages F-203 to F-212 form part of these unaudited condensed consolidated financial statements.

INOVYN LIMITED

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	Nine-Month Period Ended September 30,	
	2020	2019
	(€ in millions)	
Revenue	**2,118.1**	**2,365.3**
Total cost of sales	(1,441.7)	(1,634.0)
Gross profit	**676.4**	**731.3**
Distribution costs	(264.7)	(262.0)
Administrative expenses	(107.5)	(114.1)
Exceptional administrative expenses	—	(1.9)
Total administrative expenses	(107.5)	(116.0)
Total expenses	(372.2)	(378.0)
Operating profit	**304.2**	**353.3**
Loss on disposal of property, plant and equipment	(0.5)	—
Profit before net finance costs	**303.7**	**353.3**
Total finance income	22.5	17.9
Finance costs before exceptional items	(31.6)	(29.1)
Exceptional finance costs	(16.7)	—
Total finance costs	(48.3)	(29.1)
Net finance costs	(25.8)	(11.2)
Profit before tax	**277.9**	**342.1**
Tax charge	(53.1)	(66.9)
Profit for the period attributable to owners of the parent	**224.8**	**275.2**

The condensed notes presented on pages F-203 to F-212 form part of these unaudited condensed consolidated financial statements.

INOVYN LIMITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Three-Month Period Ended September 30,	
	2020	2019
	(€ in millions)	
Profit for the period	**77.1**	**92.6**
Other comprehensive expense:		
Items that will not be reclassified to profit or loss:		
Remeasurement of post-employment benefit obligations net of tax	(5.4)	(18.5)
Items that may subsequently be recycled to profit and loss:		
Foreign exchange translation differences of subsidiaries	(5.8)	(7.8)
Other comprehensive expense for the period net of tax	**(11.2)**	**(26.3)**
Total comprehensive income for the period	**65.9**	**66.3**

	Nine-Month Period Ended September 30,	
	2020	2019
	(€ in millions)	
Profit for the period	**224.8**	**275.2**
Other comprehensive expense:		
Items that will not be reclassified to profit or loss		
Remeasurement of post-employment benefit obligations net of tax	(0.5)	(77.4)
Items that may subsequently be recycled to profit and loss:		
Foreign exchange translation differences of subsidiaries	(47.8)	(2.2)
Other comprehensive expense for the period net of tax	**(48.3)**	**(79.6)**
Total comprehensive income for the period	176.5	195.6

The condensed notes presented on pages F-203 to F-212 form part of these unaudited condensed consolidated financial statements.

INOVYN LIMITED

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

	September 30, 2020	December 31, 2019
	(Unaudited)	(Audited)
	(€ in millions)	
Non-current assets		
Property, plant and equipment	1,397.0	1,419.5
Intangible assets	27.8	8.8
Investments accounted for using equity method	14.9	13.4
Other investments	4.9	5.0
Trade and other receivables	627.4	351.0
Deferred tax assets	158.1	153.6
Employee benefits	25.3	26.5
Total non-current assets	**2,255.4**	**1,977.8**
Current assets		
Inventories	238.5	265.0
Trade and other receivables	463.3	491.6
Tax receivables for current tax	12.5	10.2
Cash and cash equivalents	212.7	64.2
Total current assets	**927.0**	**831.0**
Total assets	**3,182.4**	**2,808.8**
Equity attributable to owners of the parent		
Share capital	—	—
Share premium reserve	84.5	84.5
Merger reserve	(434.8)	(434.8)
Retained earnings	773.3	548.5
Other reserves	20.8	69.1
Total shareholders' surplus	**443.8**	**267.3**
Non-current liabilities		
Interest-bearing loans and borrowings	1,096.5	880.4
Lease liabilities	55.0	53.3
Trade and other payables	117.4	123.4
Employee benefits	241.4	273.5
Provisions	75.3	74.1
Deferred tax liabilities	78.1	79.8
Total non-current liabilities	**1,663.7**	**1,484.5**
Current liabilities		
Interest-bearing loans and borrowings	31.1	8.2
Lease liabilities	20.6	23.9
Trade and other payables	912.5	950.2
Tax liabilities for current tax	85.6	35.5
Derivative financial instruments	7.4	3.4
Provisions	17.7	35.8
Total current liabilities	**1,074.9**	**1,057.0**
Total liabilities	**2,738.6**	**2,541.5**
Total equity and liabilities	**3,182.4**	**2,808.8**

The condensed notes presented on pages F-203 to F-212 form part of these unaudited condensed consolidated financial statements.

INOVYN LIMITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium reserve	Merger reserve	Retained earnings	Other reserves	Total equity
			(€ in millions)			
Balance at January 1, 2020	—	84.5	(434.8)	548.5	69.1	267.3
Profit for the nine-month period	—	—	—	224.8	—	224.8
Other comprehensive expense:						
Remeasurement of post-employment benefit obligations net of tax	—	—	—	—	(0.5)	(0.5)
Foreign exchange translation differences of subsidiaries	—	—	—	—	(47.8)	(47.8)
Balance at September 30, 2020	**—**	**84.5**	**(434.8)**	**773.3**	**20.8**	**443.8**

	Share capital	Share premium reserve	Merger reserve	Retained earnings	Other reserves	Total equity
			(€ in millions)			
Balance at January 1, 2019	—	84.5	(375.2)	558.6	74.7	342.6
Profit for the nine-month period	—	—	—	275.2	—	275.2
Other comprehensive expense:						
Remeasurement of post-employment benefit obligations net of tax	—	—	—	—	(77.4)	(77.4)
Foreign exchange translation differences of subsidiaries	—	—	—	—	(2.2)	(2.2)
Transactions with owners, recorded directly in equity:						
Acquisition of business under common control	—	—	(59.6)	—	—	(59.6)
Balance at September 30, 2019	**—**	**84.5**	**(434.8)**	**833.8**	**(4.9)**	**478.6**

The condensed notes presented on pages F-203 to F-212 form part of these unaudited condensed consolidated financial statements.

INOVYN LIMITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Nine-Month Period Ended September 30,	
	2020	2019
	(€ in millions)	
Cash flows from operating activities		
Profit for the period	224.8	275.2
Adjustments for:		
Depreciation and impairment	129.2	114.3
Amortization	1.3	1.4
Net finance costs	25.8	11.2
Loss on disposal of property, plant and equipment	0.5	—
Tax charge	53.1	66.9
(Increase)/decrease in trade and other receivables	(1.4)	21.0
Decrease/(increase) in inventories	21.2	(3.0)
Increase/(decrease) in trade and other payables	14.2	(13.1)
Decrease in provisions and employee benefits	(55.2)	(53.6)
Tax paid	(13.8)	(95.5)
Net cash from operating activities	**399.7**	**324.8**
Cash flows from investing activities		
Interest and other finance income received	0.1	0.3
Disposal of business net of cash disposed of	1.5	1.9
Acquisition of intangible assets	(31.2)	(0.8)
Acquisition of property, plant and equipment	(147.2)	(181.8)
Net cash used in investing activities	**(176.8)**	**(180.4)**
Cash flows from financing activities		
New senior secured term loans	250.0	—
Debt issue costs	(6.4)	(1.3)
Net (repayment)/drawdown of securitization facility	(24.0)	55.3
Repayment of Senior Secured Term Loans	—	(6.2)
Amounts paid to parent undertakings	(250.2)	(300.0)
Other loans	0.2	—
Interest paid	(22.4)	(22.0)
Capital element of lease payments	(18.8)	(17.3)
Net cash used in financing activities	**(71.6)**	**(291.5)**
Net increase/(decrease) in cash and cash equivalents	151.3	(147.1)
Cash and cash equivalents at January 1	64.2	207.7
Effect of exchange rate fluctuations on cash held	(2.8)	—
Cash and cash equivalents at September 30	**212.7**	**60.6**

The condensed notes presented on pages F-203 to F-212 form part of these unaudited condensed consolidated financial statements.

INOVYN LIMITED

UNAUDITED CONDENSED CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

INOVYN Limited ("the Company") is a private company, limited by shares, registered and domiciled in the United Kingdom and has its registered office at Runcorn Site HQ, South Parade, P.O. Box 9, Runcorn, Cheshire, United Kingdom, WA7 4JE.

INOVYN Limited was incorporated on September 18, 2013 and was a dormant company until July 1, 2015 when INEOS Group Investments Limited ("INEOS") and Solvay Chlorovinyls Holdings Sarl ("Solvay") combined their European chlor-vinyls activities in a joint venture headed by INOVYN Limited.

The formation of a joint venture was not included within the scope of IFRS 3, "Business combinations" and IFRS 2, "Share based payments", and therefore an accounting policy choice was made to adopt predecessor accounting.

On July 7, 2016, the shares held by Solvay were redeemed and INEOS Group Investments Limited became the sole shareholder of INOVYN Limited.

The unaudited condensed consolidated financial statements include INOVYN Limited and all its subsidiaries (together referred to as the "Group"). Intra-group transactions and balances have been eliminated on consolidation. The financial and operating results for any period less than a year are not necessarily indicative of the results that may be expected for a full year. The Group does not experience any significant seasonality in its operating results.

These unaudited condensed consolidated financial statements have been prepared on the historical cost basis, except for certain assets and liabilities that have been measured at fair value principally derivative financial instruments and the assets and liabilities of the Group's defined benefit pension schemes measured at fair value and using the projected unit credit method respectively.

These unaudited condensed consolidated financial statements are presented in euro. The functional currency of the Company and its subsidiaries is determined in line with IAS 21 and is consistent with the financial statements for the year ended December 31, 2019.

The significant judgements and key sources of estimation uncertainty applicable to the preparation of the unaudited condensed consolidated financial statements are the same as those described within the Group's audited financial statements for the year ended December 31, 2019. In each case, judgements have been applied consistently and estimates made using a consistent methodology, with inputs and assumptions updated to reflect the Group's latest forecasts and prevailing market conditions at the balance sheet date as appropriate.

The Group provides comparative financial information in these unaudited condensed consolidated interim financial statements for the three months ended September 30, 2019, the nine months ended September 30, 2019 and the year ended December 31, 2019. Where included within text, income statement comparatives refer to the three months ended September 30, 2019, the nine months ended September 30, 2019 and balance sheet comparatives are as at December 31, 2019, unless otherwise stated.

The accompanying condensed consolidated interim financial statements of the Group are unaudited. The information for the period ended 30 September 2020 does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. A copy of the statutory accounts for the year ended December 31, 2019 has been delivered to the Registrar of Companies. The auditor reported on those accounts; their report was unqualified, did not draw attention to any matters of emphasis without qualifying the report and did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006.

In early March 2020, the Group developed contingency plans for the COVID-19 pandemic, with the primary objectives of maintaining the safety of personnel and the reliable operation of the Group's plants. This resulted in a number of changes to standard working practices and shift patterns to reduce personnel on site to those defined as operationally critical in order to adhere to social distancing rules in line with local government advice. Any safety critical activity was formally risk assessed to take cognizance of additional controls necessary to protect core personnel from COVID-19, hence safeguarding safety critical work at all times.

The chemical industry is deemed as essential, critical infrastructure by governments across the world. Throughout the pandemic all of the Group's 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 Group. All plants have sufficient resources and have implemented measures to ensure that this remains the case throughout the pandemic.

Whilst there is uncertainty due to the COVID-19 crisis the Directors have undertaken a rigorous assessment of the potential impact of COVID-19 on demand for its products and services and the impact on margins for the next 12 months. In addition, the Directors have implemented a series of programmes to preserve cash including the review of timing of turnarounds, reductions in the levels of non-essential capital expenditure and reductions in non-essential fixed cost expenditure. On the basis of this assessment together with a strong balance sheet and access to liquidity, the Directors have concluded that it is appropriate to prepare these unaudited condensed consolidated financial statements on a going concern basis.

2. PRINCIPAL ACCOUNTING POLICIES

The financial information has been prepared and approved by the directors in accordance with IAS 34 "Interim financial reporting" as adopted by the European Union in response to the IAS regulation (EC 1606/2002) effective from January 1, 2020. In compliance with IAS 34, the Company has opted for a condensed scope of reporting in the condensed interim financial statements compared with the consolidated annual financial statements.

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's audited consolidated annual report and accounts for the year ended December 31, 2019, except for the adoption of new standards, interpretations and amendments effective as of January 1, 2020. The adoption of new standards, interpretations and amendments in the current year has not had a material impact. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective at September 30, 2020.

3 SEGMENTAL INFORMATION

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 businesses:

- *General Purpose Vinyls*, consisting of a portfolio of Suspension PVC products and PVC Resins, and output that the Group both consume and sell from its interest in the Feyzin cracker.
- *Specialty Vinyls*, consisting of Emulsion PVC and specialty grade Suspension PVC products
- *Organic Chlorine Derivatives*, consisting of various chlorine derivatives including chlorinated paraffins, chloromethanes, allyl chloride and epichlorohydrin, plus sulphur chemicals.
- *Chlor-Alkali*, consisting of caustic soda and caustic potash, chlorine and chlorine by-products, brine and water, salt and hydrochloric acid

However, the Group's financial reporting is limited to three Business segments; General Purpose Vinyls, Specialty Vinyls, and Other Chemicals. The Other Chemicals segment includes the Organic Chlorine Derivatives business, plus all products in the Chlor-Alkali business excluding caustic soda and caustic potash. Revenues from caustic soda and caustic potash are then attributed to the three Business Segments based on the quantities of chlorine contained in the respective products.

For segmental reporting of EBITDA, the results of the caustic soda and caustic potash products (which are co-produced with chlorine in the electrolysis manufacturing process) included within the Chlor-Alkali operating Business are allocated out to the three segments based on the quantities of chlorine contained in each of their products.

For segmental reporting of revenue, caustic soda and caustic potash revenues are shown both before and after allocation to three Business segments.

The revenue attributable to each business segment is as follows:

	Three-Month Period Ended September 30,					
	2020			2019		
	Revenue before caustic soda/potash allocation	Caustic soda/potash revenue allocation	Revenue after caustic soda/potash allocation	Revenue before caustic soda/potash allocation	Caustic soda/potash revenue allocation	Revenue after caustic soda/potash allocation
	(€ in millions)					
Revenue						
General Purpose Vinyls	282.9	99.0	381.9	325.1	105.8	430.9
Specialty Vinyls	89.5	26.1	115.6	90.8	27.6	118.4
Other Chemicals	122.0	77.5	199.5	128.7	97.0	225.7
Caustic soda and caustic potash	202.6	(202.6)	—	230.4	(230.4)	—
	697.0	**—**	**697.0**	**775.0**	**—**	**775.0**

	Nine-Month Period Ended September 30,					
	2020			2019		
	Revenue before caustic soda/potash allocation	Caustic soda/potash revenue allocation	Revenue after caustic soda/potash allocation	Revenue before caustic soda/potash allocation	Caustic soda/potash revenue allocation	Revenue after caustic soda/potash allocation
	(€ in millions)					
Revenue						
General Purpose Vinyls	867.8	301.3	1,169.1	970.5	329.5	1,300.0
Specialty Vinyls	253.5	71.4	324.9	276.9	89.1	366.0
Other Chemicals	377.8	246.3	624.1	380.5	318.8	699.3
Caustic soda and caustic potash	619.0	(619.0)	—	737.4	(737.4)	—
	2,118.1	**—**	**2,118.1**	**2,365.3**	**—**	**2,365.3**

The EBITDA before exceptional items attributable to each business segment is as follows:

	Three-Month Period Ended September 30,		Nine-Month Period Ended September 30,	
	2020	2019	2020	2019
	(€ in millions)			
EBITDA before exceptionals				
General Purpose Vinyls	60.6	62.1	186.4	188.6
Specialty Vinyls	41.9	37.0	113.6	117.1
Other Chemicals	38.8	48.0	134.7	165.2
	141.3	**147.1**	**434.7**	**470.9**

Reconciliation of earnings before operating exceptional items, interest, taxation, depreciation and amortization ('EBITDA before exceptional items') to operating profit is as follows:

	Three-Month Period Ended September 30,		Nine-Month Period Ended September 30,	
	2020	2019	2020	2019
	(€ in millions)			
EBITDA before exceptionals	141.3	147.1	434.7	470.9
Depreciation and amortization	(43.1)	(38.8)	(130.5)	(115.7)
Exceptional administrative expenses	—	(0.7)	—	(1.9)
Operating profit	**98.2**	**107.6**	**304.2**	**353.3**

EBITDA before exceptionals represents profit before net finance costs or income, tax charges, depreciation and amortization, impairment charges, share of profit or loss of associates and joint ventures using the equity accounting method, profit on disposal of investments, profit on disposal of fixed assets, and exceptional items.

EBITDA before exceptionals is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

4. EXCEPTIONAL ITEMS

	Three-Month Period Ended September 30,		Nine-Month Period Ended September 30,	
	2020	2019	2020	2019
	(€ in millions)			
Total exceptional administrative expenses	**—**	**0.7**	**—**	**1.9**
Exceptional finance costs	**—**	**—**	**16.7**	**—**

Exceptional administrative expenses:

Exceptional costs in the nine-month period ending September 30, 2019 relate to various legal and commercial disputes.

Exceptional finance costs:

On March 9, 2020 the Group renegotiated an amendment and upsizing of its existing Term Loan B borrowings by €250.0 million from €814.3 million to €1,064.3 million. See note 11 for further information. The amendment has been classified as a substantial debt modification as per IFRS 9 resulting in the write-off of €16.7 million of unamortized debt issue costs associated with the original Term Loan B.

5. NET FINANCE (COSTS)/INCOME

	Three-Month Period Ended September 30,		Nine-Month Period Ended September 30,	
	2020	2019	2020	2019
	(€ in millions)			
Finance income				
Interest receivable from ultimate parent undertakings	8.3	9.2	15.5	9.2
Interest receivable from associated undertakings	0.6	0.6	1.8	2.0
Exchange movements	0.3	6.4	5.1	6.2
Other finance income	—	0.2	0.1	0.5
Total finance income	**9.2**	**16.4**	**22.5**	**17.9**
Finance costs				
Interest payable on Senior Secured Term Loans	6.8	5.3	19.1	15.6
Interest payable on securitization facility	0.5	0.4	1.3	1.5
Interest payable to related parties	0.5	0.1	1.4	0.5
Amortization of debt issue costs	0.2	0.8	1.3	2.4
Interest payable on leases	0.8	0.7	2.0	2.1
Net fair value loss on derivatives	1.1	0.3	4.1	2.6
Other finance charges	0.1	—	0.2	0.2
Interest on employee benefits	0.7	1.4	2.2	4.2
Total finance costs before exchange movements and exceptional items	10.7	9.0	31.6	29.1
Exceptional finance costs (see Note 4)	—	—	16.7	—
Total finance costs	**10.7**	**9.0**	**48.3**	**29.1**
Net finance (costs)/income	**(1.5)**	**7.4**	**(25.8)**	**(11.2)**

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

6. TAXATION

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to the expected total annual profit or loss. The effective tax rate of approximately 19% for the first nine months of 2020 (2019: 20%) reflects the anticipated tax rate for the Group for the full year.

7. ACQUISITIONS OF BUSINESS UNDER COMMON CONTROL

Effective March 1, 2019, the Group acquired INEOS Enterprises Group Limited and its subsidiary, Keuper Gas Storage Limited, from INEOS Enterprises Holdings Limited, a related party. The acquired companies are engaged in gas storage activities and the production of salt and sulphur chemicals at Runcorn, in the United Kingdom. The purchase price of €35.0 million is in the form of a long-term loan agreement with the seller.

INOVYN and INEOS Enterprises Group 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 of €59.6 million between the consideration paid of €35.0 million and the book value of the assets and liabilities acquired has been recognized within the merger reserve.

8. PROPERTY, PLANT AND EQUIPMENT

In the nine month period ended September 30, 2020, the Group acquired €147.2 million (Nine month period ended September 30, 2019: €181.8 million) of property, plant and equipment. The main capital expenditures in the nine month period ended September 30, 2020 related to the expansion of electrolysis/VCM capacity at Rafnes, Norway and the expansion of SPVC capacity at Jemeppe, Belgium. Capacity improvements to the Group's specialty PVC plant at Porsgrunn, Norway have also been completed. Other expenditures include a new office complex at Runcorn, United Kingdom and a brine borehole drilling program at Northwich, United Kingdom.

9. INVENTORIES

	September 30, 2020	December 31, 2019
	(€ in millions)	
Raw materials and consumables	117.4	122.8
Work in progress	32.1	33.0
Finished products	89.0	109.2
	238.5	**265.0**

10. CASH AND CASH EQUIVALENTS

	September 30, 2020	December 31, 2019
	(€ in millions)	
Cash and cash equivalents	**212.7**	**64.2**

11. INTEREST BEARING LOANS AND BORROWINGS

Borrowing obligations as of December 31, 2019 and September 30, 2020 are as follows:

	September 30, 2020	December 31, 2019
	(€ in millions)	
Non-current liabilities		
Senior Secured Term Loan B	1,064.3	806.1
Securitization facility	—	55.2
Loans from related parties	37.6	36.4
Other loans	0.4	0.1
Gross borrowings	1,102.3	897.8
Less: unamortized finance costs	(5.8)	(17.4)
Net borrowings	**1,096.5**	**880.4**

	September 30, 2020	December 31, 2019
	(€ in millions)	
Current liabilities		
Securitization facility	31.2	—
Senior Secured Term Loan B	—	8.2
Gross borrowings	31.2	8.2
Less: unamortized finance costs	(0.1)	—
Net borrowings	**31.1**	**8.2**

	September 30, 2020	
Gross loans and borrowings	Issue costs	Net loans and borrowings
	(€ in millions)	

Senior Secured Term Loan B	1,064.3	(5.8)	1,058.5
Securitization facility	31.2	(0.1)	31.1
Loans from related parties	37.6	—	37.6
Other loans	0.4	—	0.3
	1,133.5	**(5.9)**	**1,127.6**

	December 31, 2019		
	Gross loans and borrowings	**Issue costs**	**Net loans and borrowings**
		(€ in millions)	
Senior Secured Term Loan B	814.3	(17.2)	797.1
Securitization facility	55.2	(0.2)	55.0
Loans from related parties	36.4	—	36.4
Other loans	0.1	—	0.1
	906.0	**(17.4)**	**888.6**

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity
Senior Secured Term Loan B	€	EURIBOR (floor 0.5%) +2.0%	2027
Securitization facility	$/£/€	Variable	2021

Senior Secured Term Loans

On May 13, 2016, INOVYN Finance plc entered into a Credit Agreement (the "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 the Credit Agreement, INOVYN Finance plc fully drew down on May 13, 2016 the Initial Tranche A Term Commitment of €240.0 million and the Initial Tranche B Euro Term Commitment of €535.0 million in the form of Senior Secured Term Loans (the "Senior Secured Term Loans"). The Initial Term Loan A has subsequently been repaid.

The obligations under the Senior Secured Term Loans are guaranteed by INOVYN Limited and certain of its subsidiaries on a senior secured basis. The 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.

Term Loan B

The initial Term Loan B of €535.0 million bore interest at a rate of EURIBOR (with a floor of 1.0%) plus a margin of 5.25%, payable in arrears on the last day of each interest period, or every three months for interest periods greater than three months.

Following the repricing of the Term Loan B and increase of borrowings of €100.0 million which were used to repay €100.0 million of Term Loan A on November 10, 2016, the revised Term Loan B of €633.7 million bore interest at a rate of EURIBOR (with a floor of 1.0%) plus a margin of 3.50%.

Following the repricing of the Term Loan B and increase of borrowings of €60.0 million on May 10, 2017, the new Term Loan B of €690.4 million bore interest at a rate of EURIBOR (with a floor of 0.75%) plus a margin of 3.00%. The maturity of Term Loan B borrowings were also extended from May 2021 to May 2024.

Following the repricing of the Term Loan B and increase of borrowings of €140.0 million on November 15, 2017 the new Term Loan B of €828.8 million bore interest at a rate of EURIBOR (with a floor of 0.75%) plus a margin of 2.25%.

The interest rate payable on Term Loan B was further reduced on November 9, 2018 to EURIBOR (with a floor of 0.50%) plus a margin of 2.00%, with capital amortization repayable in twenty-seven equal quarterly instalments of

€2,056,380 commencing on April 1, 2019 and finishing on September 30, 2025, plus a final instalment of €767,029,919 on November 9, 2025. The maturity date was therefore extended from May 2024 to November 2025.

On March 9, 2020, the Group agreed terms to borrow an additional €250.0 million of Term Loan B borrowings, extend the maturity from November 2025 to March 2027, and to amend certain provisions in the Credit Agreement, although it remains maintenance covenant free. The interest rates also remain the same. The quarterly amortization payments were replaced by a single payment due on March 9, 2027. The refinancing on March 9, 2020 has been treated as a substantial modification under IFRS 9.

Prepayments

INOVYN Finance plc may make voluntary prepayments of all or part of the Term Loan B subject to certain conditions. It may also be required to make mandatory prepayments of part of the Senior Secured Term Loans in any one year in an amount of up to 50% of Excess Cash Flow for the previous fiscal year ending on December 31 if the consolidated net leverage ratio exceeds 2.50 : 1.00.

Securitization facility

INOVYN Group Treasury Limited and certain other Group companies are party to a trade receivables securitization program (the "Securitization Program") with Barclays Bank PLC, ING Belgium N.V. and HSBC Bank PLC who act as lenders, liquidity providers and program agents. Up to June 29, 2018, the maximum amount available under the Securitization program was €300.0 million subject to a borrowing limit that is adjusted periodically based on the amount of eligible trade receivables at that time. On June 29, 2018, the Group renegotiated this facility and the facility size reduced from €300.0 million to €240.0 million and now matures on June 30, 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 1.1% (previously the margin was 1.45%), except that if any lending is funded other than by issuing Commercial Paper then the applicable interest rate is EURIBOR / LIBOR plus 1.1% (previously the margin was 1.45%). For undrawn amounts, the facility bears interest of 0.5% (previously this was 0.7%).

The facility is secured on certain of the Group's trade receivables.

Other facilities

In 2015, INOVYN Group Treasury Limited entered into on-demand letter of credit facilities with each of ING Bank N.V. and Barclays Bank PLC (each, an "Issuing Bank"), under which INOVYN Group Treasury Limited may request (on its own behalf or on behalf of other INOVYN subsidiaries) that the Issuing Banks issue letters of credit, guarantees, performance bonds and indemnities (or any other instrument in a form agreed by the Issuing Bank) with an aggregate base currency amount of up to €40.0 million; €30.0 million of which is available under the ING Bank N.V. facility and €10.0 million of which is available under the Barclays Bank PLC facility. At September 30, 2020, €7.2 million (December 31, 2019: €11.6 million) of certain bank guarantees and letters of credit of the Group were provided for under these facilities. Under the terms of each Letter of Credit Facility, INOVYN Group Treasury Limited will provide cash collateral of the value of outstanding letters of credit, bonds, guarantees and indemnities when provided. These facilities are uncommitted and there is no expiry date.

In addition, certain guarantees from banks and other financial institutions have been provided under non cash-backed arrangements with those institutions. The majority of these guarantees are to support energy purchasing arrangements and operating licenses from regulatory bodies. As at September 30, 2020, these amounted to €29.0 million (December 31, 2019: €29.0 million).

12. FINANCIAL INSTRUMENTS

The carrying amount is a reasonable approximation of fair value of trade receivables and payables.

The financial assets/liabilities categorised as Fair Value through Profit and Loss (FVTPL) presented in Level 2 contains swap contracts designed to hedge floating electricity prices into a fixed price.

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).

	Fair value	Level 1	Level 2	Level 3	Fair value	Level 1	Level 2	Level 3
	September 30, 2020				December 31, 2019			
	(€ in millions)							
Financial liabilities held for trading at fair value through profit and loss:								
Derivative commodity contracts	7.4	—	7.4	—	3.4	—	3.4	—
Total financial assets and liabilities held at fair value	**7.4**	**—**	**7.4**	**—**	**3.4**	**—**	**3.4**	**—**

The commodity derivatives are fair valued using rates in a quoted market. There have been no transfers between levels during the six month period ended September 30, 2020 (2019: no transfers between levels).

Credit risk

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 derivatives.

Group Treasury policy and objectives in relation to credit risk is to minimize the likelihood that the Group will experience financial loss due to counterparty failure. 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.

Liquidity risk

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, and it maintains the most appropriate mix of short and long-term borrowings from the Group's lenders.

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 period.

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.

The majority of the Group's revenue is generated in, or linked to the Euro. The Group benefits from natural hedging, to the extent that the vast majority of the Group's revenues are generated in Euros which is the same currency as the Group's Senior Secured Term Loans. Moreover, most of the Group's key feedstocks and other raw material costs are denominated in Euros.

The Group has established a currency risk policy under which material currency flows are analysed and if management considers it needed the risks are mitigated. The Group looks at transactional and translation currency risks.

13. FUNDING TO INEOS GROUP

On March 9, 2020 the Group increased Term Loan B borrowings by €250.0 million and on the same date the proceeds were loaned to INEOS Industries Holdings Limited Group, a related party company. During 2020, the Group intend to settle the loan via the declaration of a dividend, equal to the value of the loan outstanding.

14. CONTINGENCIES

The Group is subject to various proceedings instituted by governmental authorities arising under the provisions of applicable laws or regulations relating to the discharge of materials into the environment or otherwise relating to the protection of the environment. In management's opinion, none of the proceedings is material to the financial condition or results of operation of the Group.

INOVYN Limited

Annual report and financial statements

Registered number 08696245

Year ended—31 December 2019

INOVYN LIMITED
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INOVYN LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INOVYN LIMITED

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements of Inovyn 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 2019 and of the Group's and parent company's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; 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 balance sheet;
- the consolidated statement of changes in equity;
- the consolidated cash flow statement;
- the related notes 1 to 33.
- the parent company profit and loss account;
- the parent company balance sheet
- the parent company statement of changes in equity; and
- the related notes 1 to 12.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and IFRSs as adopted by the European Union. 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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (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

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or

- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 respect of these matters.

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.

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 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.

Matthew Hughes BSC(Hons) ACA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Leeds
31 March 2020

INOVYN LIMITED

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019	2018
		€m	
Revenue	2	**3,105.4**	**3,359.3**
Cost of sales before exceptional items		(2,162.5)	(2,329.8)
Exceptional cost of sales	6	(21.4)	(11.8)
Total cost of sales		(2,183.9)	(2,341.6)
Gross profit		**921.5**	**1,017.7**
Distribution costs		(348.8)	(332.6)
Administrative expenses before exceptional items		(156.5)	(139.5)
Exceptional administrative expenses	6	(30.2)	(1.0)
Total administrative expenses		(186.7)	(140.5)
Total expenses		(535.5)	(473.1)
Operating profit	7	**386.0**	**544.6**
Share of loss of associated undertakings	14	—	(0.5)
Loss on disposal of other investments	14	—	(0.1)
Profit before net finance costs		**386.0**	**544.0**
Finance income	10	23.1	12.1
Finance costs before exceptional items	10	(39.5)	(43.0)
Exceptional finance costs	6,10	—	(6.5)
Total finance costs	10	(39.5)	(49.5)
Net finance costs	10	(16.4)	(37.4)
Profit before tax		**369.6**	**506.6**
Tax charge	11	(67.7)	(121.4)
Profit for the year		**301.9**	**385.2**
Profit/(loss) attributable to:			
—Owners of the parent		301.9	390.1
—Non-controlling interest		—	(4.9)
		301.9	**385.2**

The notes on pages F-225 to F-286 are an integral part of these consolidated financial statements.

INOVYN LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	€m	
Profit for the year	**301.9**	**385.2**
Other comprehensive income/(expense):		
Items that will not be reclassified to profit or loss		
Remeasurement of post-employment benefit obligations net of taxes	(9.2)	(2.7)
Items that may be subsequently reclassified to profit or loss		
Foreign exchange translation differences of subsidiaries	3.6	(10.2)
Total other comprehensive expense for the year, net of tax	**(5.6)**	**(12.9)**
Total comprehensive income for the year	**296.3**	**372.3**
Total comprehensive income/(expense) attributable to:		
—Owners of the parent	296.3	377.2
—Non-controlling interest	—	(4.9)
	296.3	**372.3**

The notes on pages F-225 to F-286 are an integral part of these consolidated financial statements.

INOVYN LIMITED

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2019

	Note	2019	2018
		€m	
Non-current assets			
Property, plant and equipment	12	1,419.5	1,200.7
Intangible assets	13	8.8	9.3
Investments in equity-accounted investees	14	13.4	13.3
Other investments	14	5.0	0.2
Other receivables	17	351.0	24.3
Deferred tax assets	15	153.6	137.9
Employee benefits	22	26.5	23.9
Total non-current assets		**1,977.8**	**1,409.6**
Current assets			
Inventories	16	265.0	243.8
Trade and other receivables	17	491.6	568.7
Tax receivables for current tax		10.2	8.4
Cash and cash equivalents	18,27	64.2	207.7
Total current assets		**831.0**	**1,028.6**
Total assets		**2,808.8**	**2,438.2**
Equity attributable to owners of the parent			
Share capital	25	—	—
Share premium reserve		84.5	84.5
Merger reserve	4	(434.8)	(375.2)
Retained earnings		548.5	558.6
Other reserves		69.1	74.7
Total equity		**267.3**	**342.6**
Non-current liabilities			
Interest-bearing loans and borrowings	19	880.4	799.7
Lease liabilities	20	53.3	—
Trade and other payables	21	123.4	52.1
Employee benefits	22	273.5	282.4
Provisions	23	74.1	80.9
Deferred tax liabilities	15	79.8	74.2
Total non-current liabilities		**1,484.5**	**1,289.3**
Current liabilities			
Interest-bearing loans and borrowings	19	8.2	8.9
Lease liabilities	20	23.9	—
Trade and other payables	21	950.2	667.6
Tax liabilities for current tax		35.5	90.3
Other financial liabilities	24	3.4	3.2
Provisions	23	35.8	36.3
Total current liabilities		**1,057.0**	**806.3**
Total liabilities		**2,541.5**	**2,095.6**
Total equity and liabilities		**2,808.8**	**2,438.2**

These financial statements were approved by the Board of Directors on 31 March 2020 and were signed on its behalf by:

M J Maher
Director
INOVYN Limited

G Tuft
Director
Registered number: 08696245

The notes on pages F-225 to F-286 are an integral part of these consolidated financial statements.

INOVYN LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital	Share premium reserve	Merger reserve	Retained earnings	Other reserves	Total equity	Attributable to owners of parent	Attributable to non-controlling interest
					€m			
Balance at 1 January 2018	—	84.5	(375.2)	270.6	87.6	67.5	67.3	0.2
Profit/(loss) for the year	—	—	—	385.2	—	385.2	390.1	(4.9)
Other comprehensive expense:								
Remeasurement of post-employment benefit obligations net of taxes	—	—	—	—	(2.7)	(2.7)	(2.7)	—
Foreign exchange translation differences of subsidiaries	—	—	—	—	(10.2)	(10.2)	(10.2)	—
Total other comprehensive expense	**—**	**—**	**—**	**—**	**(12.9)**	**(12.9)**	**(12.9)**	**—**
Transactions with owners, recorded directly in equity:								
Capital contribution made by non-controlling interest	—	—	—	2.8	—	2.8	—	2.8
Acquisition of shares in non-controlling interest	—	—	—	—	—	—	(1.9)	1.9
Dividends	—	—	—	(100.0)	—	(100.0)	(100.0)	—
Transactions with owners, recorded directly in equity	**—**	**—**	**—**	**(97.2)**	**—**	**(97.2)**	**(101.9)**	**4.7**
Balance at 31 December 2018	**—**	**84.5**	**(375.2)**	**558.6**	**74.7**	**342.6**	**342.6**	**—**
Profit for the year	—	—	—	301.9	—	301.9	301.9	—
Other comprehensive income/(expense):								
Remeasurement of post-employment benefit obligations net of taxes	—	—	—	—	(9.2)	(9.2)	(9.2)	—
Foreign exchange translation differences of subsidiaries	—	—	—	—	3.6	3.6	3.6	—
Total other comprehensive expense	**—**	**—**	**—**	**—**	**(5.6)**	**(5.6)**	**(5.6)**	**—**
Transactions with owners, recorded directly in equity:								
Acquisition of business under common control	—	—	(59.6)	—	—	(59.6)	(59.6)	—
Dividends	—	—	—	(312.0)	—	(312.0)	(312.0)	—

Transactions with owners, recorded directly in equity.....	**—**	**—**	**(59.6)**	**(312.0)**	**—**	**(371.6)**	**(371.6)**	**—**
Balance at 31 December 2019.....	**—**	**84.5**	**(434.8)**	**548.5**	**69.1**	**267.3**	**267.3**	**—**

The notes on pages F-225 to F-286 are an integral part of these consolidated financial statements.

Analysis of other reserves:

	Translation reserve	Actuarial reserve	Other reserves
		€m	
Balance at 1 January 2018	0.7	86.9	87.6
Foreign exchange translation differences of subsidiaries	(10.2)	—	(10.2)
Remeasurement of post-employment benefit obligations net of taxes	—	(2.7)	(2.7)
Balance at 31 December 2018	**(9.5)**	**84.2**	**74.7**
Foreign exchange translation differences of subsidiaries	3.6	—	3.6
Remeasurement of post-employment benefit obligations net of taxes	—	(9.2)	(9.2)
Balance at 31 December 2019	**(5.9)**	**75.0**	**69.1**

The notes on pages F-225 to F-286 are an integral part of these consolidated financial statements.

INOVYN LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019	2018
		€m	
Cash flows from operating activities			
Profit for the year		301.9	385.2
Adjustments for:			
Depreciation and impairment	12	166.6	131.8
Amortisation	13	1.9	1.9
Net finance costs	10	16.4	37.4
Share of loss of associated undertakings	14	—	0.5
Loss on disposal of other investments	14	—	0.1
Tax charge	11	67.7	121.4
Decrease in trade and other receivables		96.6	70.3
(Increase)/decrease in inventories		(11.4)	25.6
(Decrease)/increase in trade and other payables		(60.6)	10.3
Decrease in provisions and employee benefits		(20.7)	(61.6)
Tax paid		(129.4)	(178.2)
Net cash from operating activities		**429.0**	**544.7**
Cash flows from investing activities			
Interest and other finance income received		0.3	0.6
Disposal of businesses, net of cash disposed of	3	2.5	2.6
Acquisition of other investments	14	(4.8)	—
Acquisition of intangible assets		(1.3)	(5.4)
Aborted capital expenditure	6	(20.7)	—
Acquisition of property, plant and equipment		(240.8)	(217.6)
Net cash used in investing activities		**(264.8)**	**(219.8)**
Cash flows from financing activities			
Repayment of Senior Secured Term Loans	19	(8.3)	(107.3)
Debt issue costs		(1.3)	(3.3)
Net draw-down of securitisation facility	19	53.9	—
Cash outflows to INEOS Group*		(301.3)	—
Other loans	19	(0.1)	(0.7)
Interest paid		(28.3)	(28.8)
Capital element of lease payments	20	(23.5)	—
Capital element of finance lease payments	20	—	(0.5)
Dividend paid*	25	—	(100.0)
Net cash used in financing activities		**(308.9)**	**(240.6)**
Net (decrease)/increase in cash and cash equivalents		(144.7)	84.3
Cash and cash equivalents at 1 January	18	207.7	121.6
Effect of exchange rate fluctuations on cash held		1.2	1.8
Cash and cash equivalents at 31 December	18	**64.2**	**207.7**

* In February 2019, INOVYN Finance plc, an indirect subsidiary of INOVYN Limited, granted a loan of €300.0 million to INEOS Limited, a related party, resulting in a cash outflow from the Group. In December 2019, INOVYN Finance plc declared a dividend of €312.0 million. INOVYN Holdings Limited then declared a dividend in specie of this rececivable to INOVYN Limited, who did the same to INEOS Group Investments Limited, its parent company. Both the loan receivable from INEOS Limited to INOVYN Finance plc and the balance payable from INOVYN Finance plc to INEOS Group Investments Limited remain unpaid as at 31 December 2019. It is anticipated that both outstanding balances will be settled in 2020. In addition, the Group lent a further €1.3 million to INEOS Group Investments Limited, a related party, for expenses incurred.

The notes on pages F-225 to F-286 are an integral part of these consolidated financial statements.

INOVYN LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

(forming part of the financial statements)

1 ACCOUNTING POLICIES

1.1 Overview

INOVYN Limited ("the Company") is a private company, limited by shares, incorporated in the UK, registered in England and Wales, and has its registered office at Runcorn Site HQ, South Parade, P.O. Box 9, Runcorn, Cheshire, UK, WA7 4JE.

INOVYN Limited was incorporated on 18 September 2013 and was a dormant company until 1 July 2015 when INEOS Group Investments Limited ("INEOS") and Solvay Chlorovinyls Holdings Sarl ("Solvay") combined their European chlor-vinyls activities in a joint venture headed by INOVYN Limited.

The formation of a joint venture was not included within the scope of IFRS 3 "*Business combinations*" and IFRS 2 "*Share based payments*", and therefore an accounting policy choice was made to adopt predecessor accounting.

On 7 July 2016, the shares held by Solvay were redeemed and INEOS Group Investments Limited became the sole shareholder of INOVYN 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. The parent company financial statements present information about the Company as a separate entity and not about its Group.

Whilst there is significant uncertainty due to the COVID-19 crisis, on the basis of the assessment described on page 9, together with a strong balance sheet and access to liquidity, the directors have concluded that it is appropriate to prepare the financial statements on a going concern basis. The Group financial statements have been prepared on a going concern basis and approved by the directors in accordance with International Financial Reporting Standards (IFRSs) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) as adopted by the European Union ("Adopted IFRSs") effective as of 31 December 2019, and with the Companies Act 2006 as applicable to companies using Adopted IFRSs.

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, financial instruments and financial assets classified as fair value through the profit or loss, or fair value through other comprehensive income which are stated at their fair value.

1.4 Functional and presentation currency

The functional and presentational currency of the Group is the currency of its principal operating environment and has been identified as the Euro.

All financial information presented in Euro has been rounded to the nearest €0.1 million, except when otherwise stated.

1.5 Changes in accounting policies

From 1 January 2019, the Group has applied IFRS 16 *Leases* for the first time along with a number of other new standards, although only IFRS 16 has had a material effect on the Group's financial statements.

IFRS 16 Leases

IFRS 16 replaces previous leasing guidance, including IAS 17 *Leases,* IFRIC 4 *Determining whether an Arrangement contains a Lease,* SIC-15 *Operating Leases—Incentives and* SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease.*

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. These liabilities are measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate.

For leases in which the Group is a lessor, no significant impact has arisen. Lessor accounting in IFRS 16 *Leases* remains similar to the previous standard IAS 17 *Leases*, with lessors continuing to classify leases as finance or operating leases.

The Group has applied IFRS 16 on 1 January 2019 using the 'modified retrospective approach' without restatement of comparative information. The details of the changes in accounting policies are disclosed below.

i) Adjustments recognised on adoption of IFRS 16 in which the Group is a lessee

The Group has recognised new right-of-use assets and lease liabilities for lease contracts previously classified as operating leases, which include vessels, storage and transportation infrastructure. The nature of expenses related to those leases has changed because the Group recognises a depreciation charge for right-of-use assets and interest expense on lease liabilities. Previously, the Group recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised. In addition, the Group no longer recognises provisions for operating leases that it assesses to be onerous. Instead, the Group now includes the payments due under the lease in its lease liability, and recognises any required impairment of the corresponding right-of-use asset.

At commencement or on modification of a contract that contains a lease and non-lease component, the Group allocates the consideration in the contract to each component on the basis of its relative stand-alone price.

On transition lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

As at 1 January 2019, the Group has recognised additional lease liabilities of €61.6 million. The table below provides a reconciliation between operating lease commitments disclosed as at 31 December 2018 and the lease liability recognised as at 1 January 2019:

	€m
Operating lease commitments as at 31 December 2018	**79.8**
Less: impact of discounting	(10.6)
Discounted operating lease commitments at 1 January 2019	**69.2**
Less:	
Short-term leases recognised on a straight-line basis as expense	(1.6)
Low-value leases recognised on a straight-line basis as an expense	(0.3)
Contracts reassessed as service agreements	(6.7)
Add:	
Adjustments as a result of different treatment of extension and termination options	1.0
Additional lease liabilities recognised on 1 January 2019	**61.6**
Finance lease liabilities recognised as at 31 December 2018	5.9
Lease liabilities recognised as at 1 January 2019	**67.5**
Of which are:	
Current lease liabilities	21.4

Non-current lease liabilities	46.1
	67.5

The weighted average incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 3.7%.

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- *Right-of-use assets*—increase of €66.1 million. This includes the leased assets recognised previously as finance leases of €4.5 million that were reclassified from Property, plant and equipment.
- *Property, plant and equipment*—decrease of €4.5 million. This relates to the reclassification of leased assets, previously recognised as finance leases to Right-of-use assets.
- *Lease liabilities*—increase of €61.6 million. From 1 January 2019, all lease liabilities (including finance leases recognised as at 31 December 2018) have been categorised within "Lease liabilities" on the balance sheet.

The net impact on retained earnings at 1 January 2019 was €nil.

The impact on the consolidated income statement for the year ended 31 December 2019, was as follows:

- *Depreciation of right-of-use assets*—increase of €23.5 million.
- *Finance costs*—increase of €2.2 million.
- *Other operating expenses*—decrease of €24.6 million.
- *Profit for the year*—decrease of €1.1 million.

(ii) Practical expedients applied

The Group had a number of arrangements that were not in the legal form of a lease, for which it concluded that the arrangement contained a lease under *IFRIC 4*. On transition to IFRS 16, the Group did not apply the practical expedient to grandfather the definition of a lease on transition. Therefore, the new definition of a lease under IFRS 16 has been applied to all of the contracts in place on transition.

When applying the modified retrospective approach to leases previously classified as operating leases under IAS 17, the Group has elected to apply the following practical expedients:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics,
- reliance on previous assessments on whether leases are onerous,
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases,
- the accounting for leases with a lease term of 12 months or less as short term leases. The lease payments associated with them will be recognised as an expense on a straight-line basis over the lease term,
- the accounting for leases for which the underlying asset is of low value when it is new as low value leases. The lease payments associated with them will be recognised as an expense on a straight-line basis over the lease term,
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

(iii) Adjustments in respect of leases where the Group is a lessee and the leases were previously classified as finance leases under IAS 17

For leases classified as finance leases under IAS 17, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 were determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately.

Lease policies applicable from 1 January 2019

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.

This policy is applied to contracts entered into on or after 1 January 2019.

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, initial direct costs incurred, 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 shorter of the lease term and the useful economic life, 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.

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 on 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.

Lease policies applicable prior to 1 January 2019

Operating lease payments

Payments made under operating leases are recognised in the consolidated income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the consolidated income statement as an integral part of the total lease expense.

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

1.6 New amendments for 2019

The Group has applied the following amendments to accounting standards for the first time in 2019 with effect from 1 January 2019:

- IFRIC 23 Uncertainty over Income Tax Treatments for annual periods beginning on or after 1 January 2019—IFRIC 23 clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities, whilst also aiming to enhance transparency.

- Prepayment Features with Negative Compensation (Amendments to IFRS 9) for annual periods beginning on or after 1 January 2019—The IASB has changed IFRS 9's requirements in two areas of financial instruments accounting—financial assets containing prepayment features with negative compensation can now be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9; and companies that have modified or exchanged fixed rate financial liabilities face a significant change in the accounting for non-substantial modifications that do not result in de-recognition.

- Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28) for annual periods beginning on or after 1 January 2019—The amendment addresses equity-accounted loss absorption by long-term interests, involves the dual application of IAS 28 and IFRS 9 Financial Instruments.

- Plan Amendment, Curtailment or Settlement (Amendments to IAS 19) for annual periods beginning on or after 1 January 2019—This amendment clarifies that—on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income (OCI).

1.7 Basis of consolidation

Subsidiaries

The consolidated financial statements of INOVYN Limited include all subsidiaries of the Company.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when it 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 to direct the activities of the entity. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated.

Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and balance sheet respectively. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Special purpose entities ("SPE")

A special purpose entity is consolidated if, based on an evaluation of the substance of its relationship with the Group and the SPEs' risks and rewards, the Group concludes that it controls the SPE.

The Group has established an SPE, INEOS Norway Finance Ireland Limited, for a debt securitisation programme. The Group does not have any direct or indirect shareholdings in this SPE. INEOS Norway Finance Ireland Limited is controlled by the Group as it was 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 retains the majority of the residual or ownership risks related to the SPE and its assets. INEOS Norway Finance Ireland Limited is therefore regarded as an SPE and has been consolidated in these financial statements.

Associated undertakings

Associated undertakings are those entities in which the Group has significant influence, but not control or joint control over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. Associated undertakings are accounted for using the equity method of accounting and are initially recognised at cost.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in the income statement, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associated undertakings are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity. Unrealised gains on transactions between the Group and its associated undertakings are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees 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 all to be joint operations.

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.

The Group has a 50% interest in a joint arrangement called Runcorn MCP Limited, which was set-up together with VYNOVA Runcorn Limited in 2015 to provide toll production of chlorine and caustic soda to the two shareholders. The joint venture agreements in relation to Runcorn MCP Limited require unanimous consent from all parties for all relevant activities. The two partners have direct rights to the assets of the partnership and are jointly and severally liable for the liabilities incurred by the partnership. This entity is therefore classified as a joint operation and the Group recognises its direct right to the jointly held assets, liabilities, revenues and expenses.

The Group, via a joint partnership ("Convention d'Indivision"), owns a 42.5% minority interest in the Feyzin ethylene cracker in France. The other partner is TOTAL Petrochemicals. As the arrangement is not structured through a vehicle that is separate from both partners, the joint arrangement is classified as joint operation under IFRS 11 "*Joint Arrangements*".

The Group has a 50% share in GIE Cansel-Bresse, a French *Groupement d'Interet Economique* which owns brine infrastructure assets at Etrez, France, and provides solution mining services. The holder of the remaining 50% is Storengy. As the assets and liabilities, capital expenditure, financing costs and operating expenses are shared evenly between both shareholders the Group has classified GIE Cansel-Bresse as a joint operation.

1.8 Foreign currency

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 balance sheet 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 income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency 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 presentation currency, Euros, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at 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.

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 currency differences arising on the retranslation of a hedge of a net investment in a foreign operation are recognised directly in equity, 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 recycled to profit or loss as an adjustment to the profit or loss on disposal.

Appropriate average currency rates have been applied for items of the income statement. The following currency rates have been used at 31 December 2018 and 31 December 2019:

	2019	2018
USD—US Dollar	1.1203	1.1434
GBP—British Pound	0.8543	0.9014
NOK—Norwegian Krone	9.8359	9.9866
SEK—Swedish Krona	10.4405	10.2712

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement and foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within finance income or cost. All other foreign exchange gains and losses are presented in the income statement within administrative expenses.

1.9 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.

1 ACCOUNTING POLICIES

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.

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 meet the cash flow characteristics and business model tests 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.

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 or 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.

All other financial assets, including derivatives, are classified as measured at fair value through profit and loss. When these financial assets are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in the income statement. Where these financial assets 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. Bank overdrafts that are repayable on demand and form an integral part of the Groups cash management are included as a component of cash and cash equivalents for the purpose of only the statement of cash flows.

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, with the difference between carrying amount of the financial liability and the consideration taken to the income statement. 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 effective interest method.

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.

1.10 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	10 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	5 to 10 years

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

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.

1.11 Business combinations, goodwill and intangible assets

Business combinations

Business combinations are defined according to IFRS 3 as a transaction or another event in which the acquirer achieves control over one or several business of the acquiree. All business combinations are accounted for by applying the purchase method, except acquisitions under common control which are outside the scope of IFRS 3. Goodwill represents amounts arising on acquisition of subsidiaries, associates and jointly controlled entities and represents the difference between the cost of the acquisition and the net fair value of the identifiable assets, liabilities and contingent liabilities acquired. Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

On a transaction-by-transaction basis, the Group elects to measure non-controlling interests, which have both present ownership interests and are entitled to a proportionate share of net assets of the acquiree in the event of liquidation, either at its fair value or at its proportionate interest in the recognised amount of the identifiable net assets of the acquiree at the acquisition date.

Acquisitions and disposals of non-controlling interests that do not result in a change of control are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. Any difference between the price paid or received and the amount by which non-controlling interests are adjusted is recognised directly in equity and attributed to the owners of the parent.

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.

Goodwill

Goodwill that arises on the acquisition of businesses is presented within intangible assets. Goodwill is measured at cost less accumulated impairment losses. Goodwill is allocated to groups of cash-generating units and is not amortised but is tested annually for impairment.

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

Other intangible assets

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and accumulated impairment losses.

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.

The Group's intangible assets principally comprise of intellectual property rights, the cost of software, regulatory licenses and costs associated with obtaining access to pipelines owned by third parties.

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 5 to 10 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.

Research and development

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

Expenditure on development activities is capitalised within intangible assets 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 and capitalised borrowing costs. 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

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.

Financial assets which are considered low risk are not provided for impairment by the Group.

An impairment loss in respect of a receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

Investments in debt and equity securities

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 equity securities classified as FVOCI are not tested for impairment under IFRS 9.

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.

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 and net realisable value. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs of 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.

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 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.

1.16 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.

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 are deducted. The discount rate is based on the yield at the reporting date on AA credit-rated bonds that have maturity dates in line with the terms of the Group's obligations and that are denominated in the currency in which the benefits are expected to be paid.

Remeasurements of the net defined benefit liability from actuarial gains and losses and returns on plan assets greater than the discount rate are recognised immediately in other comprehensive income. The Group determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense is included in finance cost; all other components of employee benefit costs related to defined benefit plans are recognised as personnel expenses in the income statement.

The calculation is performed annually on the basis of an actuarial report using the projected unit credit method. When the calculation results in a defined benefit asset to the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to the plan. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities. The change in the present value of the future benefits resulting from a plan change or a curtailment is recognised as past service cost in the consolidated income statement in the year in which they occur.

The Group recognises gains and losses from a settlement of a defined benefit plan in the income statement when the settlement occurs. The gain or loss on settlement is the difference between the present value of the defined benefit obligation to be settled and the settlement price including payments made directly by the company in connection with the settlement.

Certain of the Group's pension plans include multi-employer schemes for employees of the Group and other INEOS or Solvay group 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 or medium-term cash bonus 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.

1.17 Provisions

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 reliably estimated. The timing of recognition requires the application of judgement to existing facts and circumstances, which can be subject to change. Provisions are discounted 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.

1.18 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.

1.19 Revenue from contracts with customers

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 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 limited number of contracts that include distinct performance obligations (being primarily separate shipping obligations), which can potentially result in revenue been recognised later in time.

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.

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.

1.20 Finance income and costs

Interest income and interest expenses are accounted for applying the effective interest method. Interest income includes interest income on funds invested and fair value gains on financial assets at fair value through profit or loss. Interest expenses include interest expense on borrowings, the interest component of employee benefit costs net of returns on plan assets, the unwinding of the discount on provisions and fair value losses on financial assets at fair value through profit or loss. The difference between the carrying amount of a financial liability extinguished and the consideration paid is included in interest expense. Gains and losses from the measurement of monetary assets or liabilities denominated in foreign currencies are included in finance income and costs.

Costs associated with raising finance are deducted from the gross proceeds in the balance sheet and amortised over the term of the relevant financing at a constant rate over the carrying amount.

1.21 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the 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 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. A provision is recognised for those matters for which the tax determination is uncertain but is considered probable that there will be a future outflow of funds

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 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 temporary 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.

1.22 Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is restated as if the operation has been discontinued from the start of the previous financial year.

1.23 Disposal groups held for sale

Disposal groups are classified as assets and liabilities held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

1.24 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 Committee who report into the shareholder, INEOS Group Investments Limited.

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

1.25 Exceptional items

The presentation of the Group's results separately identifies the effect of profits and losses on the disposal of businesses, the impairment of non-current assets, the cost of restructuring acquired 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. Results excluding disposals, impairments, restructuring costs and one off items are used by management and are presented in order to provide readers with a clear and consistent presentation of the underlying operating performance of the Group's ongoing business.

1.26 Securitisation

Certain Group companies are parties to a receivables securitisation programme in which various subsidiaries sell trade receivables to INEOS Norway Finance Ireland Limited ("INFIL"), a special purpose vehicle, for a discounted rate. INFIL pledges the receivables as security for borrowings from conduit lenders. The cash borrowed by INFIL from the conduit lenders, less a financing cost, is lent to the Group companies. The financing cost is recognised in interest payable. The risks and rewards of ownership of the receivables are retained by the Group and therefore INFIL has been included in the financial statements as a quasi-subsidiary.

1 ACCOUNTING POLICIES

1.27 Emissions Trading scheme

The Group participates in the EU Emissions Trading Scheme. 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 Emissions Trading Scheme is recognised in the consolidated income statement once the reduction targets have been met. The emissions permits allocated under the Scheme are at nil cost. The Group recognises the revenue from such permits upon their sale to third parties.

The Group recognises a provision for emissions produced. The provision 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.

1.28 New standards and interpretations not yet adopted

A number of new accounting standards and interpretations are effective for annual periods beginning on or after 1 January 2020 and earlier application is permitted. However, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

The following new or amended standards and interpretations are not expected to have a material impact on the Group's consolidated financial statements.

- Amendments to References to Conceptual Framework in IFRS Standards.
- Definition of a Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)
- IFRS 17 Insurance Contracts
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

2 SEGMENTAL REPORTING

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 businesses:

- *General Purpose Vinyls*, consisting of a portfolio of Suspension PVC products and PVC Resins, and output that the Group both consumes and sells from its interest in the Feyzin cracker.
- *Specialty Vinyls*, consisting of Emulsion PVC and specialty grade Suspension PVC products.
- *Organic Chlorine Derivatives*, consisting of various chlorine derivatives including chlorinated paraffins, chloromethanes, allyl chloride and epichlorohydrin, plus sulphur chemicals.

- *Chlor-Alkali*, consisting of caustic soda and caustic potash, chlorine and chlorine by-products, brine and water, salt and hydrochloric acid.

However, the Group's financial reporting is limited to three Business segments; General Purpose Vinyls, Specialty Vinyls, and Other Chemicals. The Other Chemicals segment includes the Organic Chlorine Derivatives business, plus all products in the Chlor-Alkali business excluding caustic soda and caustic potash. Revenues from caustic soda and caustic potash are then attributed to the three Business Segments based on the quantities of chlorine contained in the respective products.

For segmental reporting of EBITDA, the results of the caustic soda and caustic potash products (which are co-produced with chlorine in the electrolysis manufacturing process) included within the Chlor-Alkali operating business are allocated out to the three segments based on the quantities of chlorine contained in each of their products.

For segmental reporting of revenue, caustic soda and caustic potash revenues are shown both before and after allocation to three Business segments.

The revenue attributable to each business segment is as follows:

	2019			2018		
	Revenue before caustic soda/potash allocation	Caustic soda/potash revenue allocation	Revenue after caustic soda/potash allocation	Revenue before caustic soda/potash allocation	Caustic soda/potash revenue allocation	Revenue after caustic soda/potash allocation
	€m					
General Purpose Vinyls	1,279.1	430.5	1,709.6	1,456.3	503.8	1,960.1
Specialty Vinyls	369.2	116.2	485.4	377.1	126.4	503.5
Other Chemicals	503.3	407.1	910.4	455.4	440.3	895.7
Caustic soda and caustic potash	953.8	(953.8)	—	1,070.5	(1,070.5)	—
	3,105.4	**—**	**3,105.4**	**3,359.3**	**—**	**3,359.3**

The EBITDA before exceptional items attributable to each business segment is as follows:

	2019	2018
	€m	
EBITDA before exceptionals		
General Purpose Vinyls	240.1	306.6
Specialty Vinyls	156.6	163.0
Other Chemicals	209.4	221.5
	606.1	**691.1**

Reconciliation of earnings before operating exceptional items, interest, taxation, depreciation and amortisation ('EBITDA before exceptional items') to operating profit:

	2019	2018
	€m	
EBITDA before exceptional items	606.1	691.1
Depreciation and amortisation	(168.5)	(133.7)
Exceptional items within operating profit (note 6)	(51.6)	(12.8)
Operating profit	**386.0**	**544.6**

Geographical analysis—revenues

Geographical information by location of customers	2019	2018
	€m	
UK	474.5	427.6
Rest of Europe	2,163.2	2,465.1
Rest of World	467.7	466.6

Total	**3,105.4**	**3,359.3**

Geographical information by location of trading legal entity	2019	2018
	€m	
UK	2,652.7	2,878.3
Rest of Europe	401.0	430.6
Rest of World	51.7	50.4
Total	**3,105.4**	**3,359.3**

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.

A geographic analysis of segment assets are not presented as the necessary information is not available and the directors are of the opinion that the cost to develop it would be excessive.

3 LOSS ON DISPOSAL OF BUSINESSES

Prior to the formation of the INOVYN joint venture, both INEOS and Solvay agreed to sell certain 'remedy assets' to International Chemicals Investor Group ("ICIG") in order to address competition concerns raised by the European Commission. Deferred consideration of €2.5 million was received from ICIG in the year ended 31 December 2019 (2018: €2.6 million). The remaining deferred consideration of €1.5 million at 31 December 2019 will be fully settled by August 2020.

4 MERGER RESERVE

On 1 July 2015, INEOS Group Investments Limited and a subsidiary of Solvay SA combined their European chlor-vinyls activities in a joint venture headed by INOVYN Limited. INOVYN Limited acquired INOVYN Finance plc (formerly Kerling Limited) and certain of its subsidiaries from INEOS Group Investments Limited, and acquired several legal entities from the Solvay group in exchange for a cash payment of €150.0 million. The intention from the onset of the formation of INOVYN was that Solvay would exit the joint venture within three years, with Solvay receiving € 335.0 million for the redemption of their B ordinary shares. On 1 July 2015, €375.2 million was debited to a merger reserve, being the difference between the book value of the net assets acquired and the total consideration paid.

The merger reserve was further increased by €59.6 million in 2019 following the acquisition of INEOS Enterprises Group Limited and its subsidiary, Keuper Gas Storage Limited. See note 5 for further details.

5 ACQUISITION OF BUSINESSES

Effective on 1 March, 2019, the Group acquired INEOS Enterprises Group Limited and its subsidiary, Keuper Gas Storage Limited from INEOS Enterprises Holdings Limited, a related party. The acquired companies are engaged in gas storage activities and the manufacture of salt and sulphur chemicals at Runcorn, United Kingdom. The purchase price of €35.0 million was in the form of a long-term loan agreement with the seller, with interest accruing at a rate of 4.5% per annum.

The Group and INEOS Enterprises Group 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 €35.0 million and the book value of the assets and liabilities acquired has been recognised within the merger reserve.

	2019
	€m
Acquiree's net liabilities at acquisition date:	
Property, plant and equipment	43.9
Right-of-use assets	1.3
Deferred tax assets	4.4
Inventories	7.4
Trade debtors and other operating receivables	27.5
Trade creditors and other payables	(98.4)

Lease liabilities	(1.3)
Employee benefits	(9.4)
Net identifiable assets and liabilities	(24.6)
Consideration paid:	
Long-term loan payable to seller	35.0
Difference between consideration and net liabilities acquired recognised in merger reserve	**59.6**

The Group did not incur significant acquisition related costs on legal fees and due diligence costs. These costs have been included within "administrative expenses" as incurred.

The fair value of acquired trade receivables was €27.5 million. The trade receivables comprise gross contractual amounts due of €27.5 million, of which none was expected to be uncollectable at the date of acquisition.

For the ten-month period since 1 March 2019, the acquired business contributed revenue of €52.5 million and EBITDA of €4.6 million. If the acquisition had occurred on 1 January 2019, revenue and EBITDA of the Group for 2019 would have increased by €11.4 million and €2.2 million respectively.

6 EXCEPTIONAL ITEMS

	2019	2018
	€m	
Exceptional items included in cost of sales:		
Plant closure costs[1]	21.4	7.9
Cost reduction and synergy projects[2]	—	1.4
Pension scheme closure[3]	—	0.4
Other[5]	—	2.1
	21.4	**11.8**
Exceptional items included in administrative expenses:		
Cost reduction and synergy projects[2]	—	0.5
Pension scheme closure[3]	—	0.1
Aborted capital expenditure[4]	35.2	—
Other[5]	(5.0)	0.4
	30.2	**1.0**
Exceptional items excluding finance costs	**51.6**	**12.8**
Exceptional finance costs:		
Charge on early settlement of debt[6]	**—**	**6.5**
Total exceptional expenses	**51.6**	**19.3**

Exceptional cost of sales and administrative expenses:

(1) In December 2016, the Group closed the last remaining cell room at Runcorn, United Kingdom. The closure was in response to an EU directive mandating the closure of all mercury-based cell rooms by 11 December 2017. Provisions were recognised to cover costs associated with the closure such as decommissioning and decontamination, disposal of elemental mercury, and manpower headcount reductions. In 2019, further provisions totalling €12.3 million for the demolition of redundant assets were recognised in relation to the closure project (2018: €nil).

In October 2015, the Group announced the closure of its SPVC production facilities at Schkopau, Germany, due to the cessation of its VCM supply contract with The Dow Chemical Company, and provisions relating to manpower reductions, onerous leases, fixed asset and stock write-downs, dismantling, decommissioning and demolition costs were created. In 2019, following a re-estimation of final project costs, the provision was increased by € 1.2 million (2018: €nil).

In 2013 the decision was made to close the cell room in Wilhelmshaven, Germany. In 2019, further closure costs totalling €4.6 million were recognised relating to this asset (2018: €nil).

In December 2015, the Group announced the closure of the chloromethanes facility at Runcorn in the United Kingdom with production being focused on INOVYN's other chloromethanes assets at Tavaux, France and

Rosignano, Italy. In 2019, further exceptional charges totalling €3.0 million for asset demolition costs were recognised in relation to the closure project (2018: €2.3 million).

In 2017, cell room production at Martorell, Spain, ceased (due to the aforementioned EU regulations). During 2018, the Group recovered €1.2 million from sales of the decommissioned cell room assets to third parties.

In 2018, the production of chlorinated paraffins at Baleycourt, France was transferred to Runcorn, United Kingdom. Further exceptional restructuring costs of €0.3 million were incurred in 2019 (2018: €2.3 million).

In June 2018, following a detailed review and the expiration of a REACH authorisation permitting the sale of a special type of recycled PVC manufactured by Vinyloop Ferrara SpA at its Ferrara facility in Italy, INOVYN and its minority 40% shareholder, Texyloop SAS decided to terminate operations and to initiate liquidation proceedings. A provision of € 3.5 million was made to cover the costs of closure and a further loss of €1.0 million was incurred as a result of the sale of plant assets, land and other assets to a third party. After a contribution was made by Texyloop SAS to cover its share of loan obligations and closure costs, INOVYN acquired the shares of Texyloop SAS, after which the Group became the 100% owner of Vinyloop Ferrara SpA.

(2) The creation of INOVYN on 1 July 2015 provided various opportunities to streamline variable costs and reduce fixed costs by leveraging best practices from both of the constituent businesses and taking advantage of the benefits of scale. As part of this process, implementation charges totalling €1.9 million were incurred in 2018, consisting of headcount reduction provisions mainly in Belgium and Italy, and further early retirement provisions in France.

(3) In 2017 the Group, following consultation with employees, announced that all remaining open UK defined benefit pension schemes would be closing to future accrual. All employees exiting the defined benefit schemes into a defined contribution scheme were entitled to receive transition payments payable over a period of two years, for which an additional € 0.5 million was provided in 2018.

(4) In 2018 and 2019, the Group embarked on plans for a joint investment with INEOS Oxide in a new membrane cell room at Cologne, Germany with the aim of producing 280.0 kilo tonnes of electrolysis capacity. In 2019, this project was cancelled following a review of the project economics and predicted return on investment. In addition, a project to expand the capacity of the cell room in Lillo, Belgium was also cancelled in 2019. Feasibility costs totalling €35.2 million were written-off as a result, including €6.1 million of costs capitalised as assets under construction in 2018, €20.7 million capitalised as assets under construction in 2019 and unbilled amounts from suppliers of €8.4 million as at 31 December 2019.

(5) The exceptional credit of €5.0 million in 2019 mainly relates to the release of €6.4 million from provisions made in prior years and a charge of €1.4 million for miscellaneous legal claims and commercial disputes (2018: credit of €0.1 million). Other items in 2018 also included €2.6 million of payments that were agreed as part of the termination of a chlorine supply agreement in Belgium.

Exceptional finance costs:

(6) In June 2018, the Group voluntarily elected to repay in full the outstanding Term Loan A borrowings of €87.6 million. Unamortised debt issue costs of €6.5 million associated with the Term Loan A borrowings were written off.

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

7 OPERATING PROFIT

Included in operating profit are the following:

	2019	2018
	€m	
Research and development costs expensed as incurred	11.6	11.0
Amortisation of intangible assets	1.9	1.9
Amortisation of government grants	(4.8)	(5.5)
Expenses relating to short-term leases	7.4	—
Expenses relating to leases of low value assets	0.4	—

Expenses relating to variable lease payments not included in the measurement of the lease liability	5.1	—
Depreciation of property, plant and equipment—within cost of sales, distribution costs and administrative expenses		
Owned assets	142.4	131.1
Right-of-use assets	24.2	—
Finance leased assets	—	0.7
	166.6	**131.8**

	2019	2018
	€m	
Operating lease rental charges		
Plant, machinery and equipment	—	23.6
Other	—	3.5

	2019	2018
	€m	
Auditor's remuneration		
Audit of these financial statements	0.2	0.2
Amounts receivable by auditors and their associates in respect of:		
Audit of financial statements of subsidiaries pursuant to legislation	0.9	1.1
Services relating to tax compliance	—	0.2
All other services	—	0.1
	1.1	**1.6**

The total in 2019 includes fees paid to Deloitte LLP and its network firms in Europe for the audit of the consolidated financial statements and the audits of the financial statements of the Company and many of its European subsidiaries. Auditors' remuneration for services provided during the year ended 31 December 2018 relates to amounts paid to PricewaterhouseCoopers LLP.

The audit fee above includes the audit fee of €5,647 (2018: € 5,246) for the parent Company.

8 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:

	2019	2018
	Number	
Research and development	86	83
Administration	578	569
Production, engineering and distribution	3,352	3,209
	4,016	**3,861**

The aggregate payroll costs of these persons were as follows:

	2019	2018
	€m	
Wages and salaries	292.8	289.4
Social security costs	73.4	69.4
Contributions to defined contribution plans	11.6	9.8
Items related to defined benefit plans:		
Current service cost	11.4	10.1
	389.2	**378.7**

9 DIRECTORS' REMUNERATION

	2019	2018
	€m	

Salaries and other short term benefits	7.2	5.8
Company contributions to money purchase schemes	0.3	0.3
	7.5	**6.1**

Highest paid director	**2019**	**2018**
	€m	
Aggregate emoluments	**2.7**	**2.1**

Four directors have benefits accrued under defined benefit schemes (2018: four). Two directors have benefits accruing under defined contribution schemes (2018: two). In respect of the highest paid director, there is € 0.1 million (2018: €0.1 million) of accrued pension at the end of the year.

10 FINANCE INCOME AND COSTS

	2019	2018
	€m	
Finance income		
Interest receivable from associated undertakings	2.7	2.7
Interest receivable from related parties	12.8	—
Net exchange movements	7.0	8.3
Other interest income	0.6	1.1
Total finance income	**23.1**	**12.1**
Finance costs		
Interest payable on Senior Secured Term Loans	20.8	25.7
Interest payable on bank loans and overdrafts	—	0.1
Interest payable on securitisation facility	1.9	1.7
Interest payable to related parties	2.0	1.0
Amortisation of debt issue costs	3.1	4.8
Interest payable on right-of-use assets	2.7	—
Interest payable on finance leases	—	0.5
Net fair value loss on derivatives	0.4	2.1
Net change of rate and unwind of discount on long term provisions	2.7	0.7
Interest expense on pension schemes	5.6	6.1
Other interest expense	0.3	0.3
Total finance costs before exceptional items	39.5	43.0
Exceptional finance costs (note 6)	—	6.5
Total finance costs	**39.5**	**49.5**
Net finance costs	**16.4**	**37.4**

Net gains and losses on financial instruments are included in note 26.

11 TAX CHARGE

Recognised in the consolidated income statement

	2019	2018
	€m	
Current tax expense		
Current tax expense	65.4	97.5
Adjustments in respect of prior years	4.4	5.6
Current tax expense	**69.8**	**103.1**
Deferred tax expense		
Origination and reversal of temporary differences	29.8	35.2
Change in tax rates applied to temporary differences	(2.7)	(3.1)
Adjustments in respect of prior years	(29.2)	(13.8)
Deferred tax (credit)/charge	**(2.1)**	**18.3**
Total tax charge	**67.7**	**121.4**

Factors affecting the tax charge for the year

	2019	2018
	€m	

Profit before taxation	369.6	506.6
Tax using the UK corporation tax rate of 19.0% (2018: 19.0%)	70.2	96.3
Effect of tax rates in foreign jurisdictions	13.6	30.5
Permanent differences	(1.1)	2.1
Change in tax rate applied to temporary differences	(2.7)	(3.1)
Current year losses not recognised	12.5	3.7
Adjustments in respect of prior years	(24.8)	(8.2)
Associated undertakings results, reported net of tax	—	0.1
Total tax charge	**67.7**	**121.4**

The Finance Bill 2016 was substantively enacted on 6 September 2016 and included legislation to reduce the main rate of corporation tax to 17% from 1 April 2020. The deferred tax assets in the relevant UK companies at 31 December 2018 and 2019 have therefore been measured using a tax rate of 17%. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions

Taxation recognised in other comprehensive income

	2019			2018		
	Gross	**Tax**	**Net**	**Gross**	**Tax**	**Net**
				€m		
Remeasurement of post-employment benefit obligations net of taxes	(12.9)	3.7	(9.2)	(2.3)	(0.4)	(2.7)
Foreign exchange translation differences of subsidiaries	3.6	—	3.6	(10.2)	—	(10.2)
	(9.3)	**3.7**	**(5.6)**	**(12.5)**	**(0.4)**	**(12.9)**

12 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Plant & equipment Fixtures and fittings	Under construction	Right-of-use assets	Total
			€m		
Cost					
At 1 January 2018	494.9	3,537.8	125.8	—	4,158.5
Additions	4.6	62.0	169.5	—	236.1
Reclassification	4.6	31.9	(36.5)	—	—
Disposals	(0.1)	(4.1)	—	—	(4.2)
Effects of movements in foreign exchange	(0.4)	(5.5)	(3.2)	—	(9.1)
At 31 December 2018	**503.6**	**3,622.1**	**255.6**	**—**	**4,381.3**
Impact of adopting IFRS 16 (see note 1)	—	—	—	61.6	61.6
Reclassification of finance leases	—	(11.5)	—	11.5	—
Acquisition of business	3.3	31.0	9.6	1.3	45.2
Additions	2.6	58.1	183.6	17.4	261.7
Lease modifications and reassessments	—	—	—	13.3	13.3
Reclassification	28.6	152.3	(180.9)	—	—
Aborted capital expenditure	—	—	(6.1)	—	(6.1)
Disposals	—	(2.6)	—	(0.7)	(3.3)
Effects of movements in foreign exchange	0.6	14.2	(1.7)	0.8	13.9
At 31 December 2019	**538.7**	**3,863.6**	**260.1**	**105.2**	**4,767.6**
Accumulated depreciation and impairment					
At 1 January 2018	324.2	2,731.0	—	—	3,055.2
Depreciation charge for the year	10.6	121.2	—	—	131.8
Disposals	(0.1)	(4.1)	—	—	(4.2)
Effects of movements in foreign exchange	(0.1)	(2.1)	—	—	(2.2)
At 31 December 2018	**334.6**	**2,846.0**	**—**	**—**	**3,180.6**
Reclassification of finance leases	—	(7.0)	—	7.0	—
Depreciation charge for the year	9.9	132.5	—	24.2	166.6
Disposals	—	(2.6)	—	(0.7)	(3.3)
Effects of movements in foreign exchange	—	4.1	—	0.1	4.2
At 31 December 2019	**344.5**	**2,973.0**	**—**	**30.6**	**3,348.1**
Net book value					
At 31 December 2018	169.0	776.1	255.6	—	1,200.7
At 31 December 2019	**194.2**	**890.6**	**260.1**	**74.6**	**1,419.5**

Property, plant and equipment under construction

No borrowing costs were capitalised during the year (2018: €nil).

Leased plant and machinery

The Group leases many assets including land and buildings, vessels, storage and transportation infrastructure, machinery and motor vehicles which are classified as right-of-use assets. Finance leases with a net book value of €4.5 million as at 31 December 2018 have been reclassified into this category on 1 January 2019.

More information regarding right-of-use assets are presented below.

Right-of-use assets

	Land and buildings	Plant & equipment Fixtures and fittings	Total
Cost			
At 1 January 2019	—	—	—
Impact of adopting IFRS 16 (see note 1)	9.3	52.3	61.6
Reclassification of finance leases	—	11.5	11.5
Acquisition of business	1.2	0.1	1.3
Additions	0.1	17.3	17.4
Lease modifications and remeasurements	—	13.3	13.3
Disposals	—	(0.7)	(0.7)
Effects of movement in foreign exchange	0.1	0.7	0.8
At 31 December 2019	**10.7**	**94.5**	**105.2**
Accumulated depreciation and impairment			
At 1 January 2019	—	—	—
Reclassification of finance leases	—	7.0	7.0
Depreciation charge for the year	0.8	23.4	24.2
Disposals	—	(0.7)	(0.7)
Effects of movement in foreign exchange	—	0.1	0.1
At 31 December 2019	**0.8**	**29.8**	**30.6**
Net book value			
At 31 December 2018	—	—	—
At 31 December 2019	**9.9**	**64.7**	**74.6**

See note 20 for lease obligations related to right-of-use assets.

13 INTANGIBLE ASSETS

	Development costs	Intellectual property rights	Regulatory licences	Software	Other	Total
			€m			
Cost						
At 1 January 2018	2.6	—	5.1	9.6	2.7	20.0
Additions	1.2	4.1	—	0.1	—	5.4
Effects of movements in foreign exchange	—	—	—	0.1	—	0.1
At 31 December 2018	**3.8**	**4.1**	**5.1**	**9.8**	**2.7**	**25.5**
Additions	1.3	0.1	—	—	—	1.4
At 31 December 2019	**5.1**	**4.2**	**5.1**	**9.8**	**2.7**	**26.9**
Accumulated amortisation and impairment						
At 1 January 2018	0.6	—	4.5	9.2	—	14.3
Amortisation for the year	1.5	0.2	0.1	0.1	—	1.9
At 31 December 2018	**2.1**	**0.2**	**4.6**	**9.3**	**—**	**16.2**

Amortisation for the year	1.2	0.4	0.1	0.2	—	1.9
At 31 December 2019	**3.3**	**0.6**	**4.7**	**9.5**	**—**	**18.1**
Net book value						
At 31 December 2018	1.7	3.9	0.5	0.5	2.7	9.3
At 31 December 2019	**1.8**	**3.6**	**0.4**	**0.3**	**2.7**	**8.8**

Other intangible assets mainly relate to costs incurred with obtaining access to pipelines owned by third parties.

Amortisation

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

14 INVESTMENTS

As at 31 December 2019, the Group has the following investments in subsidiaries:

Company	Country of incorporation	Principal activity	Class of shares held	Ownership 2019	Ownership 2018	Registered office reference
INOVYN Holdings Limited*#	UK	Holding company	Ordinary	100%	100%	(A)
INOVYN Finance plc	UK	Holding company	Ordinary	100%	100%	(A)
INOVYN Group Treasury Limited*	UK	Holding company	Ordinary	100%	100%	(A)
INOVYN Europe Limited*	UK	Holding company	Ordinary	100%	100%	(A)
INOVYN Intermediate Holdings Norge AS*	Norway	Holding company	Ordinary	100%	100%	(B)
INOVYN Norge Holdings AS*	Norway	Holding company	Ordinary	100%	100%	(B)
INOVYN Norge AS*	Norway	Manufacture of chemicals and PVC	Ordinary	100%	100%	(B)
INOVYN Sverige AB*	Sweden	Manufacture of chemicals and PVC	Ordinary	100%	100%	(C)
INEOS ChlorVinyls Holdings BV	Netherlands	Holding company	Ordinary	100%	100%	(D)
INOVYN Newton Aycliffe Limited	UK	Non-trading	Ordinary	100%	100%	(A)
INEOS Newton Aycliffe Trustees Limited	UK	Pension trustee	Ordinary	100%	100%	(A)
INOVYN Services Limited	UK	Service company	Ordinary	100%	100%	(A)
INOVYN Enterprises Limited*	UK	Extraction and supply of brine and water	Ordinary	100%	100%	(A)
INOVYN ChlorVinyls Holdings Limited*	UK	Holding company	Ordinary	100%	100%	(A)
INOVYN Newco 2 Limited*	UK	Holding company	Ordinary	100%	100%	(A)
INOVYN ChlorVinyls Limited*	UK	Manufacture of chemicals and PVC	Ordinary	100%	100%	(A)
INEOS Enterprises Group Limited(2)	UK	Manufacture of salt and sulphur chemicals	Ordinary	100%	—	(A)
Keuper Gas Storage Limited(2)	UK	Gas storage	Ordinary	100%	—	(A)
INEOS Chlor Atlantik GmbH	Germany	Non-trading	Ordinary	100%	100%	(E)
INOVYN Americas Inc	USA	Purchase and resale of chemicals	Ordinary	100%	100%	(F)
INOVYN Sales International Limited	UK	Non-trading	Ordinary	100%	100%	(A)
INEOS Chlor Trustees Limited	UK	Pension trustee	Ordinary	100%	100%	(A)
INEOS Vinyls UK Ltd	UK	Non-trading	Ordinary	100%	100%	(A)
INEOS Vinyls GmbH & Co KG	Germany	Holding company	Ordinary	100%	100%	(E)
INOVYN Schkopau GmbH	Germany	Non trading	Ordinary	100%	100%	(E)
INOVYN Sales GmbH	Germany	Non trading	Ordinary	100%	100%	(E)

EVC Pension Trustees Limited	UK	Pension trustee	Ordinary	100%	100%	(A)
INOVYN Energy Limited	UK	Holding company	Ordinary	100%	100%	(A)
Kerling Newco 1 Limited*	UK	Holding company	Ordinary	100%	100%	(A)
Kerling Newco 2 Limited*	UK	Holding company	Ordinary	100%	100%	(A)
INOVYN Deutschland GmbH*	Germany	Manufacture of chemicals and PVC	Ordinary	100%	100%	(E)
INOVYN Espana S.L.	Spain	Manufacture of chemicals and PVC	Ordinary	100%	100%	(G)
INOVYN Osterreich GmbH.	Austria	Sales office	Ordinary	100%	100%	(H)
INOVYN Belgium SA*.	Belgium	Manufacture of chemicals	Ordinary	100%	100%	(I)
INOVYN PVC France SAS*	France	Manufacture of chemicals and PVC	Ordinary	100%	100%	(J)
INOVYN Olefines France SAS*	France	Operation of ethylene cracker	Ordinary	100%	100%	(J)
INOVYN Portugal Lda	Portugal	Sales office	Ordinary	100%	100%	(K)
INOVYN Trade Services SA*	Belgium	Purchase and resale of chemicals	Ordinary	100%	100%	(I)
INOVYN Manufacturing Belgium SA*	Belgium	Manufacture of chemicals and PVC	Ordinary	100%	100%	(I)
INOVYN France SAS*	France	Manufacture of chlorine products	Ordinary	100%	100%	(J)
INOVYN Italia S.p.A.	Italy	Commercial services	Ordinary	100%	100%	(L)
INOVYN Produzione Italia S.p.A*	Italy	Manufacture of chemicals	Ordinary	100%	100%	(M)
INOVYN Quimica Espana S.L.	Spain	Waste treatment	Ordinary	100%	100%	(G)
Vinyloop Ferrara S.p.A(1)	Italy	PVC Recycling	Ordinary	100%	100%	(L)
TTE Training Limited	UK	Training company	Limited by Guarantee	100%	50%	(O)
TTE Apprenticeship Training Agency Limited.	UK	Apprenticeship company	Limited by Guarantee	100%	50%	(O)
INEOS Norway Finance Ireland Limited	Ireland	Securitisation vehicle	Ordinary	n/a	n/a	(N)

* In addition to INOVYN Finance plc a guarantor of the Senior Secured Term Loans.

\# Shares held directly by INOVYN Limited. All other subsidiaries listed are held indirectly.

(1) Vinyloop Ferrara S.p.A. is in the process of being liquidated.

(2) Effective 1 March 2019, the Group acquired INEOS Enterprises Group Limited and its subsidiary, Keuper Gas Storage Limited from INEOS Enterprises Holdings Limited, a related party (see note 5).

Details of the Group's other investments are as follows:

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)	(A)
Joint operations:				
Runcorn MCP Limited	UK	Cell room operator	Ordinary/ 50%(2)	(A)
GIE Cancel-Bresse	France	Brine solution mining services	Ordinary/ 50%(3)	(V)
Other investments:				
IndustriEI AS	Norway	Energy consultancy	Ordinary/ 12.5%	(P)
Sociedad Española de Materiales Plasticos SEMAP S.A	Spain	Plastic waste management	Ordinary/8%	(Q)

Societe Intercommunale D'Amenagement et d'Equipement Economique.....	Belgium	Economic development of province of Namur	Ordinary/0.17%	(R)
BKV GmbH	Germany	Plastic recycling association	Ordinary/2.0%	(S)
VSR GmbH	Germany	Fire protection of Rheinberg site	Ordinary/30.0%	(T)
API PVC—u. Umweltberatung GesmbH.....	Austria	PVC technology solutions	Ordinary/73.2%	(U)
Hållbar Kemi i Stenungsund	Sweden	Sustainable production association	Ordinary/20.0%	(X)
Energy For Growth Societa' Consortile A Responsabilita' Limitata	Italy	Energy consortium	Ordinary/7.3%	(Y)

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

(2) The Group has a 50% interest in Runcorn MCP Limited, a joint venture company which provides a toll manufacturing service for the production of chlorine and caustic soda to its shareholders. The holder of the remaining 50% interest is VYNOVA Runcorn Limited.

(3) The Group has a 50% share in GIE Cansel-Bresse, a French Groupement d'Interet Economique which owns brine infrastructure assets at Etrez, France, and provides solution mining services. The holder of the remaining 50% is Storengy.

None of the above other investments are held directly by INOVYN Limited.

Investments in associated undertakings and other investments

	Associated undertakings	Other investments	Total
	€m		
At 1 January 2018	13.8	0.3	14.1
Share of losses retained	(0.5)	—	(0.5)
Disposals	—	(0.1)	(0.1)
At 31 December 2018	**13.3**	**0.2**	**13.5**
Additions	—	4.8	4.8
Effects of movements in foreign exchange	0.1	—	0.1
At 31 December 2019	**13.4**	**5.0**	**18.4**

In 2019, the Group via its shareholding in INOVYN Produzione Italia S.p.A became a 7.3% shareholder in Energy For Growth Societa' Consortile A Responsabilita' Limitata, a consortium of Italian chemical companies which contributes to the funding of new interconnector construction projects between Italy and neighbouring countries. A payment of €4.8 million was made during the year towards new interconnector projects.

Set out below is the summarised financial information of INEOS Runcorn (TPS) Holdings Limited and its subsidiaries ("Runcorn TPS"), which the Group considers to be a material associated undertaking as at 31 December 2018 and 2019. Runcorn TPS is the operator of a 'Design, Build, Finance and Operate' contract with the Greater Manchester Combined authority in the United Kingdom.

Summarised balance sheet

	2019	2018
	Runcorn TPS	
	€m	
Current assets	6.9	5.6
Non-current assets	32.0	31.8
Current liabilities	(2.3)	(2.9)
Non-current liabilities	(23.2)	(22.2)
Net assets.....	**13.4**	**12.3**

Summarised income statement

	2019	2018
	Runcorn TPS	
	€m	
Revenue	10.5	9.6
Expenses	(9.3)	(10.1)
Profit/(loss) for the year	**1.2**	**(0.5)**

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

Reference	Registered office address
(A)	Runcorn Site HQ, South Parade, PO Box 9, Runcorn, Cheshire, WA7 4JE, United Kingdom
(B)	Rafnes Industriomrade, 3966 Stathelle, Norway
(C)	444-83 Stenungsund, Sweden
(D)	Luna Arena, Herikerbergweg 238, Amsterdam,The Netherlands, 1101 CM
(E)	Ludwigstrasse 12, 47495 Rheinberg, Germany
(F)	2036 Foulk Rd, Suite 204, Wilmington, Delaware 19801, USA
(G)	Calle Marie Curie 1-3-5, 08760 Martorell, Barcelona, Spain
(H)	Schottengasse 1, 4. Stock, 1010 Wien, Austria
(I)	Avenue des Olympiades 20, 1140 Brussels, Belgium
(J)	2 Avenue de la République, 39500 Tavaux, France
(K)	Rua do Centro Cultural nº 5—R/C, sala 8, 1700-106 Lisboa, Portugal
(L)	Via Marconi 73, 44122 Ferrara (FE), Italy
(M)	Rosignano Marittimo (LI), Via Piave 6 CAP 57016, Italy
(N)	Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland
(O)	New Horizons House, New Bridge Road, Ellesmere Port, Cheshire, CH65 4LT
(P)	Postboks 1367—Vika, 0114 Oslo, Norway
(Q)	Calle Principe de Vergara 204—Primero C—28002, Madrid, Spain
(R)	Rue de la Religion, 10, 1400 Nivelles, Belgium
(S)	Mainzer Landstraße 55, 60329 Frankfurt am Main, Germany
(T)	Xantener Str. 237, 47495 Rheinberg, Germany
(U)	Paniglgasse 24/I/19a, A-1040 Wien, Austria
(V)	12 Rue Raoul Nordling CS 7001, 92270 Bois Colombes, France
(X)	Fregatten 3, 444-30 Stenungsund, Sweden
(Y)	Via Giovanni Da Procida, 11, 20149, Milan, Italy

15 DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	2019	2018	2019	2018
	Assets		Liabilities	
	€m			
Property, plant and equipment	45.9	46.9	(65.9)	(59.8)
Inventories	(0.3)	(0.2)	(0.4)	0.2
Provisions	3.3	3.9	(1.7)	(0.6)
Tax value of loss carry-forwards	50.8	49.6	1.9	0.7
Employee benefits	48.7	32.5	(4.5)	(4.0)
Other	5.2	5.2	(9.2)	(10.7)
Net tax assets/(liabilities)	**153.6**	**137.9**	**(79.8)**	**(74.2)**

Movement in deferred tax during the year

	2019					
	1 January	Recognised in income statement	Acquisitions	Recognised in equity—translation exchange	Recognised in equity—actuarial	31 December
	€m					
Property, plant and equipment	(12.9)	(9.7)	2.8	(0.2)	—	(20.0)
Inventories	—	(0.7)	—			(0.7)
Provisions	3.3	(1.7)	—	—	—	1.6
Tax value of loss carry-forwards	50.3	2.4	—	—	—	52.7
Employee benefits	28.5	10.4	1.6	—	3.7	44.2
Other	(5.5)	1.4	—	0.1	—	(4.0)
	63.7	**2.1**	**4.4**	**(0.1)**	**3.7**	**73.8**

	2018				
	1 January	Recognised in income statement	Recognised in equity—translation exchange	Recognised in equity—actuarial	31 December
	€m				
Property, plant and equipment	(11.9)	(1.0)	—	—	(12.9)
Inventories	(0.1)	0.1	—	—	—
Provisions	6.1	(2.8)	—	—	3.3
Tax value of loss carry-forwards	53.3	(3.0)	—	—	50.3
Employee benefits	32.2	(3.3)	—	(0.4)	28.5
Other	2.3	(8.3)	0.5	—	(5.5)
	81.9	**(18.3)**	**0.5**	**(0.4)**	**63.7**

Deferred tax assets are recognised to the extent that the realisation of the related tax benefit through future taxable profits is probable based on an assessment of expected future profits modelled against the gross tax losses available over a period of 5 years. The Group did not recognise gross deductible temporary differences of €294.2 million (2018: €311.3 million).

16 INVENTORIES

	2019	2018
	€m	
Raw materials and consumables	122.8	105.5
Work in progress	33.0	23.5
Finished goods	109.2	114.8
	265.0	**243.8**

Raw materials and consumables of €48.8 million (2018: €35.2 million) are expected to be recovered in more than 12 months.

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to €2,162.5 million (2018: €2,324.4 million). The write-down of inventories to net realisable value amounted to €nil (2018: €nil). The reversal of previous write-downs of inventories to net realisable value amounted to €nil (2018: €nil).

17 TRADE AND OTHER RECEIVABLES

	2019	2018
	€m	
Current		
Trade receivables	353.1	397.2
Amounts owed by related parties and associated undertakings	34.0	38.8
Deferred consideration receivable	1.5	2.4
Other receivables	88.2	124.3
Prepayments and accrued income	14.8	6.0
	491.6	**568.7**
Non-current		
Amounts owed by related parties and associated undertakings	348.0	15.5
Other receivables	1.5	5.9
Deferred consideration receivable	—	1.3
Prepayments and accrued income	1.5	1.6
	351.0	**24.3**

Trade receivables ageing

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

	2019			2018		
	Gross	Impairment	ECLR	Gross	Impairment	ECLR
	€m	€m	%	€m	€m	%
Not past due	329.9	—	—	370.5	—	—
Past due 0 - 30 days	19.8	—	—	24.2	(0.2)	0.8%
Past due 31 - 90 days	2.4	—	—	0.5	—	—
Past due more than 90 days	9.0	(8.0)	88.8%	9.0	(6.8)	75.6%
	361.1	**(8.0)**	**2.2%**	**404.2**	**(7.0)**	**1.7%**

There were no allowances made against amounts owed by related parties and other receivables during the year (2018: €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 26(c)). At 31 December 2018 and 2019 there were no significant trade, related party or other receivable balances classified as “not past due” that were subsequently impaired.

Due to the global activities and diversified customer structure of the Group, the management considers that there is no significant concentration of credit risk (2018: nil).

During 2018 and 2019 there were no significant trade balances that were subject to material renegotiation of terms.

Trade receivable balances totalling €310.6 million (2018: €258.7 million) have been pledged as security against amounts drawn under the Securitisation Facility, totalling €55.2 million (2018: €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:

	2019	2018
	€m	
Balance at 1 January	(7.0)	(6.4)
Impairment loss recognised	(0.9)	(0.7)
Utilised	—	0.1
Effects of movement in foreign exchange	(0.1)	—
Balance 31 December	**(8.0)**	**(7.0)**

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 considerable 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

	2019	2018
	€m	
Low	351.7	395.2
Medium	1.5	0.7
High	7.9	8.3
Impairment allowance	(8.0)	(7.0)
	353.1	**397.2**

18 CASH AND CASH EQUIVALENTS

Cash and cash equivalents held by the Group are denominated in the following currencies:

	2019	2018
	€m	
Euro	39.5	124.8
UK Pound	14.0	20.9
US Dollar	3.5	43.4
Other currencies	7.2	18.6
Cash and cash equivalents	**64.2**	**207.7**

Bank balances include an amount of €9.9 million (2018: €13.4 million) representing funds in collection accounts that facilitate the trade receivable securitisation programme and which are pledged to the lenders. These funds are available to the Group. Included within cash as of 31 December 2019 are restricted cash balances of €14.7 million (31 December 2018: €17.8 million).

19 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 26(e).

	2019	2018
	€m	
Non-current liabilities		
Senior Secured Term Loan B due 2025	806.1	814.4
Loan from related party	36.4	—
Securitisation facility	55.2	—
Other loans	0.1	0.2
Finance lease liabilities	—	5.2
Gross borrowings	897.8	819.8
Less: unamortised finance costs	(17.4)	(20.1)
Net borrowings	**880.4**	**799.7**
Current liabilities		
Senior Secured Term Loan B due 2025	8.2	8.2
Current portion of finance lease liabilities	—	0.7
Net borrowings	**8.2**	**8.9**

Following the implementation of IFRS 16 *Leases* on 1 January 2019, all lease liabilities (including finance lease recognised at 31 December 2018) have been categorised within "Lease liabilities" on the balance sheet (see note 20).

	2019		
Gross debt and issue costs	**Gross loans and borrowings**	**Issue costs**	**Net loans and borrowings**
		€m	
Senior Secured Term Loan B due 2025	814.3	(17.2)	797.1
Loan from related party	36.4	—	36.4
Securitisation facility	55.2	(0.2)	55.0
Other loans	0.1	—	0.1
	906.0	**(17.4)**	**888.6**

	2018		
Gross debt and issue costs	**Gross loans and borrowings**	**Issue costs**	**Net loans and borrowings**
		€m	
Senior Secured Term Loan B due 2025	822.6	(19.8)	802.8
Securitisation facility	—	(0.3)	(0.3)
Other loans	0.2	—	0.2
Finance lease liabilities	5.9	—	5.9
	828.7	**(20.1)**	**808.6**

Terms and debt repayment schedule	**Currency**	**Nominal interest rate**	**Year of maturity**
Senior Secured Term Loan A due 2021	€	EURIBOR (floor 0%) + 2.75%	Redeemed 2018
Senior Secured Term Loan B due 2025	€	EURIBOR (floor 0.5%) + 2.00%	2025
Securitisation facility	$/€/£	Variable	2021

Senior Secured Term Loans

On 13 May 2016, INOVYN Finance plc entered into a Credit Agreement (the "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 the Credit Agreement, INOVYN Finance plc fully drew down on 13 May 2016 the Initial Tranche A Term Commitment of € 240.0 million and the Initial Tranche B Euro Term Commitment of € 535.0 million in the form of Senior Secured Term Loans (the "Senior Secured Term Loans") as described below.

The obligations under the Senior Secured Term Loans are guaranteed by INOVYN Limited and certain of its subsidiaries on a senior secured basis. The 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.

Subsequent Term Loan refinancing events

On 10 November 2016, the Group agreed terms to reduce the margin payable on Term Loan A and Term Loan B, and to borrow an additional €100.0 million of Term Loan B which was then used to repay €100.0 million of Term Loan A.

On 10 May 2017, the Group agreed terms to reduce the interest rates applicable to Term Loan A and Term Loan B borrowings, to borrow an additional €60.0 million of Term Loan B, and extended the maturity of Term Loan B borrowings from May 2021 to May 2024.

On 15 November 2017, the Group borrowed an additional €140.0 million of Term Loan B. The interest rates payable on Term Loan A and Term Loan B were also reduced.

On 15 June 2018, the Group elected to voluntarily repay in full the outstanding Term Loan A balance of €87.6 million, plus any unpaid accrued interest.

On 9 November 2018, the Group agreed terms to further reduce the interest rates payable on Term Loan B borrowings, and to extend the maturity from May 2024 to November 2025.

Subsequent to the year end, on 9 March 2020, the Group agreed terms to borrow an additional €250.0 million of its existing Term loan B borrowings, extend the maturity from November 2025 to March 2027, and to amend certain provisions in the Credit Agreement, although it remains maintenance covenant free. The interest rates also remain the same. The quarterly amortization payments were replaced by a single payment due on 9 March 2027. The additional proceeds of €250.0 million were loaned to INEOS Industries Holdings Limited, a related party, on the same date.

Interest rates and repayments—Term Loan A

The initial Term Loan A of €240.0 million bore interest at a rate of EURIBOR (with a floor of 0%) plus a margin of 4.50%, payable in arrears on the last day of each interest period, or every three months for interest periods greater than three months.

Following the repricing of the Term Loan A on 10 November 2016, the revised Term Loan A of €128.0 million bore interest at a rate of EURIBOR (with a floor of 0%) plus a margin of 4.00%.

Following the repricing of the Term Loan A on 10 May 2017, the new Term Loan A bore interest at a rate of EURIBOR (with a floor of 0%) plus a margin of 3.25%.

Following the repricing of the Term Loan A on 15 November 2017, the new Term Loan A bore interest at a rate of EURIBOR (with a floor of 0%) plus a margin of 2.75%, payable in arrears on the last day of each interest period, until the loan was repaid early on 15 June 2018.

Interest rates and repayments—Term Loan B

The initial Term Loan B of €535.0 million bore interest at a rate of EURIBOR (with a floor of 1.0%) plus a margin of 5.25%, payable in arrears on the last day of each interest period, or every three months for interest periods greater than three months.

Following the repricing of the Term Loan B on 10 November 2016, the revised Term Loan B of €633.7 million bore interest at a rate of EURIBOR (with a floor of 1.0%) plus a margin of 3.50%.

Following the repricing of the Term Loan B on 10 May 2017, the new Term Loan B of €690.4 million bore interest at a rate of EURIBOR (with a floor of 0.75%) plus a margin of 3.00%.

Following the repricing of the Term Loan B on 15 November 2017 the new Term Loan B of €828.8 million bore interest at a rate of EURIBOR (with a floor of 0.75%) plus a margin of 2.25%.

The interest rate payable on Term Loan B was further reduced on 9 November 2018 to EURIBOR (with a floor of 0.50%) plus a margin of 2.00%, with capital amortization repayable in twenty-seven equal quarterly instalments of €2,056,380 commencing on 1 April 2019 and finishing on 30 September 2025, plus a final instalment of €767,029,919 on 9 November 2025.

On 9 March 2020, the Group agreed terms to replace all quarterly amortization payments with a single payment on 9 March 2027.

Prepayments

INOVYN Finance plc may make voluntary prepayments of all or part of the Term Loan B subject to certain conditions. It may also be required to make mandatory prepayments of part of the Senior Secured Term Loans in any one year in an amount of up to 50% of Excess Cash Flow for the previous fiscal year ending on 31 December if the consolidated net leverage ratio exceeds 2.50 : 1.00.

Securitisation facility

INOVYN Group Treasury Limited and certain other Group companies are party to a trade receivables securitisation programme (the "Securitisation Programme") with Barclays Bank PLC, ING Belgium N.V. and HSBC Bank PLC who act as lenders, liquidity providers and programme agents. Up to 29 June 2018, the maximum amount available under the Securitisation programme was €300.0 million subject to a borrowing limit that is adjusted periodically based on the amount of eligible trade receivables at that time. On 29 June 2018, the Group renegotiated this facility and the facility size reduced from €300.0 million to €240.0 million and now matures on 30 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 1.1% (previously the margin was 1.45%), except that if any lending is funded other than by issuing Commercial Paper then the applicable interest rate is EURIBOR / LIBOR plus 1.1% (previously the margin was 1.45%). For undrawn amounts, the facility bears interest of 0.5% (previously this was 0.7%).

The facility is secured on certain of the Group's trade receivables.

19 INTEREST-BEARING LOANS AND BORROWINGS

Other facilities

In 2015, INOVYN Group Treasury Limited entered into on-demand letter of credit facilities with each of ING Bank N.V. and Barclays Bank PLC (each, an "Issuing Bank"), under which INOVYN Group Treasury Limited may request (on its own behalf or on behalf of other INOVYN subsidiaries) that the Issuing Banks issue letters of credit, guarantees, performance bonds and indemnities (or any other instrument in a form agreed by the Issuing Bank) with an aggregate base currency amount of up to €40.0 million; € 30.0 million of which is available under the ING Bank N.V. facility and €10.0 million of which is available under the Barclays Bank PLC facility. At 31 December 2019, €11.6 million (2018: €14.9 million) of certain bank guarantees and letters of credit of the Group were provided for under these facilities. Under the terms of each Letter of Credit Facility, INOVYN Group Treasury Limited will provide cash collateral of the value of outstanding letters of credit, bonds, guarantees and indemnities when provided. These facilities are uncommitted and there is no expiry date.

In addition, certain guarantees from banks and other financial institutions have been provided under non cash-backed arrangements with those institutions. The majority of these guarantees are to support energy purchasing arrangements and operating licenses from regulatory bodies. As at 31 December 2019, these amounted to €29.0 million (2018: € 29.1 million).

20 LEASE OBLIGATIONS

Analysed as:	**2019**
	€m
Current lease liabilities	23.9
Non-current lease liabilities	53.3
	77.2

Maturity analysis—contractual undiscounted cash flows:	**2019**
	€m
Less than one year	26.1
Between one and five years	40.5
More than five years	25.6
Total undiscounted lease liabilities at 31 December	**92.2**

Amounts recognised in the statement of cash flows:	**2019**
	€m
Lease capital payments	23.5
Lease interest payments	2.4
Short-term leases	7.4
Leases of low value assets	0.4
Total cash outflow for leases	**33.7**

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.

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

Prior to 1 January 2019

Finance lease liabilities

	2018		
	Principal	Interest	Minimum lease payments
	€m		
Less than one year	0.7	0.5	1.2
Between one and five years	2.8	1.4	4.2
More than five years	2.4	0.8	3.2
Total	**5.9**	**2.7**	**8.6**

Operating leases

Future minimum lease payments are as follows:

	2018	
	Land and building	Plant and machinery
Less than one year	0.9	26.4
Between one and five years	3.3	32.1
More than five years	11.3	5.8
	15.5	**64.3**

21 TRADE AND OTHER PAYABLES

	2019	2018
	€m	
Current		
Trade payables	326.0	348.6
Amounts owed to related parties	381.1	45.1
Accruals	132.6	141.6
Deferred income	7.6	4.1
Other payables	102.9	128.2
	950.2	**667.6**
Non-current		
Accruals	7.6	10.9
Deferred income	111.6	35.2
Other payables	4.2	6.0
	123.4	**52.1**

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 26.

22 EMPLOYEE BENEFITS

The Group operates a number of pension plans in Europe, devised in accordance with local conditions and practices. The plans are generally of the defined benefit type and are funded by payments to separately administered funds or insurance companies. The Group also operates a number of unfunded defined benefit pension schemes in the UK, Belgium, France, Germany, Italy, Norway, Spain and Austria.

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

Plan	Country	Valuation date
All Plans	United Kingdom	5 April 2019
All Plans	Norway	31 December 2019
All Plans	Belgium	31 December 2019
All Plans	France	31 December 2019
All Plans	Germany	31 December 2019

All Plans	Italy	31 December 2016
All Plans	Spain	31 December 2019
All Plans	Austria	31 December 2019

Where the most recent full valuations were carried out prior to the balance sheet date, these have been updated to 31 December 2019 by independent qualified actuaries.

The Group's pension schemes have been disclosed on a geographical basis as those schemes in the UK and Other European countries (which includes Norway, Germany, Spain, Italy, Belgium, Austria and France).

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 Other European defined benefit pension arrangements are primarily final salary in nature, the majority of which are closed to new entrants, or frozen to future accrual.

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

Pension plan assumptions

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

	UK		Other European	
	2019	2018	2019	2018
			%	
Price inflation	2.90	3.20	1.50 - 2.00	1.50 - 1.75
Discount rate for scheme liabilities	2.10	2.90	0.00 - 2.50	0.50 - 2.75
Rate of increase in pensionable salaries	n/a	n/a	0.25 - 4.50	0.25 - 4.25
Rate of increase in pensions in payment	1.80 - 3.60	1.80 - 3.80	−3.38 - 2.00	−2.90 - 1.75
Rate of increase for deferred pensioners	2.10 - 2.90	2.10	0.00 - 1.75	0.00 - 1.75
Healthcare medical trend rate (initial)	5.65	5.93	2.00	1.75
Healthcare medical trend rate (ultimate)	4.80	4.80	2.00	1.75

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:

	UK		Other European	
	2019	2018	2019	2018
	(Years)			
Longevity at age 65 for current male pensioners	20.5 - 21.5	20.9 - 21.7	20.2 - 23.5	20.0 - 23.5

Expected long-term rate of return is as follows:

	UK		Other European	
	2019	2018	2019	2018
			%	
Equity	2.10	2.90	0.00 - 2.50	0.50 - 2.75
Bonds	2.10	2.90	0.00 - 2.50	0.50 - 2.75
Property	2.10	2.90	0.00 - 2.50	0.50 - 2.75

Other	2.10	2.90	0.00 - 2.50	0.50 - 2.75

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

	2019	
	UK	Other European
	€m	
Discount rate: 1% decrease	309.9	41.3
Rate of inflation: 0.5% increase[1]	105.1	11.3
Mortality: 1 year increase in longevity for a member currently aged 65	54.3	7.3

	2018	
	UK	Other European
	€m	
Discount rate: 1% decrease	231.4	33.8
Rate of inflation: 0.5% increase[1]	80.3	10.5
Mortality: 1 year increase in longevity for a member currently aged 65	43.4	6.1

(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.

The weighted average duration of plan liabilities at 31 December 2019 is as follows:

	UK	Other European
	(Years)	
Duration	12.4 - 25.4	0.4 - 25.8

Pension assets

The disclosures relating to the net pension assets are disclosed below:

The amounts recognised in the balance sheet are as follows:

	2019	2018
	UK	
	€m	
Bonds	189.1	170.2
Other	36.6	34.1
Fair value of plan assets	225.7	204.3
Present value of funded obligations	(199.2)	(180.4)
Net pension asset	**26.5**	**23.9**

The actual return on plan assets was:

	2019	2018
	UK	
	€m	
Actual return on plan assets	24.0	(0.7)

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:

	2019	2018
	UK	
	€m	
Current service cost[1]	(0.5)	(0.5)

Expected return on plan assets[2]	5.9	5.9
Interest cost on obligation[2]	(5.2)	(5.3)
Total	**0.2**	**0.1**

(1) Included within operating profit

(2) Included within finance costs

22 EMPLOYEE BENEFITS

The amounts recognised in the statement of other comprehensive income are as follows:

	2019	2018
	UK	
	€m	
Actual return less expected return on pension scheme assets	18.1	(6.6)
Experience losses arising on scheme liabilities	(0.9)	(0.9)
Changes in assumptions	(17.2)	8.2
Actuarial gain recognised	**—**	**0.7**

Reconciliation of present value of scheme liabilities:

	2019	2018
	UK	
	€m	
At 1 January	(180.4)	(200.6)
Current service cost	(0.5)	(0.5)
Interest cost	(5.2)	(5.3)
Benefits paid	14.6	15.9
Experience loss	(0.9)	(0.9)
Change in assumptions	(17.2)	8.2
Exchange adjustments	(9.6)	2.8
At 31 December	**(199.2)**	**(180.4)**

Reconciliation of fair value of scheme assets:

	2019	2018
	UK	
	€m	
At 1 January	204.3	222.8
Expected return on scheme assets	5.9	5.9
Employer contributions	1.0	1.1
Benefits paid	(14.6)	(15.9)
Actuarial gain/(loss)	18.1	(6.6)
Exchange adjustments	11.0	(3.0)
At 31 December	**225.7**	**204.3**

Pension liabilities

The disclosures relating to the net pension liabilities are disclosed below:

The amounts recognised in the balance sheet are as follows:

	2019	2018	2019	2018	2019	2018
	UK		Other European		Total	
			€m			
Equities	227.8	200.7	38.5	32.2	266.3	232.9
Bonds	573.6	171.1	27.6	20.8	601.2	191.9
Property	13.7	7.7	5.1	2.3	18.8	10.0

Other	174.5	392.9	36.3	39.4	210.8	432.3
Fair value of plan assets	**989.6**	**772.4**	**107.5**	**94.7**	**1,097.1**	**867.1**
Present value of funded obligations	(1,071.0)	(883.4)	(184.7)	(164.0)	(1,255.7)	(1,047.4)
Present value of unfunded obligations	(0.6)	(0.4)	(114.3)	(101.7)	(114.9)	(102.1)
Net pension liability	**(82.0)**	**(111.4)**	**(191.5)**	**(171.0)**	**(273.5)**	**(282.4)**

The actual return on plan assets was:

	2019	2018	2019	2018	2019	2018
	UK		Other European		Total	
	€m					
Actual return on plan assets	139.5	(21.5)	8.8	(1.0)	148.3	(22.5)

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 2019, the Group held €26.7 million (2018: €19.0 million) of bonds issued by INEOS Group Holdings S.A., which is a related party.

The amounts recognised in the income statement are as follows:

	2019	2018	2019	2018	2019	2018
	UK		Other European		Total	
	€m					
Current service cost[1]	(2.8)	(2.1)	(8.1)	(7.5)	(10.9)	(9.6)
Expected return on plan assets[2]	24.1	21.7	2.0	2.0	26.1	23.7
Interest cost on obligation[2]	(27.3)	(25.3)	(5.1)	(5.1)	(32.4)	(30.4)
Total	**(6.0)**	**(5.7)**	**(11.2)**	**(10.6)**	**(17.2)**	**(16.3)**

(1) Included within operating profit

(2) Included within finance costs.

The amounts recognised in the statement of other comprehensive income are as follows:

	2019	2018	2019	2018	2019	2018
	UK		Other European		Total	
	€m					
Actual return less expected return on pension scheme assets	115.4	(43.2)	6.8	(3.0)	122.2	(46.2)
Experience gains/(losses) arising on scheme liabilities	18.7	(1.7)	(5.1)	—	13.6	(1.7)
Changes in assumptions	(120.5)	44.1	(28.2)	0.8	(148.7)	44.9
Actuarial gain/(loss) recognised	**13.6**	**(0.8)**	**(26.5)**	**(2.2)**	**(12.9)**	**(3.0)**

Reconciliation of present value of scheme liabilities:

	2019	2018	2019	2018	2019	2018
	UK		Other European		Total	
	€m					
At 1 January	(883.8)	(943.0)	(265.7)	(270.3)	(1,149.5)	(1,213.3)
Acquisitions	(64.5)	—	—	—	(64.5)	—
Current service cost	(2.8)	(2.1)	(8.1)	(7.5)	(10.9)	(9.6)
Interest cost	(27.3)	(25.3)	(5.1)	(5.1)	(32.4)	(30.4)
Member contributions	—	(0.1)	—	—	—	(0.1)
Benefits paid	56.1	27.4	17.3	16.2	73.4	43.6
Experience gain/(loss)	18.7	(1.7)	(5.1)	—	13.6	(1.7)

Change of assumptions	(120.5)	44.1	(28.2)	0.8	(148.7)	44.9
Transfers-in	—	—	(3.7)	(0.2)	(3.7)	(0.2)
Exchange adjustments	(47.5)	16.9	(0.4)	0.4	(47.9)	17.3
At 31 December	**(1,071.6)**	**(883.8)**	**(299.0)**	**(265.7)**	**(1,370.6)**	**(1,149.5)**

Reconciliation of fair value of scheme assets:

	2019	2018	2019	2018	2019	2018
	UK		Other European		Total	
	€m					
At 1 January	772.4	801.1	94.7	96.3	867.1	897.4
Acquisitions	55.1	—	—	—	55.1	—
Expected return on scheme assets	24.1	21.7	2.0	2.0	26.1	23.7
Employer contributions	36.5	35.4	17.7	15.7	54.2	51.1
Member contributions	—	0.1	—	—	—	0.1
Benefits paid	(56.1)	(27.4)	(17.3)	(16.2)	(73.4)	(43.6)
Actuarial gain/(loss)	115.4	(43.2)	6.8	(3.0)	122.2	(46.2)
Transfers-in	—	—	3.4	0.2	3.4	0.2
Exchange adjustments	42.2	(15.3)	0.2	(0.3)	42.4	(15.6)
At 31 December	**989.6**	**772.4**	**107.5**	**94.7**	**1,097.1**	**867.1**

Actuarial gains and losses before tax recognised directly in equity on the statement of comprehensive income since 1 July 2015, the joint venture formation date is:

	2019	2018
	€m	
At 1 January	89.3	91.6
Actuarial loss recognised in the year	(12.9)	(2.3)
Cumulative amount at 31 December	**76.4**	**89.3**

Depending on prevailing exchange rates, the Group expects to contribute approximately €50.8 million to its defined pension plans in 2020.

23 PROVISIONS

	Severance and restructuring	Environmental	Plant closures	Other provisions	Total
		€m			
At 1 January 2019	4.0	86.4	17.1	9.7	117.2
Charged to the consolidated income statement (non-exceptional)	1.1	0.6	—	0.5	2.2
Charged/(credited) to the consolidated income statement (exceptional items)	—	—	21.4	(6.4)	15.0
Discount unwinding	—	2.6	0.1	—	2.7
Utilised in the year	(2.1)	(10.8)	(14.0)	(0.7)	(27.6)
Effects of movement in foreign exchange	—	—	0.6	(0.2)	0.4
At 31 December 2019	**3.0**	**78.8**	**25.2**	**2.9**	**109.9**
Non-current	1.7	71.6	7.0	0.6	80.9
Current	2.3	14.8	10.1	9.1	36.3
At 31 December 2018	**4.0**	**86.4**	**17.1**	**9.7**	**117.2**
Non-current	1.8	62.1	8.9	1.3	74.1
Current	1.2	16.7	16.3	1.6	35.8
At 31 December 2019	**3.0**	**78.8**	**25.2**	**2.9**	**109.9**

Severance and restructuring

Provisions of €1.1 million for severance payments were recognised in the year ended 31 December 2019, mostly associated with the closure of the cellroom at Zandvliet, Belgium, and the reorganisation of supply chain and commercial

teams. Cash of €2.1 million was spent in the year. The remaining provision of €3.0 million is expected to be fully utilised by 2023, with most cash outflows expected to occur in 2020.

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 created in prior years relate to obligation associated with the decommissioning of mercury-based cell rooms at the Group's sites in Belgium, France, Sweden, Spain and Italy, plus costs of implementing the *Plan de prevention des risques technologiques* (PPRT) at the Feyzin site in France as required under French legislation. Further charges totalling € 0.6 million were recognised in the year ended 31 December 2019. Cash of €10.8 million was spent in the year ended 31 December 2019 and the remaining provisions of €78.8 million are expected to be fully utilised by 2047.

Plant closures

In October 2015, the Group announced the closure of its SPVC production facilities at Schkopau in Germany and provisions were made to cover costs associated with manpower reductions, onerous leases, dismantling, demolition and decommissioning costs. Further provisions of €1.2 million were recognised during the year ended 31 December 2019. Cash outflows of € 1.7 million were made against this provision in 2019. The value of the closing provision at 31 December 2019 was €0.4 million and this is expected to be fully utilised by the end of 2020.

In December 2015, the Group announced the closure of the chloromethanes asset at Runcorn in the United Kingdom, and provisions were made to cover redundancies, decontamination and decommissioning costs and utility reconfiguration costs at the Runcorn site. A further provision of € 3.0 million was made in 2019 for demolition related activities and cash outflows of €3.5 million were made against this provision during the year. The remaining provision of €4.5 million is expected to be fully utilised by 2021.

In December 2016, the Group announced the closure of the last remaining mercury electrolysis plant at Runcorn and a provision was created to cover costs such as decommissioning and decontamination, disposal of elemental mercury, and manpower headcount reductions. Cash outflows of €6.0 million were made against this provision in 2019 and a further €12.3 million provision was recognised to cover demolition related activities. The remaining provision of €14.5 million is expected to be fully utilised by 2022.

In 2018 the Group ceased chlorinated paraffin operations at its Baleycourt site in France and provided for the costs of closure. A further €0.3 million was provided during 2019 and cash of €0.9 million was spent during the year. The provision was fully utilised by the end of 2019.

In June 2018 the Group closed its specialised PVC recycling business at Ferrara in Italy. Cash of €0.4 million was spend in the year and the remaining provision of €0.7 million is expected to be fully utilised by the end of 2020.

Other plant closure provisions mainly relate to remediation activities at Wilhelmshaven in Germany following the closure of the mercury cell room in 2013. Due to project delays, additional provisions totalling €4.6 million were recognised in 2019. Cash of €1.5 million was spent during the year and the remaining provisions of €5.1 million are expected to be fully utilised by 2021.

Other provisions

Other provisions relate to various miscellaneous legal claims and commercial disputes, of which a net €5.9 million was released to the income statement, €0.7 million was spent in the year and the remaining € 2.9 million is expected to be fully utilised by 2021.

24 OTHER FINANCIAL LIABILITIES

	2019	2018
	€m	
Current		
Derivative commodity contracts designated as fair value through the profit or loss (note 26)	**3.4**	**3.2**

25 SHARE CAPITAL AND DIVIDENDS

Share capital

	As at 31 December 2019	As at 31 December 2018
	€	
10,001,001 (2018: 10,001,001) authorised and issued A Ordinary shares of £0.00001 each	**117**	**117**

As the reporting currency of the Group 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.

Dividends

The following dividends were recognised during the year:

	2019	2018
	€m	
Dividends declared	312.0	100.0

An interim dividend of €312.0 million was declared during the year (2018: €100.0 million declared and paid). This took the form of a dividend in specie by INOVYN Limited of a receivable due from INOVYN Finance plc. The dividend declared equates to €31.2 per A Ordinary share (2018: €10.0 per A ordinary share).

26 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.

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.

26(a) Fair values of financial instruments

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 Senior Secured Term Loans which after initial recognition is determined for disclosure purposes only are based on the market yields derived from quotes obtained at the year end from leading financial institutions (categorised as Level 1). The fair value of the Securitisation facility 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.

Derivative financial instruments

The Group has entered into swap contracts designed to hedge floating electricity prices into a fixed price. The fair value is based on market or broker quotes.

Defined benefit pension plans

The fair value measurements of pension plan assets, and projected benefit obligations under these defined benefit plans are described in note 22.

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:

	2019		2018	
	Carrying amount	Fair value	Carrying amount	Fair value
	€m			
Financial assets held at amortised cost:				
Trade receivables	353.1	353.1	397.2	397.2
Amounts due from related parties and associates	382.0	382.0	54.3	54.3
Other receivables (excluding prepayments and tax)	91.2	91.2	133.9	133.9
Other investments	5.0	5.0	0.2	0.2
Cash and cash equivalents	64.2	64.2	207.7	207.7
Total financial assets	**895.5**	**895.5**	**793.3**	**793.3**

	2019		2018	
	Carrying amount	Fair value	Carrying amount	Fair value
	€m			
Financial liabilities held for trading at fair value through profit or loss:				
Derivative commodity contracts	3.4	3.4	3.2	3.2
Financial liabilities carried at amortised cost:				
Senior Secured Term Loan B due 2025	797.1	818.4	802.8	822.6
Securitisation facility	55.0	55.2	(0.3)	—
Loan from related party	36.4	36.4	—	—
Other loans	0.1	0.1	0.2	0.2
Trade payables	326.0	326.0	348.6	348.6
Amounts due to related parties	381.1	381.1	45.1	45.1
Accruals and other payables (excluding deferred income)	247.3	247.3	286.7	286.7
Lease liabilities	77.2	77.2	—	—
Finance lease liabilities	—	—	5.9	5.9
Total financial liabilities	**1,923.6**	**1,945.1**	**1,492.2**	**1,512.3**

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:

	2019			
	Level			
	Fair value	1	2	3
	€m			
Net financial assets and liabilities designated as fair value through profit or loss				
Derivative commodity contracts	(3.4)	—	(3.4)	—
	(3.4)	—	**(3.4)**	—

	2018			
	Level			
	Fair value	1	2	3
	€m			
Net financial assets and liabilities designated as fair value through profit or loss				
Derivative commodity contracts	(3.2)	—	(3.2)	—
	(3.2)	**—**	**(3.2)**	**—**

The derivative commodity contracts have been assigned to Level 2 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 2018 and 2019.

26(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.

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.

	2019		
	Financial assets at amortised cost	Fair value recognised in profit or loss	Financial liabilities at amortised cost
		€m	
Gains from financial instruments			
Interest income	16.1	—	—
Foreign exchange gains	12.7	—	—
Net result	**28.8**	**—**	**—**
Carrying value at 31 December	**895.5**	**—**	**—**
Losses from financial instruments			
Interest cost	—	—	(27.7)
Amortisation of debt issue costs	—	—	(3.1)
Net fair value losses on derivatives	—	(0.4)	—
Foreign exchange losses	—	—	(11.2)
Net result	**—**	**(0.4)**	**(42.0)**
Carrying value at 31 December		**(3.4)**	**(1,920.2)**

	2018		
	Loans and receivables carried at amortised cost	Fair value recognised in profit or loss	Loans and payables carried at amortised cost
		€m	
Gains from financial instruments			
Interest income	3.8	—	—
Foreign exchange losses	7.4	—	—
Net result	**11.2**	**—**	**—**
Carrying value at 31 December	**793.3**	**—**	**—**
Losses from financial instruments			
Interest cost	—	—	(29.3)

Amortisation of debt issue costs	—	—	(11.3)
Net fair value losses on derivatives	—	(2.1)	—
Foreign exchange gains	—	—	(1.6)
Net result	**—**	**(2.1)**	**(42.2)**
Carrying value at 31 December	**—**	**(3.2)**	**(1,489.0)**

26(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.

Investments, cash and cash equivalent

Surplus cash investments are only made with banks with which the Group has a relationship.

Guarantees

Certain bank guarantees of the Group are provided via a cash-backed bank guarantee facilities with Barclays Bank plc and ING Bank N.V. As at 31 December 2019, these amounted to €11.6 million (2018: € 14.9 million).

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 17.

26(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, and has significant headroom on the Securitisation facility (see note 19).

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.

The maturity profile of the Group's undrawn committed facilities at 31 December 2019 and 2018 was as follows:

	2019	2018
	Undrawn facilities	Undrawn facilities
	€m	
In less than one year	—	—
In more than one year, but not more than two years	184.8	—
In more than two years, but not more than five years	—	240.0
	184.8	**240.0**

The undrawn committed facilities are in respect of the unused securitisation facility of €184.8 million (2018: €240.0 million). The maturity date of the securitisation facility is 30 June 2021.

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

	2019					
	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 Term Loan B	797.1	(922.3)	(28.8)	(28.6)	(84.6)	(780.3)
Securitisation facility	55.0	(57.0)	(1.2)	(55.8)	—	—
Loan from related party	36.4	(45.3)	—	—	—	(45.3)
Other loans	0.1	(0.1)	—	—	(0.1)	—
Trade payables	326.0	(326.0)	(326.0)	—	—	—
Amounts due to related parties	381.1	(381.1)	(381.1)	—	—	—
Accruals and other payables (excluding deferred income)	247.3	(247.3)	(235.5)	(7.6)	(3.7)	(0.5)
Lease obligations	77.2	(92.2)	(26.1)	(17.7)	(22.8)	(25.6)
Derivative financial liabilities						
Commodity contracts	3.4	(3.4)	(3.4)	—	—	—
	1,923.6	**(2,074.7)**	**(1,002.1)**	**(109.7)**	**(111.2)**	**(851.7)**

	2018					
	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 Term Loan B	802.8	(954.2)	(32.0)	(28.8)	(78.2)	(815.2)
Securitisation facility	(0.3)	(3.0)	(1.2)	(1.2)	(0.6)	—
Other loans	0.2	(0.2)	—	(0.1)	(0.1)	—
Trade payables	348.6	(348.6)	(348.6)	—	—	—

Amounts due to related parties ...	45.1	(45.1)	(45.1)	—	—	—
Accruals and other payables (excluding deferred income).....	286.7	(286.7)	(269.8)	(9.2)	(7.4)	(0.3)
Finance lease liabilities.....	5.9	(5.9)	(0.7)	(0.7)	(2.1)	(2.4)
Derivative financial liabilities						
Commodity contracts	3.2	(3.2)	(3.2)	—	—	—
	1,492.2	**(1,646.9)**	**(700.6)**	**(40.0)**	**(88.4)**	**(817.9)**

26(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 optimizing 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.

The Group benefits from natural hedging, to the extent that the vast majority of the Group's revenues are generated in Euros which is the same currency as the Group's Senior Secured Term Loans. Moreover, most of the Group's key feedstocks and other raw material costs are denominated in Euros.

26 FINANCIAL INSTRUMENTS

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.

	2019	2018
	€m	
Euros	(8.7)	(6.7)
Pounds Sterling	17.7	19.3
Norwegian Krone	14.3	(6.2)
US Dollars	43.8	36.4
Others	1.7	(0.8)
	68.8	**42.0**

Sensitivity analysis

A 10% per cent weakening of the following currencies at 31 December 2018 and 31 December 2019 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.

	2019	2018	2019	2018
	Equity		Profit or loss	
			€m	
Euros	—	—	0.8	0.6
Pounds Sterling	—	—	(1.6)	(1.8)
Norwegian Krone	—	—	(4.0)	(3.3)
US Dollars	—	—	(1.3)	0.6
Other	—	—	(0.1)	0.1

A 10% per cent strengthening of the above currencies against the Euro at 31 December 2018 and 31 December 2019 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.

(ii) Market risk—Interest rate risk

Profile

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

	2019	2018
	€m	
Fixed rate instruments		
Financial liabilities	(113.6)	(5.9)
	(113.6)	**(5.9)**
Variable rate instruments		
Financial assets	64.2	207.7
Financial liabilities	(852.2)	(802.7)

	(788.0)	**(595.0)**

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 2019 and 2018.

Profit or (loss)	**2019**	**2018**
	€m	
Increase in interest rates by 1%	(8.2)	(6.0)

A 1% change in the opposite direction of the above interest rates at 31 December 2018 and 31 December 2019 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 electricity, crude oil and base chemicals linked to the price of crude. The sales price exposures 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 Note 24.

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

26(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 €1,109.1 million (2018: €963.6 million) as shareholders' equity of €267.3 million (2018: equity of €342.6 million) and net debt (total loans and borrowings less cash and cash equivalents) of €841.8 million (2018: €621.0 million).

The principal sources of debt available to the Group at 31 December 2019 include the Senior Secured Term Loan B and the Receivables Securitisation Facility and are described in note 19 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.

27 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2019	2018
	€m	
(Decrease)/increase in cash and cash equivalents in the year	(144.7)	84.3
Cash (outflow)/inflow from change in debt financing	(45.5)	108.5
Change in net debt resulting from cash flow	(190.2)	192.8
Other net non-cash transactions	(30.6)	4.7
Movement in net debt in the year	**(220.8)**	**197.5**

	2019			
	1 January 2019	Cash flow	Other non-cash changes	31 December 2019
	€m			
Cash at bank and in hand	207.7	(144.7)	1.2	64.2
Debt due within one year	(8.2)	—	—	(8.2)
Debt due after more than one year	(814.6)	(45.5)	(37.7)	(897.8)
Finance leases	(5.9)	—	5.9	—
	(828.7)	(45.5)	(31.8)	(906.0)
Net debt	**(621.0)**	**(190.2)**	**(30.6)**	**(841.8)**

Other non-cash changes include the debt due to related parties as a result of the acquisition of INEOS Enterprises Group Limited and its subsidiary of €35.0 million, pus interest owing on this loan of € 1.4 million.

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

	2018			
	1 January 2018	Cash flow	Other non-cash changes	31 December 2018
	€m			
Cash at bank and in hand	121.6	84.3	1.8	207.7
Debt due within one year	(45.3)	34.3	2.8	(8.2)
Debt due after more than one year	(888.3)	73.7	—	(814.6)
Finance leases	(6.5)	0.5	0.1	(5.9)
	(940.1)	108.5	2.9	(828.7)
Net debt	**(818.5)**	**192.8**	**4.7**	**(621.0)**

28 OTHER COMMITMENTS

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 2019 by the Group amounted to approximately € 76.9 million (2018: €53.1 million).

Unconditional purchase obligations

The net present value of significant take or pay contracts that have been entered into are as follows:

	2019	2018
	€m	
Purchase obligations		
Purchase of ethylene, until 2019	—	140.8
Purchase of propylene, until 2019	—	53.3
Storage and transport facilities, until 2019	—	6.0
Purchase of other raw materials, until 2019	—	72.0
Supply of other utilities, until 2019	—	0.2
Site and maintenance services, until 2019	—	3.1

Purchase of salt/brine, until 2019	—	0.8
Purchase of propylene, until 2020	42.7	—
Purchase of ethylene, until 2020	35.8	729.3
Purchase of salt/brine, until 2020	37.6	72.6
Purchase of EDC, until 2020	16.9	35.3
Purchase of paraffin, until 2020	16.2	20.2
Tolling agreement, until 2020	—	8.1
Purchase of other raw materials, until 2020	24.6	6.1
Supply of other utilities, until 2020	2.1	3.7
Storage and transport facilities, until 2020	7.8	1.5
Site and maintenance services, until 2020	1.9	—
Purchase of ethylene, until 2021	818.0	—
Supply of other utilities, until 2021	6.5	58.1
Storage and transport facilities, until 2021	13.2	0.8
Tolling agreement, until 2021	11.9	—
Purchase of other raw materials, until 2021	10.2	—
Site and maintenance services, until 2021	0.1	1.2
Purchase of ethylene, until 2022	207.7	—
Purchase of other raw materials, until 2022	91.9	—
Purchase of electric power, until 2022	4.9	3.9
Supply of other utilities, until 2022	57.2	2.0
Site and maintenance services, until 2022	2.2	—
Storage and transport facilities, until 2022	0.8	—
Purchase of ethylene, until 2023	286.3	440.5
Purchase of electric power, until 2023	140.0	180.1
Storage and transport facilities, until 2023	6.3	16.6
Site and maintenance services, until 2023	—	6.8
Supply of other utilities, until 2023	1.4	2.5
Purchase of ethylene, until 2024	487.9	—
Purchase of electric power, until 2024	137.1	—
Supply of other utilities, until 2024	3.1	15.9
Site and maintenance services, until 2024	11.2	2.0
Purchase of salt/brine, until 2025	92.2	108.7
Site and maintenance services, until 2027	2.4	—
Supply of other utilities, until 2030	35.8	—
Purchase of lime milk, until 2032	—	106.2
Logistics services, until 2032	—	7.7
Supply of other utilities, until 2034	180.9	185.3
	2,794.8	**2,291.3**

29 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.

30 RELATED PARTIES

Related parties comprise:

- Parent entities and their subsidiaries not included within the INOVYN Limited group
- Entities controlled by the shareholders of INEOS Limited, the ultimate parent company of INOVYN 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 INOVYN Limited group.

Mr JA Ratcliffe, Mr AC Currie and Mr J Reece are shareholders in INEOS Limited.

30 RELATED PARTIES

Parent entities and their subsidiaries not included within the INOVYN Limited group

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

Related party	Sales and cost recoveries	Purchases	Trade balance owed to/ (by) the Group
		€m	
INEOS Compounds Aycliffe Limited	2019: €30.7m (2018: €35.2m)	2019: €0.7m (2018: €0.7m)	2019: €1.7m (2018: €7.1m)
INEOS Commercial Services UK Limited	2019: €3.1m (2018: €1.3m)	2019: €21.0m (2018: €22.1m)	2019: €(1.7)m (2018: €(1.5)m)
INEOS Compounds Switzerland AG	2019: €18.6m (2018: €15.0m)	—	2019: €0.6m (2018: €0.9m)
INEOS Enterprises Group Limited	2019: €nil (2018: €9.7m)	2019: €nil (2018: €1.3m)	2019: €nil (2018: €4.1m)
INEOS Europe AG	2019: €8.1m (2018: €23.1m)	2019: €3.6m (2018: €41.7m)	2019: €6.1m (2018: €0.8m)
INEOS Holdings Limited	2019: €17.7m (2018: €13.2m)	2019: €0.4m (2018: €0.2m)	2019: €1.3m (2018: €1.4m)
INEOS Sales (UK) Limited	—	2019: €382.3m (2018: €332.5m)	2019: €(44.2)m (2018: €(29.0)m)
INEOS AG	—	2019: €23.5m (2018: €18.5m)	—
Other entities controlled by INEOS Limited	2019: €57.7m (2018: €37.5m)	2019: €23.0m (2018: €23.5m)	2019: €(8.8)m (2018: €(2.8)m)

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

Related party	Net repayments/ (funding)	Interest income/ (expense)	Loan and other non-trading balances owed to/(by) the Group
		€m	
Entities controlled by INEOS Limited	2019: €(41.3)m (2018: €3.9m)	2019: €10.8m (2018: €1.0m)	2019: €(20.3)m (2018: €5.6m)

Entities controlled by the shareholders of INEOS Limited

The partners of INEOS Capital Partners own a controlling interest in the share capital of INEOS Limited and Screencondor Limited. During the year ended 31 December 2019 the Group made no sales or purchases with these companies (2018: €nil). As at 31 December 2019, amounts owed by Screencondor Limited were €1.2 million (2018: €1.1 million).

Jointly controlled entities and associated undertakings held within the INOVYN Limited group

The Group owns a 60% interest in the share capital of INEOS Runcorn (TPS) Holdings Limited, which is classified as an associated undertaking, and a 50% interest in Runcorn MCP Limited and GIE Cansel-Bresse, which are classified as joint operations. Material trading transactions with these entities during the period were as follows:

Related party	Sales and cost recoveries	Purchases	Trade balance owed to/ (by) the Group
		€m	

Runcorn MCP Limited	2019: €90.2m (2018: €100.9m)	2019: €54.8m (2018: €63.2m)	2019: €2.4m (2018: €5.4m)
INEOS Runcorn (TPS) Holdings Limited and its subsidiaries	2019: €8.7m (2018: €8.1m)	2019: €11.0 m (2018: €13.6m)	2019: €6.1m (2018: €5.8m)
GIE Cansel-Bresse	—	2019: €1.8m (2018: €1.1m)	2019: €(1.3)m (2018: €(0.5)m)

All transactions occurred in the normal course of business.

Material non-trading transactions with these related parties during the year were as follows:

Related party	Loan repayments/ (funding)	Interest received	Loan balance owed to the Group
		€m	
INEOS Runcorn (TPS) Holdings Limited and its subsidiary	2019: €4.5m (2018: €nil)	2019: €2.7m (2018: €2.7m)	2019: €21.4m (2018: €22.0m)

Transactions with key management personnel

Key management personnel are directors and other members of the executive committee representing the business segments. The compensation of key management personnel including the directors is as follows:

	2019	2018
	€m	
Short-term employee benefits	7.7	6.4
Post-employment benefits	0.4	0.4
	8.1	**6.8**

31 ULTIMATE PARENT COMPANY AND PARENT COMPANY OF LARGER GROUP

The immediate parent company of INOVYN Limited is INEOS Group Investments Limited, a company registered in the United Kingdom.

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.

32 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 affected.

The following areas are considered to involve a significant degree of judgement or estimation

Critical judgements in applying the Group's accounting policies

The directors do not consider there to be any critical judgements, apart from those involving estimations, which are presented separately below.

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.

Taxation

Management is required to estimate the tax payable in each of the jurisdictions in which the Group operates. This involves estimating the actual current tax charge or credit together with assessing temporary differences resulting from differing treatment of items for tax and accounting purposes. The calculation of the Group's total tax charge necessarily involves a significant degree of estimation in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority, or, as appropriate, through a formal legal process.

The Group has, from time to time, contingent tax liabilities arising from trading and corporate transactions in the countries in which it operates. After appropriate consideration, management makes provision for these liabilities based on the probable level of economic loss that may be incurred and which is reliably measurable.

The breadth of the Group's structure with operations in many geographic locations makes the use of estimates and assumptions more challenging. The resolution of issues is not always within the control of the Group and can be reliant upon the efficiency of the legal processes in the relevant jurisdictions in which the Group operates, and as a result, issues can, and often do take many years to resolve.

Details of amounts recognised with regard to taxation are disclosed in Notes 11 and 15. Note 11 shows tax adjustments in respect of prior years of €29.2 million.

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.

Details of post-retirement benefits are set out in note 22.

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.

In relation to remediation costs, the estimated interest rate used in discounting the cash flows is reviewed at least annually. The interest rates used to determine the obligation in the balance sheet at 31 December 2018 and 31 December 2019 are risk free pre-tax rates, based on country specific government bond yields. The nature and amount of provisions included within the financial statements are detailed in note 23.

33 SUBSEQUENT EVENTS

Refinancing

On 9 March 2020, the Group renegotiated an amendment and upsizing of its existing Term Loan B borrowings. The Term Loan B borrowings were increased by €250.0 million and the maturity date was extended from November 2025 to March 2027. Certain provisions in the Credit Agreement were also amended, although it remains maintenance covenant free. All quarterly amortization payments were replaced with a single payment on 9 March 2027. The interest rates remain the same. The proceeds of €250.0 million were loaned to INEOS Industries Holdings Limited, a related party on the same date.

United Kingdom withdrawal from the European Union ("Brexit")

The withdrawal agreement under which the United Kingdom will leave the European Union was ratified on 31 January 2020. This has started a transition period until the end of December 2020. The Group has made significant plans to limit the impact of Brexit on its activities from liaising with employees, contingent planning for inventories and review ways of working for export sales.

COVID-19 coronavirus

The Group is closely monitoring the evolution of the COVID-19 coronavirus and is following the World Health Organisation travel advice. With regards to business impact, the effect the virus will have on the global economy and the chemicals industry is difficult to assess at this point in time, although the Group is constantly evaluating the situation and monitoring any potential effects on production and deliveries. See page 9 for further details

INOVYN Limited

Annual report and financial statements

Registered number 08696245

Year ended—31 December 2018

INOVYN LIMITED
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INOVYN LIMITED
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INOVYN LIMITED

Report on the audit of the Group financial statements

Opinion

In our opinion, INOVYN Limited's group financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's affairs as at 31 December 2018 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the consolidated balance sheet as at 31 December 2018; the consolidated income statement and statement of comprehensive income, the consolidated statement of cash flows, and the consolidated statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union, which is currently due to occur on 29 March 2019, are not clear, and it is difficult to evaluate all of the potential implications on the group's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 11, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 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 to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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 auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- certain disclosures of directors' remuneration specified by law are not made.

We have no exceptions to report arising from this responsibility.

Other matter

We have reported separately on the company financial statements of INOVYN Limited for the year ended 31 December 2018.

Hazel Macnamara (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
29 March 2019

INOVYN LIMITED

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018	2017
		€m	
Revenue	2	**3,359.3**	**3,324.6**
Cost of sales before exceptional items		(2,329.8)	(2,350.8)
Exceptional cost of sales	6	(11.8)	(22.9)
Total cost of sales		(2,341.6)	(2,373.7)
Gross profit		**1,017.7**	**950.9**
Distribution costs before exceptional items		(332.6)	(318.5)
Exceptional distribution costs	6	—	(1.1)
Total distribution costs		(332.6)	(319.6)
Administrative expenses before exceptional items		(139.5)	(120.2)
Exceptional administrative expenses	6	(1.0)	(12.7)
Total administrative expenses		(140.5)	(132.9)
Total expenses		(473.1)	(452.5)
Operating profit	7	**544.6**	**498.4**
Share of (loss)/profit of associated undertakings	14	(0.5)	12.6
Purchase gain on acquisition	5	—	3.7
Loss on disposal of other investments	14	(0.1)	—
Profit on disposal of property, plant and equipment		—	1.2
Loss on disposal of businesses	3	—	(3.4)
Profit before net finance costs		**544.0**	**512.5**
Finance income	10	12.1	14.2
Finance costs before exceptional items	10	(49.5)	(80.9)
Exceptional finance costs	6,10	—	(9.3)
Total finance costs	10	(49.5)	(90.2)
Net finance costs	10	(37.4)	(76.0)
Profit before tax from continuing operations		**506.6**	**436.5**
Tax charge	11	(121.4)	(133.1)
Profit for the year from continuing operations		**385.2**	**303.4**
Profit/(loss) attributable to:			
—Owners of the parent		390.1	304.4
—Non-controlling interest		(4.9)	(1.0)
		385.2	**303.4**

The notes on pages F-298 to F-359 are an integral part of these consolidated financial statements.

INOVYN LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

	2018	2017
	€m	
Profit for the year	**385.2**	**303.4**
Other comprehensive (expense)/income:		
Items that will not be reclassified to profit or loss		
Remeasurement of post-employment benefit obligations net of taxes	(2.7)	211.9
Items that may be subsequently reclassified to profit or loss		
Foreign exchange translation differences of subsidiaries	(10.2)	(15.7)
Total other comprehensive (expense)/income for the year, net of tax	**(12.9)**	**196.2**
Total comprehensive income for the year	**372.3**	**499.6**
Total comprehensive income/(expense) attributable to:		
—Owners of the parent	377.2	500.6
—Non-controlling interest	(4.9)	(1.0)
	372.3	**499.6**

The notes on pages F-298 to F-359 are an integral part of these consolidated financial statements.

INOVYN LIMITED

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2018

	Note	2018	2017
		€m	
Non-current assets			
Property, plant and equipment	12	1,200.7	1,103.3
Intangible assets	13	9.3	5.7
Investments accounted for using equity method	14	13.3	13.8
Other investments	14	0.2	0.3
Other receivables	18	24.3	26.0
Deferred tax assets	16	137.9	147.8
Employee benefits	22	23.9	22.2
Total non-current assets		**1,409.6**	**1,319.1**
Current assets			
Inventories	17	243.8	271.2
Trade and other receivables	18	568.7	682.3
Tax receivables for current tax		8.4	5.9
Other current financial assets	15	—	1.3
Cash and cash equivalents	19,27	207.7	121.6
Total current assets		**1,028.6**	**1,082.3**
Total assets		**2,438.2**	**2,401.4**
Equity attributable to owners of the parent			
Share capital	25	—	—
Share premium reserve		84.5	84.5
Merger reserve	4	(375.2)	(375.2)
Retained earnings		558.6	270.6
Other reserves		74.7	87.6
Total equity		**342.6**	**67.5**
Attributable to owners of the parent		342.6	67.3
Attributable to non-controlling interest		—	0.2
Total equity		**342.6**	**67.5**
Non-current liabilities			
Interest-bearing loans and borrowings	20	799.7	864.8
Trade and other payables	21	52.1	54.9
Employee benefits	22	282.4	315.9
Provisions	23	80.9	92.9
Deferred tax liabilities	16	74.2	65.9
Total non-current liabilities		**1,289.3**	**1,394.4**
Current liabilities			
Interest-bearing loans and borrowings	20	8.9	45.9
Trade and other payables	21	667.6	683.4
Tax liabilities for current tax		90.3	168.1
Other financial liabilities	24	3.2	2.1
Provisions	23	36.3	40.0
Total current liabilities		**806.3**	**939.5**
Total liabilities		**2,095.6**	**2,333.9**
Total equity and liabilities		**2,438.2**	**2,401.4**

These financial statements were approved by the Board of Directors on 29 March 2019 and were signed on its behalf by:

M J Maher
Director
INOVYN Limited

C E Tane
Director
Registered number: 08696245

The notes on pages F-298 to F-359 are an integral part of these consolidated financial statements.

INOVYN LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Share capital	Share premium reserve	Merger reserve	Retained earnings/ (accumulated losses)	Other reserves	Total equity	Attributable to owners of parent	Attributable to non-controlling interest
					€m			
Balance at 1 January 2017	**—**	**84.5**	**(375.2)**	**(8.5)**	**(108.6)**	**(407.8)**	**(407.9)**	**0.1**
Profit/(loss) for the year	—	—	—	303.4	—	303.4	304.4	(1.0)
Other comprehensive income/(expense):								
Remeasurement of post-employment benefit obligations net of taxes	—	—	—	—	211.9	211.9	211.9	—
Foreign exchange translation differences of subsidiaries	—	—	—	—	(15.7)	(15.7)	(15.7)	—
Total other comprehensive income	**—**	**—**	**—**	**—**	**196.2**	**196.2**	**196.2**	**—**
Transactions with owners, recorded directly in equity:								
Capital contribution made by non-controlling interest	—	—	—	1.1	—	1.1	—	1.1
Dividends	—	—	—	(25.4)	—	(25.4)	(25.4)	—
Transactions with owners, recorded directly in equity	**—**	**—**	**—**	**(24.3)**	**—**	**(24.3)**	**(25.4)**	**1.1**
Balance at 31 December 2017	**—**	**84.5**	**(375.2)**	**270.6**	**87.6**	**67.5**	**67.3**	**0.2**
Profit/(loss) for the year	—	—	—	385.2	—	385.2	390.1	(4.9)
Other comprehensive expense:								
Remeasurement of post-employment benefit obligations net of taxes	—	—	—	—	(2.7)	(2.7)	(2.7)	—
Foreign exchange translation differences of subsidiaries	—	—	—	—	(10.2)	(10.2)	(10.2)	—
Total other comprehensive expense	**—**	**—**	**—**	**—**	**(12.9)**	**(12.9)**	**(12.9)**	**—**
Transactions with owners, recorded directly in equity:								
Capital contribution made by non-controlling interest	—	—	—	2.8	—	2.8	—	2.8
Acquisition of shares in non-controlling interest	—	—	—	—	—	—	(1.9)	1.9
Dividends	—	—	—	(100.0)	—	(100.0)	(100.0)	—
Transactions with owners, recorded directly in equity	**—**	**—**	**—**	**(97.2)**	**—**	**(97.2)**	**(101.9)**	**4.7**
Balance at 31 December 2018	**—**	**84.5**	**(375.2)**	**558.6**	**74.7**	**342.6**	**342.6**	**—**

The notes on pages F-298 to F-359 are an integral part of these consolidated financial statements.

Analysis of other reserves:

	Translation reserve	Actuarial reserve	Other reserves
		€m	
Balance at 1 January 2017	16.4	(125.0)	(108.6)
Foreign exchange translation differences of subsidiaries	(15.7)	—	(15.7)
Remeasurement of post-employment benefit obligations net of taxes	—	211.9	211.9
Balance at 31 December 2017	**0.7**	**86.9**	**87.6**
Foreign exchange translation differences of subsidiaries	(10.2)	—	(10.2)
Remeasurement of post-employment benefit obligations net of taxes	—	(2.7)	(2.7)
Balance at 31 December 2018	**(9.5)**	**84.2**	**74.7**

The notes on pages F-298 to F-359 are an integral part of these consolidated financial statements.

INOVYN LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018	2017
		€m	
Cash flows from operating activities			
Profit for the year		385.2	303.4
Adjustments for:			
Depreciation and impairment	12	131.8	131.9
Amortisation	13	1.9	0.9
Net finance costs	10	37.4	76.0
Share of (loss)/profit of associated undertakings	14	0.5	(12.6)
Purchase gain on acquisition	5	—	(3.7)
Loss on disposal of other investments	14	0.1	—
Loss on disposal of businesses	3	—	3.4
Profit on disposal of property, plant and equipment		—	(1.2)
Tax charge	11	121.4	133.1
Decrease/(increase) in trade and other receivables		70.3	(160.8)
Decrease/(increase) in inventories		25.6	(9.4)
Increase in trade and other payables		10.3	100.5
Decrease in provisions and employee benefits		(61.6)	(36.4)
Tax paid		(178.2)	(58.0)
Net cash from operating activities		544.7	467.1
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		—	1.2
Interest and other finance income received		0.6	0.1
Disposal of businesses, net of cash disposed of	3	2.6	2.3
Acquisition of businesses	5	—	0.8
Solvay completion accounts settlement	4	—	83.6
Acquisition of intangible assets		(5.4)	(2.7)
Acquisition of property, plant and equipment		(217.6)	(157.8)
Net cash used in investing activities		**(219.8)**	**(72.5)**
Cash flows from financing activities			
Redemption of Senior Secured Notes due 2021	20	—	(300.0)
Premium on early redemption of Senior Secured Notes due 2021	6,10	—	(9.3)
Proceeds from new Senior Secured Term Loans	20	—	200.0
Repayment of Senior Secured Term Loans	20	(107.3)	(31.8)
Debt issue costs		(3.3)	(4.4)
Securitisation facility	20	—	(117.0)
Other loans	20	(0.7)	0.9
Interest paid		(28.8)	(51.1)
Capital element of finance lease payments	20	(0.5)	(1.8)
Dividend paid	25	(100.0)	(25.4)
Net cash used in financing activities		**(240.6)**	**(339.9)**
Net increase in cash and cash equivalents		84.3	54.7
Cash and cash equivalents at 1 January	19	121.6	68.1
Effect of exchange rate fluctuations on cash held		1.8	(1.2)
Cash and cash equivalents at 31 December	**19**	**207.7**	**121.6**

The notes on pages F-298 to F-359 are an integral part of these consolidated financial statements.

INOVYN LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

(forming part of the financial statements)

1 Accounting policies

1.1 Overview

INOVYN Limited ("the Company") is a private company, limited by shares, registered and domiciled in the United Kingdom and has its registered office at Runcorn Site HQ, South Parade, P.O. Box 9, Runcorn, Cheshire, United Kingdom, WA7 4JE.

INOVYN Limited was incorporated on 18 September 2013 and was a dormant company until 1 July 2015 when INEOS Group Investments Limited ("INEOS") and Solvay Chlorovinyls Holdings Sarl ("Solvay") combined their European chlor-vinyls activities in a joint venture headed by INOVYN Limited.

The formation of a joint venture was not included within the scope of IFRS 3, "Business combinations" and IFRS 2, "Share based payments", and therefore an accounting policy choice was made to adopt predecessor accounting.

On 7 July 2016, the shares held by Solvay were redeemed and INEOS Group Investments Limited became the sole shareholder of INOVYN 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. 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 directors in accordance with International Financial Reporting Standards (IFRSs) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) as adopted by the European Union ("Adopted IFRSs") effective as of 31 December 2018, and with the Companies Act 2006 as applicable to companies using Adopted IFRSs.

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, financial instruments and financial assets classified as fair value through the profit or loss, or fair value through other comprehensive income which are stated at their fair value.

1.4 Functional and presentation currency

The functional and presentational currency of the Group is the currency of its principal operating environment and has been identified as the Euro.

All financial information presented in Euro has been rounded to the nearest €0.1 million, except when otherwise stated.

1.5 Changes in accounting policies

From 1 January 2018 the Group has applied IFRS 9 and IFRS 15 for the first time along with a number of other new standards, although none have had a material effect on the Group's financial statements.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control at a point in time or over time requires judgement.

The Group has adopted IFRS 15 using the retrospective method with the effect of initially applying the standard recognised at the date of the earliest comparative period (i.e. 1 January 2017). The Group has elected for the following practical expedients available under the retrospective transition method:

1. The Group does not restate completed contracts that begin and end within the same annual reporting period or restate contracts that are completed contracts at the beginning of the earliest comparative period presented.

2. The Group uses the transaction price at the date on which the contract was completed, rather than estimating the variable consideration amounts in each comparative reporting period.

3. The Group does not separately evaluate the effects of contract modifications before the beginning of the earliest reporting period presented using the contract modifications requirements in the new standard. Instead, the Group has reflected the aggregate effect of all of the modifications that occur before the beginning of the earliest period presented in:

    - identifying the satisfied and unsatisfied performance obligations;

    - determining the transaction price; and

    - allocating the transaction price to the satisfied and unsatisfied performance obligations.

4. The Group does not disclose for reporting periods presented before the date of initial application (i.e. 1 January 2018):

    - the amount of the transaction price allocated to the remaining performance obligations; nor

    - an explanation of when the entity expects to recognise that amount as revenue.

The details and quantitative impact of the changes in accounting policies are disclosed below.

i) Shipping and handling activities recognised as separate performance obligation

The Group previously did not assess shipping and handling activities as separate performance obligations and recognised revenue on transfer of goods to the customer. Under IFRS 15, when shipping and handling activities are performed after the customer obtains control of the goods, they are treated as a separate performance obligation, and therefore a portion of the transaction price is allocated to shipping and handling and revenue is recognised as the shipping and handling performance obligation is satisfied.

ii) Volume discounts and early payment discounts

The group previously recognised revenue for contracts with volume discounts and early payment discounts when a reasonable estimate of the discount could be made, and provided that all other criteria for revenue recognition were met. Under IFRS 15, revenue will only be recognised for these contracts to the extent that it is highly probable that a significant reversal to cumulative revenue will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

iii) Impact on the financial statements

The Group concluded that there is no material impact on the timing and amount of revenue recognised.

IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

As a result of the adoption of IFRS 9, the Group adopted consequential amendments to IAS 1 Presentation of Financial Statements, which requires impairment of financial assets to be presented in a separate line item in the income statement and OCI.

Additionally, the Group has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2018 but have not been generally applied to comparative information.

(i) Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

Financial assets previously classified as loans and receivables under IAS 39 have been reclassified to amortised cost under IFRS 9.

(ii) Impairment of financial assets

IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with an ‘expected credit loss’ (ECL) model. This requires considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and to contract assets. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

Under IFRS 9, loss allowances will be measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and

- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

For assets in scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile; however due to the quality of the Group’s trade receivables and its low history of bad debts the application of IFRS 9 has not resulted in a material change to the allowance for impairment in respect of trade receivables (see Note 18).

(iii) Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below.

- The Group has used an exemption not to restate comparative information for prior periods with respect to classification and measurement changes. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as

at 1 January 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of IFRS 9, but rather those of IAS 39.

- The new hedge accounting requirements have been applied prospectively.
- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.
    - The determination of the business model within which a financial asset is held.
    - The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.
    - The designation of certain investments in equity instruments not held for trading as FVOCI.

1.6 New amendments for 2018

The Group has applied the following amendments to accounting standards for the first time in 2018 with effect from 1 January 2018:

- IFRIC 22 Foreign Currency Transactions and Advance Consideration mandatory for year commencing on or after 1 January 2018.

IFRIC 22 clarifies the transaction date used to determine the exchange rate for foreign currency transactions involving an advance payment or receipt.

Other amendments to be applied by companies in 2018 that are not applicable for the Group are the amendments to IFRS 2—Classification and Measurement of Share-based Payment Transactions; amendments to IFRS 4—Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts; and the amendments to IAS 40—Transfers of Investment Property.

1.7 Basis of consolidation

Subsidiaries

The consolidated financial statements of INOVYN Limited include all subsidiaries of the Company.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when it 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 to direct the activities of the entity. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and balance sheet respectively. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Special purpose entities ("SPE")

A special purpose entity is consolidated if, based on an evaluation of the substance of its relationship with the Group and the SPEs' risks and rewards, the Group concludes that it controls the SPE.

The Group has established an SPE, INEOS Norway Finance Ireland Limited, for a debt securitisation programme. The Group does not have any direct or indirect shareholdings in this SPE. INEOS Norway Finance Ireland Limited is controlled by the Group as it was 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 retains the majority

of the residual or ownership risks related to the SPE and its assets. INEOS Norway Finance Ireland Limited is therefore regarded as an SPE and has been consolidated in these financial statements.

Associated undertakings

Associated undertakings are those entities in which the Group has significant influence, but not control or joint control over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. Associated undertakings are accounted for using the equity method of accounting and are initially recognised at cost.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in the income statement, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associated undertakings are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity. Unrealised gains on transactions between the Group and its associated undertakings are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

Joint arrangements

Under IFRS 11 *Joint Arrangement,* 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 all to be joint operations.

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.

The Group has a 50% interest in a joint arrangement called Runcorn MCP Limited, which was set-up together with VYNOVA Runcorn Limited in 2015 to provide toll production of chlorine and caustic soda to the two shareholders. The joint venture agreements in relation to Runcorn MCP Limited require unanimous consent from all parties for all relevant activities. The two partners have direct rights to the assets of the partnership and are jointly and severally liable for the liabilities incurred by the partnership. This entity is therefore classified as a joint operation and the Group recognises its direct right to the jointly held assets, liabilities, revenues and expenses.

The Group, via a joint partnership ("Convention d'Indivision"), owns a 42.5% minority interest in the Feyzin ethylene cracker in France. The other partner is TOTAL Petrochemicals. As the arrangement is not structured through a vehicle that is separate from both partners, the joint arrangement is classified as joint operation under IFRS 11 *Joint Arrangements*.

The Group has a 50% share in GIE Cansel-Bresse, a French *Groupement d'Interet Economique* which owns brine infrastructure assets at Etrez, France, and provides solution mining services. The holder of the remaining 50% is Storengy. As the assets and liabilities, capital expenditure, financing costs and operating expenses are shared evenly between both shareholders the Group has classified GIE Cansel-Bresse as a joint operation.

1.8 Foreign currency

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 balance sheet 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 income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency 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 presentation currency, Euros, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at 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.

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 currency differences arising on the retranslation of a hedge of a net investment in a foreign operation are recognised directly in equity, 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 recycled to profit or loss as an adjustment to the profit or loss on disposal.

Appropriate average currency rates have been applied for items of the income statement. The following currency rates have been used at 31 December 2017 and 31 December 2018:

	2018	2017
USD—US Dollar	1.1434	1.1938
GBP—British Pound	0.9014	0.8883
NOK—Norwegian Krone	9.9866	9.8495
SEK—Swedish Krona	10.2712	9.8597

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement and foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within finance income or cost. All other foreign exchange gains and losses are presented in the income statement within administrative expenses.

1.9 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.

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 meet the cash flow characteristics and business model tests 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.

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 or 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.

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. Bank overdrafts that are repayable on demand and form an integral part of the Groups cash management are included as a component of cash and cash equivalents for the purpose of only the statement of cash flows.

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.

1 Accounting policies

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 effective interest method.

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.

1.10 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.

Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. The assets are depreciated over the shorter of their useful life or asset lease term.

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	10 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	5 to 10 years

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

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.

1.11 Business combinations, goodwill and intangible assets

Business combinations

Business combinations are defined according to IFRS 3 as a transaction or another event in which the acquirer achieves control over one or several business of the acquiree. All business combinations are accounted for by applying the purchase method, except acquisitions under common control which are outside the scope of IFRS 3. Goodwill represents amounts arising on acquisition of subsidiaries, associates and jointly controlled entities and represents the difference between the cost of the acquisition and the net fair value of the identifiable assets, liabilities and contingent liabilities acquired. Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

On a transaction-by-transaction basis, the Group elects to measure non-controlling interests, which have both present ownership interests and are entitled to a proportionate share of net assets of the acquiree in the event of liquidation, either at its fair value or at its proportionate interest in the recognised amount of the identifiable net assets of the acquiree at the acquisition date.

Acquisitions and disposals of non-controlling interests that do not result in a change of control are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. Any difference between the price paid or received and the amount by which non-controlling interests are adjusted is recognised directly in equity and attributed to the owners of the parent.

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.

Goodwill

Goodwill that arises on the acquisition of businesses is presented within intangible assets. Goodwill is measured at cost less accumulated impairment losses. Goodwill is allocated to groups of cash-generating units and is not amortised but is tested annually for impairment.

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

Other intangible assets

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and accumulated impairment losses.

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.

The Group's intangible assets principally comprise of intellectual property rights, the cost of software, regulatory licenses and costs associated with obtaining access to pipelines owned by third parties.

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 5 to 10 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.

Research and development

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

Expenditure on development activities is capitalised within intangible assets 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 and capitalised borrowing costs. 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

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.

Financial assets which are considered low risk are not provided for impairment by the Group.

An impairment loss in respect of a receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

Investments in debt and equity securities

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 equity securities classified as FVOCI are not tested for impairment under IFRS 9.

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.

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 and net realisable value. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs of 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.

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 and the anode, cathode and membrane parts of the electrolysers used in cell rooms, 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 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.

1.16 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.

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 are deducted. The discount rate is based on the yield at the reporting date on AA credit-rated bonds that have maturity dates in line with the terms of the Group's obligations and that are denominated in the currency in which the benefits are expected to be paid.

Remeasurements of the net defined benefit liability from actuarial gains and losses and returns on plan assets greater than the discount rate are recognised immediately in other comprehensive income. The Group determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense is included in finance cost; all other components of employee benefit costs related to defined benefit plans are recognised as personnel expenses in the income statement.

The calculation is performed annually on the basis of an actuarial report using the projected unit credit method. When the calculation results in a defined benefit asset to the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to the plan. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities. The change in the present value of the future benefits resulting from a plan change or a curtailment is recognised as past service cost in the consolidated income statement in the year in which they occur.

The Group recognises gains and losses from a settlement of a defined benefit plan in the income statement when the settlement occurs. The gain or loss on settlement is the difference between the present value of the defined benefit

obligation to be settled and the settlement price including payments made directly by the company in connection with the settlement.

Certain of the Group's pension plans include multi-employer schemes for employees of the Group and other INEOS or Solvay group 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 or medium-term cash bonus 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.

1.17 Provisions

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 reliably estimated. The timing of recognition requires the application of judgement to existing facts and circumstances, which can be subject to change. Provisions are discounted 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 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.

1.18 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.

1.19 Revenue from contracts with customers

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 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. 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 limited number of contracts that include distinct performance obligations (being primarily separate shipping obligations), which can potentially result in revenue been recognised later in time.

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.

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.

1.20 Expenses

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Finance income and 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 income statement on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Finance costs comprise interest payable and finance leases recognised in the income statement using the effective interest method, unwinding of the discount on provisions, net fair value losses on derivatives, net interest on employee benefit liabilities and net foreign exchange losses. Borrowing costs that are directly attributable to the construction of an asset that takes a substantial time to be prepared for use are capitalised as part of the cost of that asset.

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

Deferred finance costs

Costs associated with raising finance are deducted from the gross proceeds in the balance sheet and amortised over the term of the relevant financing at a constant rate over the carrying amount.

1.21 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the 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 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 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 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 temporary 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.

1.22 Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is restated as if the operation has been discontinued from the start of the previous financial year.

1.23 Disposal groups held for sale

Disposal groups are classified as assets and liabilities held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

1.24 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 Committee who report into the shareholder, INEOS Group Investments Limited.

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

1.25 Exceptional items

The presentation of the Group's results separately identifies the effect of profits and losses on the disposal of businesses, the impairment of non-current assets, the cost of restructuring acquired 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. Results excluding disposals, impairments, restructuring costs and one off items are used by management and are presented in order to provide readers with a clear and consistent presentation of the underlying operating performance of the Group's ongoing business.

1 Accounting policies

1.26 Securitisation

Certain Group companies are parties to a receivables securitisation programme in which various subsidiaries sell trade receivables to INEOS Norway Finance Ireland Limited ("INFIL"), a special purpose vehicle, for a discounted rate. INFIL pledges the receivables as security for borrowings from conduit lenders. The cash borrowed by INFIL from the conduit lenders, less a financing cost, is lent to the Group companies. The financing cost is recognised in interest payable. The risks and rewards of ownership of the receivables are retained by the Group and therefore INFIL has been included in the financial statements as a quasi-subsidiary.

1.27 Emissions Trading scheme

The Group participates in the EU Emissions Trading Scheme. 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 Emissions Trading Scheme is recognised in the consolidated income statement once the reduction targets have been met. The emissions permits allocated under the Scheme are at nil cost. The Group recognises the revenue from such permits upon their sale to third parties.

The Group recognises a provision for emissions produced. The provision 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.

1.28 Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2019 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, unless otherwise indicated.

IFRS 16 Leases

The Group is required to adopt IFRS 16 Leases from 1 January 2019. The Group has assessed the estimated impact that initial application of IFRS 16 will have on its consolidated financial statements, as described below. The actual impacts of adopting the standard on 1 January 2019 may change because:

- The new accounting policies are subject to change until the Group presents its first financial statements that include the date of initial application.
- The Group's borrowing rate is subject to change until the Group presents its first financial statements that include the date of initial application.
- The Group's latest assessment of whether it will exercise any lease renewal options is subject to change until the Group presents its first financial statements that include the date of initial application.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make

lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard—i.e. lessors continue to classify leases as finance or operating leases.

IFRS 16 replaces existing leasing guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases—Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

i) Leases in which the Group is a lessee

The Group will recognise new assets and liabilities for its operating leases, which include vessels, storage and transportation infrastructure, real estate and motor vehicles. The nature of expenses related to those leases will change because the Group will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities.

Previously, the Group recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

In addition, the Group will no longer recognise provisions for operating leases that it assesses to be onerous. Instead, the Group will include the payments due under the lease in its lease liability.

No significant impact is expected for the Group's finance leases recognised as at 31 December 2018.

Based on the information currently available, the Group estimates that it will recognise additional lease liabilities and right-of-use assets of approximately €62 million as at 1 January 2019. The impact on EBITDA before special items, which is the main measure of profit, is expected to be approximately €23 million for the year ended 31 December 2019. The adoption of IFRS 16 will not impact on the Group's ability to comply with loan covenants and other KPIs.

ii) Leases in which the Group is a lessor

The Group will reassess the classification of sub-leases in which the Group is a lessor. No significant impact is expected for leases in which the Group is a lessor.

(iii) Transition

The Group plans to apply IFRS 16 initially on 1 January 2019, using the modified retrospective approach and measuring the right of use asset equal to the lease liability. Therefore, the cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information.

The Group has a number of arrangements that are not in the legal form of a lease, for which it concluded that the arrangement contains a lease of equipment under IFRIC 4. On transition to IFRS 16, the Group does not plan to apply the practical expedient to grandfather the definition of a lease on transition. This means that the new definition of a lease under IFRS 16 will be applied to all of the contracts in place on transition.

When applying the modified retrospective approach to leases previously classified as operating leases under IAS 17, the Group has elected to apply the following practical expedients:

- Measure the right-of-use asset as if it had applied IFRS 16 since the commencement date using its incremental borrowing rate at the date of initial application;
- Apply the practical expedient to exclude initial direct costs from the right-of-use asset;
- Apply the practical expedient to apply a single discount rate to a portfolio of leases with similar characteristics; and
- Apply the practical expedient to rely on its assessment that the lease was onerous under IAS 37 Provisions, Contingent Liabilities and Contingent Assets and therefore adjust the right-of-use asset at the date of initial application by the onerous lease provision rather than conduct an impairment test.

Other forthcoming standards and amendments

The following new or amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements.

- IFRIC 23 Uncertainty over Income Tax Treatments.
- Prepayment Features with Negative Compensation (Amendments to IFRS 9).
- Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)
- Plan Amendment, Curtailment or Settlement (Amendments to IAS 19).
- Annual Improvements to IFRs Standards 2015-17 Cycle- various standards
- Amendments to References to Conceptual Framework in IFRS Standards
- IFRS 17 Insurance Contracts
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).

2 Segmental reporting

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 businesses:

- *General Purpose Vinyls*, consisting of a portfolio of Suspension PVC products and PVC Resins, and output that the Group both consumes and sells from its interest in the Feyzin cracker.
- *Specialty Vinyls*, consisting of Emulsion PVC and specialty grade Suspension PVC products.
- *Organic Chlorine Derivatives*, consisting of various chlorine derivatives including chlorinated paraffins, chloromethanes, allyl chloride and epichlorohydrin.
- *Chlor-Alkali*, consisting of caustic soda and caustic potash, chlorine and chlorine by-products, brine and water and hydrochloric acid.

However, the Group's financial reporting is limited to three Business segments; General Purpose Vinyls, Specialty Vinyls, and Other Chemicals. The Other Chemicals segment includes the Organic Chlorine Derivatives business, plus all products in the Chlor-Alkali business excluding caustic soda and caustic potash. Revenues from caustic soda and caustic potash are then attributed to the three Business Segments based on the quantities of chlorine contained in the respective products.

For segmental reporting of EBITDA, the results of the caustic soda and caustic potash products (which are co-produced with chlorine in the electrolysis manufacturing process) included within the Chlor-Alkali operating business are allocated out to the three segments based on the quantities of chlorine contained in each of their products.

For segmental reporting of revenue, caustic soda and caustic potash revenues are shown both before and after allocation to three Business segments.

The revenue attributable to each business segment is as follows:

2018			2017		
Revenue before caustic soda/potash allocation	**Caustic soda/potash revenue allocation**	**Revenue after caustic soda/potash allocation**	**Revenue before caustic soda/potash allocation**	**Caustic soda/potash revenue allocation**	**Revenue after caustic soda/potash allocation**
		€m			

General Purpose Vinyls	1,456.3	503.8	1,960.1	1,550.1	444.1	1,994.2
Specialty Vinyls	377.1	126.4	503.5	369.4	93.7	463.1
Other Chemicals	455.4	440.3	895.7	511.8	355.5	867.3
Caustic soda and caustic potash	1,070.5	(1,070.5)	—	893.3	(893.3)	—
	3,359.3	**—**	**3,359.3**	**3,324.6**	**—**	**3,324.6**

The EBITDA before exceptional items attributable to each business segment is as follows:

	2018	2017
	€m	
EBITDA before exceptionals		
General Purpose Vinyls	306.6	374.5
Specialty Vinyls	163.0	137.3
Other Chemicals	221.5	156.1
	691.1	**667.9**

Reconciliation of earnings before operating exceptional items, interest, taxation, depreciation and amortisation ('EBITDA before exceptional items') to operating profit:

	2018	2017
	€m	
EBITDA before exceptional items	691.1	667.9
Depreciation and amortisation	(133.7)	(132.8)
Exceptional items within operating profit (note 6)	(12.8)	(36.7)
Operating profit	**544.6**	**498.4**

Geographical analysis—revenues

Geographical information by location of customers	2018	2017
	€m	
UK	427.6	459.5
Rest of Europe	2,465.1	2,326.2
Rest of World	466.6	538.9
Total	**3,359.3**	**3,324.6**

Geographical information by location by which the Group derives revenue	2018	2017
	€m	
UK	2,878.3	1,302.6
Rest of Europe	430.6	1,969.5
Rest of World	50.4	52.5
Total	**3,359.3**	**3,324.6**

In presenting information on the basis of geographic analysis of segments, segment revenue is based on the geographical location of customers and geographical locations from which the Group derives revenues.

A geographic analysis of segment assets are not presented as the necessary information is not available and the directors are of the opinion that the cost to develop it would be excessive.

3 Loss on disposal of businesses

Prior to the formation of the INOVYN joint venture, both INEOS and Solvay agreed to sell certain 'remedy assets' to International Chemicals Investor Group ("ICIG") in order to address competition concerns raised by the European Commission. In 2017, the value of deferred consideration that had been recognised in 2015 relating to the divestment was adjusted downwards resulting in a €3.2 million loss on disposal. Deferred consideration of €2.6 million was received from ICIG in the year ended 31 December 2018 (2017: €1.0 million). The remaining deferred income of €3.7 million at 31 December 2018 (2017: €5.9 million) will be fully settled by August 2020.

In 2017, the Group received €1.3 million as final settlement of deferred consideration from 2M Group Limited, relating to the sale of the UK packed chlorine made by the legacy Kerling Business of INEOS in 2013. The value of deferred consideration previously recognised as part of this transaction was revised downwards by €0.2 million in 2017 following the conclusion of negotiations with the buyer.

4 Formation of the joint venture and exit of Solvay

On 1 July 2015, INEOS Group Investments Limited and a subsidiary of Solvay SA combined their European chlor-vinyls activities in a joint venture headed by INOVYN Limited. INOVYN Limited acquired INOVYN Finance plc (formerly Kerling Limited) and certain of its subsidiaries from INEOS Group Investments Limited, and acquired several legal entities from the Solvay group in exchange for a cash payment of €150.0 million. The intention from the onset of the formation of INOVYN was that Solvay would exit the joint venture within three years, with Solvay receiving €335.0 million for the redemption of their B ordinary shares. On 1 July 2015, €375.2 million was debited to a merger reserve, being the difference between the book value of the net assets acquired and the total consideration paid.

Following an agreement reached between both shareholders on 7 July, 2016 INOVYN Limited redeemed the entire issued B Ordinary shares held by Solvay at a redemption price of €335.0 million, at which point INEOS Group Investments Limited became the Company's sole shareholder. In May 2017, the Group received €83.6 million from Solvay, being the 'completion accounts' settlement in respect of their contribution into the joint venture on 1 July 2015.

5 Acquisitions

Acquisitions in the prior year

On 6 April 2017 the Group entered into a long term partnership with Storengy at Etrez and Attignat in France, in order to secure long term supplies of brine to its electrolysis plant in Tavaux, France. Under the agreement, both parties became 50% owners of GIE Cansel-Bresse, a French *Groupement d'Interet Economique* which is a provider of solution mining services and is the owner of all brine infrastructure assets at Etrez. The consideration paid was €1, and the fair value of net assets acquired was €3.2 million resulting in a purchase gain on acquisition of €3.2 million, which was credited to the consolidated income statement in the year ended 31 December 2017.

5 Acquisitions

On 1 May 2017, the Group acquired 100% of the shares in Solvay Tavaux SAS (subsequently renamed as INOVYN Tavaux SAS) from Solvay. The company provides various environmental, waste management, engineering, inspection, and safety and security services to the INOVYN plants at the Tavaux site, in France. The consideration was €3.6 million, and the fair value of net assets acquired was €4.1 million resulting in a purchase gain on acquisition of €0.5 million, which was credited to the consolidated income statement in the year ended 31 December 2017. The acquired entity had cash of €0.8 million on the balance sheet at the date of acquisition. The consideration payable for the legal entity of €3.6 million remains outstanding pending the completion of working capital settlement negotiations with Solvay.

The acquisitions referred to above relate to companies which provide a service to the Group and have therefore not contributed any revenue to the Group since the date of acquisition. The profit generated by these acquisitions since the data of acquisition is negligible.

6 Exceptional items

	2018	2017
	€m	
Exceptional items included in cost of sales:		
Plant closure costs[1]	7.9	2.0
Environmental provisions[2]	—	15.9
Cost reduction and synergy projects[3]	1.4	0.5
Pension scheme closure[4]	0.4	4.5
Other[5]	2.1	—
	11.8	**22.9**
Exceptional items included in distribution costs:		
Cost reduction and synergy projects[3]	—	1.1
Exceptional items included in administrative expenses:		
Cost reduction and synergy projects[3]	0.5	3.0
Pension scheme closure[4]	0.1	1.1
Other[5]	0.4	8.6
	1.0	**12.7**
Exceptional items excluding finance costs	**12.8**	**36.7**
Exceptional finance costs:		
Charge on early settlement of debt[6]	—	9.3
Total exceptional expenses	**12.8**	**46.0**

Exceptional cost of sales, distribution and administrative expenses:

(1) In December 2016, the Group closed the last remaining cell room at Runcorn in the United Kingdom. The closure was in response to the EU requirements mandating the closure of all mercury-based cell rooms by 11 December 2017. Provisions were recognised to cover costs associated with the closure such as decommissioning and decontamination, disposal of elemental mercury, and manpower headcount reductions. In 2017, further exceptional charges totalling €1.9 million were recognised in relation to the closure project.

In October 2015, the Group announced the closure of its SPVC production facilities at Schkopau in Germany, due to the cessation of its VCM supply contract with The Dow Chemical Company, and provisions relating to manpower reductions, onerous leases, fixed asset and stock write-downs, dismantling, decommissioning and demolition costs were created. In 2017, following a re-estimation of final project costs, the provision was reduced by €0.6 million.

In December 2015, the Group announced the closure of the chloromethanes asset at Runcorn in the United Kingdom with production being focused on INOVYN's other chloromethanes assets at Tavaux, France and Rosignano, Italy. In 2018, further exceptional charges totalling €2.3 million were recognised in relation to the closure project (2017: credit of €0.3 million).

In 2017, following the cessation of cell room production at Martorell, Spain (due to the aforementioned EU regulations), €1.0 million of spare parts and redundant assets were written-off. During 2018, € 1.2 million was recovered from sales of the decommissioned cell room assets.

In 2018, the production of chlorinated paraffins at Baleycourt, France was transferred to Runcorn, United Kingdom resulting in the recognition of €2.3 million of exceptional restructuring provisions.

In June 2018, following a detailed review and the expiration of a REACH authorisation permitting the sale of a special type of recycled PVC manufactured by Vinyloop Ferrara SpA at its Ferrara facility in Italy, INOVYN and its minority 40% shareholder, Texyloop SAS decided to terminate operations and to initiate liquidation proceedings. A provision of € 3.5 million was made to cover the costs of closure and a further loss of €1.0 million was incurred as a result of the sale of plant assets, land and other assets to a third party. After a contribution was made by Texyloop SAS to cover its share of loan obligations and closure costs, INOVYN acquired the shares of Texyloop SAS, after which the Group became the 100% owner of Vinyloop Ferrara SpA.

(2) Following the announcement of a redundant assets demolition and dismantling programme at the Tavaux site in France in 2017, exceptional provisions totalling €7.5 million were created. These costs exclude demolition work associated with legacy mercury cell rooms at the Tavaux site, as provisions had already been created in previous years. A provision of €8.4 million was also made in the prior year for the cost of implementing the *Plan de prevention des risques technologiques* (PPRT) at the Feyzin site as required under French legislation.

(3) The creation of INOVYN on 1 July 2015 provided various opportunities to streamline variable costs and reduce fixed costs by leveraging best practices from both of the constituent businesses and taking advantage of the benefits of scale. As part of this process, implementation charges totalling €1.9 million (2017: €2.2 million) have been incurred in the year, consisting of headcount reduction provisions mainly in Belgium and Italy, and further early retirement provisions in France. In 2017, advisory fees and registration taxes in France totalling €2.4 million were also incurred as a result of changes made to the Group's trading model, which were implemented on 1 October 2017 in order to be compliant with the OECD's Base Erosion and Profit Shifting (BEPS) rules.

(4) In 2017 the Group, following consultation with employees, announced that all remaining open UK defined benefit pension schemes would be closing to future accrual. All employees exiting the defined benefit schemes into a defined contribution scheme are entitled to receive transition payments payable over a period of two years, for which an additional € 0.5 million was provided in 2018 (2017: €3.6 million). Legal and pension advisory fees associated with this pension scheme change project of €2.0 million were incurred in 2017.

(5) The Group incurred payments of €2.6 million that were agreed as part of the termination of a chlorine supply agreement in Belgium. Net other exceptional credits of €0.1 million (2017: charge of € 8.6 million) consist of various miscellaneous legal claims and commercial disputes.

Exceptional finance costs:

(6) In May 2017, the Group completed a refinancing transaction whereby €60.0 million of its €300.0 million 6.250% Senior Secured Notes were redeemed. An early redemption premium of €1.8 million, representing 3% of the principal amount of the Notes redeemed was paid. In November 2017, a further premium of €7.5 million was paid to the bond holders following the early repayment of the outstanding € 240.0 million of 6.250% Senior Secured Notes, which were redeemed at a price of 103.125%.

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

7 Operating profit

Included in operating profit are the following:

	2018	2017

	€m	
Research and development costs expensed as incurred	11.0	10.4
Amortisation of intangible assets	1.9	0.9
Amortisation of government grants	(5.5)	(5.1)
Depreciation of property, plant and equipment		
Owned assets—within cost of sales, distribution costs and administrative expenses	131.1	130.6
Finance leased assets	0.7	1.3
	131.8	**131.9**

	2018	2017 (Restated)
	€m	
Operating lease rental charges		
Plant, machinery and equipment	23.6	21.0
Other	3.5	3.9

During the year the Group undertook a project to reassess its operating lease classifications. This has resulted in a number of leases previously reported as service contracts being reclassified as operating lease charges.

	2018	2017
	€m	
Auditors' remuneration		
Audit of these financial statements	0.2	0.1
Amounts receivable by auditors and their associates in respect of:		
Audit of financial statements of subsidiaries pursuant to legislation	1.1	1.1
Services relating to tax compliance	0.2	0.4
All other services	0.1	—
	1.6	**1.6**

The audit fee above includes the audit fee of €5,246 (2017: €5,194) for the parent Company.

Included within exceptional costs are fees of €nil (2017: €0.4 million) payable to auditors for services relating to cost reduction and synergy projects.

8 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:

	2018	2017
	Number	
Research and development	83	78
Administration	569	554
Production, engineering and distribution	3,209	3,269
	3,861	**3,901**

The aggregate payroll costs of these persons were as follows:

	2018	2017
	€m	
Wages and salaries	289.4	281.4
Social security costs	69.4	69.1
Contributions to defined contribution plans	9.8	8.0
Items related to defined benefit plans:		
Current service cost	10.1	13.3
Gain on settlement of past service liabilities	—	(0.6)
	378.7	**371.2**

As part of a project working on synergy opportunities and cost savings, provisions for severance payments amounting to €1.9 million (2017: €3.9 million) were charged to exceptional items in the year.

9 Directors' remuneration

	2018	2017
	€m	
Salaries and other short term benefits	5.8	5.6
Company contributions to money purchase schemes	0.3	0.3
	6.1	**5.9**

Highest paid director	2018	2017
	€m	
Aggregate emoluments	**2.1**	**2.0**

Four directors have benefits accrued under defined benefit schemes (2017: four). Two directors have benefits accruing under defined contribution schemes (2017: two). In respect of the highest paid director, there is €0.1 million (2017: €0.1 million) of accrued pension at the end of the year.

10 Finance income and costs

	2018	2017
	€m	
Finance income		
Interest receivable from associated undertakings	2.7	3.2
Unwind of discount on long term debtors	—	1.9
Net change of rate and unwind of discount on long term provisions	—	0.6
Exchange movements	8.3	7.6
Other interest income	1.1	0.9
Total finance income	**12.1**	**14.2**
Finance costs		
Interest payable on Senior Secured Notes	—	14.5
Interest payable on Senior Secured Term Loans	25.7	30.9
Interest payable on bank loans and overdrafts	0.1	0.1
Interest payable on securitisation facility	1.7	2.5
Interest payable to related parties	1.0	1.6
Amortisation of issue costs	11.3	13.2
Interest payable on finance leases	0.5	0.6
Net fair value loss on derivatives	2.1	3.8
Net change of rate and unwind of discount on long term provisions	0.7	—
Interest expense on pension schemes	6.1	12.4
Other interest expense	0.3	1.3
Total finance costs before exceptional items	**49.5**	**80.9**
Exceptional finance cost (see note 6)	—	9.3
Total finance costs	**49.5**	**90.2**
Net finance costs	**37.4**	**76.0**

Net gains and losses on financial instruments are included in note 26.

11 Tax charge

Recognised in the consolidated income statement

	2018	2017
	€m	
Current tax expense		
Current tax expense	97.5	119.0
Adjustments in respect of prior years	5.6	25.9
Current tax expense	**103.1**	**144.9**
Deferred tax expense		
Origination and reversal of temporary differences	29.8	(8.6)
Change in tax rates applied to temporary differences	(3.1)	(1.9)
Adjustments in respect of prior years	(8.4)	(1.3)
Deferred tax charge/(credit)	**18.3**	**(11.8)**
Total tax charge	**121.4**	**133.1**

The majority of the 2017 current tax adjustments in respect of prior years' relates to a reassessment notice received from the Norwegian tax authority who are of the opinion that the interest received on intercompany balances in

financial years' 2012 to 2016 was not on an arm's length basis. The Directors have appealed this notice but have provided for the notice amount on the grounds of prudence.

Factors affecting the tax charge for the year

	2018	2017
	€m	
Profit before taxation	506.6	436.5
Tax using the UK corporation tax rate of 19.00% (2017: 19.25%)	96.3	84.0
Effect of tax rates in foreign jurisdictions	30.5	48.9
Non-deductible expenses	2.1	2.1
Change in tax rate applied to temporary differences	(3.1)	(1.9)
Recognition of previously unprovided deferred tax assets	(5.4)	(23.6)
Current year losses not recognised	3.7	1.4
Adjustments in respect of prior years	(2.8)	24.6
Associated undertakings results, reported net of tax	0.1	(2.4)
Total tax charge from continued operations	**121.4**	**133.1**

The Finance Bill 2016 was substantively enacted on 6 September 2016 and included legislation to reduce the main rate of corporation tax to 17% from 1 April 2020. The deferred tax assets in the relevant UK companies at 31 December 2017 and 2018 have therefore been measured using a tax rate of 17%.

Taxation recognised in other comprehensive income

	2018			2017		
	Gross	Tax	Net	Gross	Tax	Net
			€m			
Remeasurement of post-employment benefit obligations net of taxes	(2.3)	(0.4)	(2.7)	212.3	(0.4)	211.9
Foreign exchange translation differences of subsidiaries	(10.2)	—	(10.2)	(15.7)	—	(15.7)
	(12.5)	**(0.4)**	**(12.9)**	**196.6**	**(0.4)**	**196.2**

12 Property, plant and equipment

	Land and buildings	Plant & equipment	Assets under construction	Total
		€m		
Cost				
At 1 January 2017	471.8	3,452.3	84.7	4,008.8
Acquisitions	1.6	6.1	—	7.7
Additions	18.4	74.9	73.2	166.5
Reclassification	4.7	25.2	(29.9)	—
Disposals	—	(0.9)	—	(0.9)
Exchange adjustments	(1.6)	(19.8)	(2.2)	(23.6)
At 31 December 2017	**494.9**	**3,537.8**	**125.8**	**4,158.5**
Acquisitions				
Additions	4.6	62.0	169.5	236.1
Reclassification	4.6	31.9	(36.5)	—
Disposals	(0.1)	(4.1)	—	(4.2)
Exchange adjustments	(0.4)	(5.5)	(3.2)	(9.1)
At 31 December 2018	**503.6**	**3,622.1**	**255.6**	**4,381.3**
Accumulated depreciation				
At 1 January 2017	315.1	2,611.6	—	2,926.7
Depreciation charge for the year	9.2	122.7	—	131.9
Disposals	—	(0.3)	—	(0.3)
Effects of movements in foreign exchange	(0.1)	(3.0)	—	(3.1)
At 31 December 2017	**324.2**	**2,731.0**	**—**	**3,055.2**
Depreciation charge for the year	10.6	121.2	—	131.8
Disposals	(0.1)	(4.1)	—	(4.2)

Effects of movements in foreign exchange	(0.1)	(2.1)		(2.2)
At 31 December 2018	**334.6**	**2,846.0**	**—**	**3,180.6**
Net book value				
At 31 December 2016	156.7	840.7	84.7	1,082.1
At 31 December 2017	170.7	806.8	125.8	1,103.3
At 31 December 2018	**169.0**	**776.1**	**255.6**	**1,200.7**

Leased plant and machinery

At 31 December 2018 the net carrying amount of leased plant and equipment was €4.5 million (2017: €5.4 million).

Property, plant and equipment under construction

No borrowing costs were capitalised during the year (2017: €nil).

13 Intangible assets

	Development costs	Intellectual property rights	Regulatory licences	Software	Other	Total
			€m			
Cost						
At 1 January 2017	—	—	5.0	9.5	2.7	17.2
Additions	2.6	—	0.1	—	—	2.7
Exchange	—	—	—	0.1	—	0.1
At 31 December 2017	**2.6**	**—**	**5.1**	**9.6**	**2.7**	**20.0**
Additions	1.2	4.1	—	0.1	—	5.4
Exchange	—	—	—	0.1	—	0.1
At 31 December 2018	**3.8**	**4.1**	**5.1**	**9.8**	**2.7**	**25.5**
Accumulated amortisation and impairment						
At 1 January 2017	—	—	4.4	9.0	—	13.4
Amortisation for the year	0.6	—	0.1	0.2	—	0.9
At 31 December 2017	**0.6**	**—**	**4.5**	**9.2**	**—**	**14.3**
Amortisation for the year	1.5	0.2	0.1	0.1	—	1.9
At 31 December 2018	**2.1**	**0.2**	**4.6**	**9.3**	**—**	**16.2**
Net book value						
At 31 December 2016	—	—	0.6	0.5	2.7	3.8
At 31 December 2017	2.0	—	0.6	0.4	2.7	5.7
At 31 December 2018	**1.7**	**3.9**	**0.5**	**0.5**	**2.7**	**9.3**

Other intangible assets mainly relates to costs incurred with obtaining access to pipelines owned by third parties.

Amortisation

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

14 Investments

As at 31 December 2018, the Group has the following investments in subsidiaries:

Company	Country of incorporation	Principal activity	Class of shares held	Ownership 2018	Ownership 2017	Registered office reference
INOVYN Holdings Limited*#	UK	Holding company	Ordinary	100%	100%	(A)
INOVYN Finance plc	UK	Holding company	Ordinary	100%	100%	(A)
INOVYN Group Treasury Limited*	UK	Holding company	Ordinary	100%	100%	(A)
INOVYN Europe Limited*	UK	Holding company	Ordinary	100%	100%	(A)

INOVYN Intermediate Holdings Norge AS*	Norway	Holding company	Ordinary	100%	100%	(B)
INOVYN Norge Holdings AS*	Norway	Holding company	Ordinary	100%	100%	(B)
INOVYN Norge AS*	Norway	Manufacture of chemicals and PVC	Ordinary	100%	100%	(B)
INOVYN Sverige AB*	Sweden	Manufacture of chemicals and PVC	Ordinary	100%	100%	(C)
INEOS ChlorVinyls Holdings BV	Netherlands	Holding company	Ordinary	100%	100%	(D)
INOVYN Newton Aycliffe Limited	UK	Non-trading	Ordinary	100%	100%	(A)
INEOS Newton Aycliffe Trustees Limited[3]	UK	Pension trustee	Ordinary	100%	100%	(A)
INOVYN Services Limited	UK	Service company	Ordinary	100%	100%	(A)
INOVYN Enterprises Limited*	UK	Extraction and supply of brine and water	Ordinary	100%	100%	(A)
INOVYN ChlorVinyls Holdings Limited*	UK	Holding company	Ordinary	100%	100%	(A)
INOVYN Newco 2 Limited*	UK	Holding company	Ordinary	100%	100%	(A)
INOVYN ChlorVinyls Limited*	UK	Manufacture of chemicals and PVC	Ordinary	100%	100%	(A)
INEOS Chlor Atlantik GmbH	Germany	Non-trading	Ordinary	100%	100%	(E)
INOVYN Americas Inc	USA	Purchase and resale of chemicals	Ordinary	100%	100%	(F)
INEOS Chlor Quimica SA[2]	Spain	Purchase and resale of chemicals	Ordinary	—	100%	(G)
INOVYN Sales International Limited	UK	Non-trading	Ordinary	100%	100%	(A)
INEOS Chlor Trustees Limited	UK	Pension trustee	Ordinary	100%	100%	(A)
INEOS Vinyls UK Ltd	UK	Non-trading	Ordinary	100%	100%	(A)
INEOS Vinyls GmbH & Co KG	Germany	Holding company	Ordinary	100%	100%	(E)
INOVYN Schkopau GmbH	Germany	Non trading	Ordinary	100%	100%	(E)
INOVYN Sales GmbH	Germany	Non trading	Ordinary	100%	100%	(E)
EVC Pension Trustees Limited	UK	Pension trustee	Ordinary	100%	100%	(A)
INOVYN Energy Limited	UK	Holding company	Ordinary	100%	100%	(A)
Kerling Newco 1 Limited*	UK	Holding company	Ordinary	100%	100%	(A)
Kerling Newco 2 Limited*	UK	Holding company	Ordinary	100%	100%	(A)

INOVYN Deutschland GmbH*	Germany	Manufacture of chemicals and PVC	Ordinary	100%	100%	(E)
INOVYN Espana S.L.	Spain	Manufacture of chemicals and PVC	Ordinary	100%	100%	(H)
INOVYN Osterreich GmbH.	Austria	Sales office	Ordinary	100%	100%	(I)
INOVYN Belgium SA*	Belgium	Manufacture of chemicals	Ordinary	100%	100%	(J)
INOVYN PVC France SAS*	France	Manufacture of chemicals and PVC	Ordinary	100%	100%	(K)
INOVYN Olefines France SAS*	France	Operation of ethylene cracker	Ordinary	100%	100%	(K)
INOVYN Portugal Lda	Portugal	Sales office	Ordinary	100%	100%	(L)
INOVYN Trade Services SA*	Belgium	Purchase and resale of chemicals	Ordinary	100%	100%	(J)
INOVYN Manufacturing Belgium SA*	Belgium	Manufacture of chemicals and PVC	Ordinary	100%	100%	(J)
INOVYN France SAS*	France	Manufacture of chlorine products	Ordinary	100%	100%	(K)
INOVYN Tavaux SAS[4]	France	Site Services	Ordinary	—	100%	(K)
INOVYN Italia S.p.A.	Italy	Commercial services	Ordinary	100%	100%	(M)
INOVYN Produzione Italia S.p.A*	Italy	Manufacture of chemicals	Ordinary	100%	100%	(N)
INOVYN Quimica Espana S.L.	Spain	Waste treatment	Ordinary	100%	100%	(H)
Vinyloop Ferrara S.p.A.[1]	Italy	PVC Recycling	Ordinary	100%	60%	(M)
INEOS Norway Finance Ireland Limited	Ireland	Securitisation vehicle	Ordinary	n/a	n/a	(O)

* In addition to INOVYN Finance plc a guarantor of the Senior Secured Term Loans.

\# Shares held directly by INOVYN Limited. All other subsidiaries listed are held indirectly.

(1) In June 2018, the Group acquired all of the shares from the 40% non-controlling interest and became the 100% owner of Vinyloop Ferrara S.p.A. The entity is in the process of being liquidated.

(2) INEOS Chlor Quimica SA was liquidated in 2018.

(3) INEOS Newton Aycliffe Trustees Limited was renamed from Hypol Pension Trustees Limited in 2018.

(4) INOVYN Tavaux SAS was merged into INOVYN France SAS in October 2018.

14 Investments

Details of the Group's other investments are as follows:

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)	(A)
TTE Training Limited	UK	Training company	Limited by guarantee/ 50%	(P)
Joint operations:				
Runcorn MCP Limited	UK	Cell room operator	Ordinary/ 50%(2)	(A)
GIE Cansel-Bresse	France	Brine solution mining services	Ordinary/ 50%(3)	(X)
Other investments:				
IndustriEI AS	Norway	Energy consultancy	Ordinary/ 12.5%	(Q)
Sociedad Española de Materiales Plasticos SEMAP S.A	Spain	Plastic waste management	Ordinary/8%	(S)
Societe Intercommunale D'Amenagement et d'Equipement Economique	Belgium	Economic development of province of Namur	Ordinary/0.17%	(T)
BKV GmbH	Germany	Plastic recycling association	Ordinary/2.0%	(U)
VSR GmbH	Germany	Fire protection of Rheinberg site	Ordinary/30.0%	(V)
API PVC—u. Umweltberatung GesmbH	Austria	PVC technology solutions	Ordinary/36.0%	(W)

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

(2) The Group has a 50% interest in Runcorn MCP Limited, a joint venture company which provides a toll manufacturing service for the production of chlorine and caustic soda to its shareholders. The holder of the remaining 50% interest is VYNOVA Runcorn Limited.

(3) The Group has a 50% share in GIE Cansel-Bresse, a French Groupement d'Interet Economique which owns brine infrastructure assets at Etrez, France, and provides solution mining services. The holder of the remaining 50% is Storengy.

None of the above other investments are held directly by INOVYN Limited.

Investments in associated undertakings and other investments

	Associated undertakings	Other investments	Total
		€m	
At 1 January 2017	1.0	0.3	1.3
Share of profits retained	12.6	—	12.6
Exchange	0.2	—	0.2
At 31 December 2017	**13.8**	**0.3**	**14.1**
Share of losses retained	(0.5)	—	(0.5)
Disposals	—	(0.1)	(0.1)
At 31 December 2018	**13.3**	**0.2**	**13.5**

Set out below is the summarised financial information of INEOS Runcorn (TPS) Holdings Limited and its subsidiaries ("Runcorn TPS"), which the Group considers to be a material associated undertaking as at 31 December 2017 and 2018:

Summarised balance sheet

	2018	2017
	Runcorn TPS	
	€m	
Current assets	5.6	8.8
Non-current assets	31.8	33.6
Current liabilities	(2.9)	(7.1)
Non-current liabilities	(22.2)	(22.5)
Net assets	**12.3**	**12.8**

Summarised income statement

	2018	2017
	Runcorn TPS	
	€m	
Income	9.6	35.2
Expenses	(10.1)	(22.4)
Net result	**(0.5)**	**12.8**

As part of a wider PFI project, INEOS Runcorn (TPS) Limited (100% direct subsidiary of INEOS Runcorn (TPS) Holdings Limited) is the operator of a 'Design, Build, Finance and Operate' contract with the Greater Manchester Waste Development Authority (GMWDA) in the United Kingdom. Following a change in contractual terms in 2017, INEOS Runcorn (TPS) Limited recognised a gain on early repayment from GMWDA of part of the financial asset recognised at the inception of the contract.

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

Reference	Registered office address
(A)	Runcorn Site HQ, South Parade, PO Box 9, Runcorn, Cheshire, WA7 4JE, United Kingdom
(B)	Rafnes Industriomrade, 3966 Stathelle, Norway
(C)	444-83 Stenungsund, Sweden
(D)	Ankerkade 111, 6222 NV Maastricht, Netherlands
(E)	Ludwigstrasse 12, 47495 Rheinberg, Germany
(F)	2036 Foulk Rd, Suite 204, Wilmington, Delaware 19801, USA
(G)	Gran Via 680 7o 4a, E-08010 Barcelona, Spain
(H)	Calle Marie Curie 1-3-5, 08760 Martorell, Barcelona, Spain
(I)	Staettermayergasse 28-30, 1150 Wien, Austria
(J)	Avenue des Olympiades 20, 1140 Brussels, Belgium
(K)	2 avenue de la République, 39500 Tavaux, France
(L)	Rua do Centro Cultural nº 5—R/C, sala 8, 1700-106 Lisboa, Portugal
(M)	Via Marconi 73, 44122 Ferrara (FE), Italy
(N)	Rosignano Marittimo (LI), Via Piave 6 CAP 57016, Italy
(O)	Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland
(P)	New Horizons House, New Bridge Road, Ellesmere Port, Cheshire, CH65 4LT
(Q)	Postboks 1367—Vika, 0114 Oslo, Norway
(R)	Calle Principe de Vergara 204 -Primero C-28002 Madrid, Spain
(T)	Rue de la Religion, 10, 1400 Nivelles, Belgium
(U)	Mainzer Landstraße 55, 60329 Frankfurt am Main, Germany
(V)	Xantener Str. 237, 47495 Rheinberg, Germany
(W)	Paniglgasse 24/I/19a, A-1040 Wien, Austria
(X)	12 rue Raoul Nordling CS 70001, 92270 Bois Colombes, France

15 Other current financial assets

	2018	2017

	€m	
Current		
Derivative commodity contracts designated as fair value through profit or loss	**—**	**1.3**

16 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	2018	2017	2018	2017
	Assets		Liabilities	
	€m			
Property, plant and equipment	46.9	49.8	(59.8)	(61.7)
Inventories	(0.2)	(0.1)	0.2	—
Provisions	3.9	6.5	(0.6)	(0.4)
Tax value of loss carry-forwards	49.6	53.3	0.7	—
Employee benefits	32.5	36.0	(4.0)	(3.8)
Other	5.2	2.3	(10.7)	—
Net tax assets/(liabilities)	**137.9**	**147.8**	**(74.2)**	**(65.9)**

Movement in deferred tax during the year

	2018				
	1 January	Recognised in income statement	Recognised in equity—translation exchange	Recognised in equity—actuarial	31 December
	€m				
Property, plant and equipment	(11.9)	(1.0)	—	—	(12.9)
Inventories	(0.1)	0.1	—	—	—
Provisions	6.1	(2.8)	—	—	3.3
Tax value of loss carry-forwards	53.3	(3.0)	—	—	50.3
Employee benefits	32.2	(3.3)	—	(0.4)	28.5
Other	2.3	(8.3)	0.5	—	(5.5)
	81.9	**(18.3)**	**0.5**	**(0.4)**	**63.7**

	2017					
	1 January	Recognised in income statement	Acquisitions	Recognised in equity—translation exchange	Recognised in equity—actuarial	31 December
	€m					
Property, plant and equipment	10.3	(22.6)	—	0.4	—	(11.9)
Inventories	(0.6)	0.5	—	—	—	(0.1)
Provisions	6.9	(0.8)	—	—	—	6.1
Tax value of loss carry-forwards	21.4	31.9	—	—	—	53.3
Employee benefits	35.6	(3.1)	0.5	(0.4)	(0.4)	32.2
Other	(3.6)	5.9	—	—	—	2.3
	70.0	**11.8**	**0.5**	**—**	**(0.4)**	**81.9**

Deferred tax assets are recognised to the extent that the realisation of the related tax benefit through future taxable profits is probable based on an assessment of expected future profits modelled against the gross tax losses available over a period of 5 years. The directors believe the deferred tax assets are recoverable.

17 Inventories

	2018	2017
	€m	

Raw materials and consumables	105.5	94.9
Work in progress	23.5	40.5
Finished goods	114.8	135.8
	243.8	**271.2**

Raw materials and consumables of €35.2 million (2017: €32.4 million) are expected to be recovered in more than 12 months.

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to €2,324.4 million (2017: €2,306.2 million). The write-down of inventories to net realisable value amounted to €nil (2017: €nil). The reversal of previous write-downs of inventories to net realisable value amounted to €nil (2017: €nil).

18 Trade and other receivables

	2018	2017
	€m	
Current		
Trade receivables	397.2	480.3
Amounts owed by related parties and associated undertakings	38.8	40.7
Deferred consideration receivable	2.4	2.4
Other receivables	124.3	151.2
Prepayments and accrued income	6.0	7.7
	568.7	**682.3**
Non-current		
Amounts owed by associated undertakings	15.5	14.0
Other receivables	5.9	6.3
Deferred consideration receivable	1.3	3.5
Prepayments and accrued income	1.6	2.2
	24.3	**26.0**

Trade receivables ageing

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

	2018			2017		
	Gross	Impairment	ECLR	Gross	Impairment	ECLR
	€m	€m	%	€m	€m	%
Not past due	370.5	—	—	389.9	—	—
Past due 0 - 30 days	24.2	(0.2)	0.8%	67.0	—	—
Past due 31 - 90 days	0.5	—	—	18.3	—	—
Past due more than 90 days	9.0	(6.8)	75.6%	11.5	(6.4)	55.7%
	404.2	**(7.0)**	**1.7%**	**486.7**	**(6.4)**	**1.3%**

There were no allowances made against amounts owed by related parties and other receivables during the year (2017: €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 26(c)). At 31 December 2017 and 2018 there were no significant trade, related party or other receivable balances classified as “not past due” that were subsequently impaired.

Due to the global activities and diversified customer structure of the Group, the management considers that there is no significant concentration of credit risk (2017: nil).

During 2017 and 2018 there were no significant trade balances that were subject to material renegotiation of terms.

Trade receivable balances totalling €258.7 million (2017: €369.5 million) have been pledged as security against amounts drawn under the Securitisation Facility, totalling €nil (2017: €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:

	2018	2017
	€m	
Balance at 1 January	(6.4)	(7.2)
Impairment (loss)/gain recognised	(0.7)	0.4
Utilised	0.1	0.3
Exchange	—	0.1
Balance 31 December	**(7.0)**	**(6.4)**

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. As of 1 January 2018, IFRS 9 replaced the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model in assessing the recoverability of trade receivables. Due to the quality of the Group's trade receivables and its low history of bad debts the application of IFRS 9 did not result in a material change to the allowance for impairment in respect of trade receivables. The impact was calculated considering past experience and management's estimate of future developments. Management expects no considerable 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 will review the assumptions of the ECL model on a yearly basis.

Credit risk of trade receivables

	2018
	€m
Low	395.2
Medium	0.7
High	8.3
Impairment allowance	(7.0)
	397.2

19 Cash and cash equivalents

Cash and cash equivalents held by the Group are denominated in the following currencies:

	2018	2017
	€m	
Euro	124.8	79.9
UK Pound	20.9	12.7
US Dollar	43.4	10.3
Other currencies	18.6	18.7
Cash and cash equivalents	**207.7**	**121.6**

Bank balances include an amount of €13.4 million (2017: €25.3 million) representing funds in collection accounts that facilitate the trade receivable securitisation programme and which are pledged to the lenders. These funds are available to the Group. Included within cash as of 31 December 2018 are restricted cash balances of €17.8 million (31 December 2017: €17.5 million).

20 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 26(e).

	2018	2017
	€m	
Non-current liabilities		
Senior Secured Term Loan A due 2021	—	67.4
Senior Secured Term Loan B due 2025	814.4	820.5
Other loans	0.2	0.4
Finance lease liabilities	5.2	5.9
Gross borrowings	819.8	894.2
Less: unamortised finance costs	(20.1)	(29.4)
Net borrowings	**799.7**	**864.8**
Current liabilities		
Senior Secured Term Loan A due 2021	—	33.7
Senior Secured Term Loan B due 2025	8.2	8.3
Other loans	—	3.3
Current portion of finance lease liabilities	0.7	0.6
Net borrowings	**8.9**	**45.9**

	2018		
Gross debt and issue costs	**Gross loans and borrowings**	**Issue costs**	**Net loans and borrowings**
		€m	
Senior Secured Term Loan B due 2025	822.6	(19.8)	802.8
Securitisation facility	—	(0.3)	(0.3)
Other loans	0.2	—	0.2
Finance lease liabilities	5.9	—	5.9
	828.7	**(20.1)**	**808.6**

Gross debt and issue costs	2017 Gross loans and borrowings	Issue costs	Net loans and borrowings
		€m	
Senior Secured Term Loan A due 2021	101.1	(7.5)	93.6
Senior Secured Term Loan B due 2024	828.8	(21.4)	807.4
Securitisation facility	—	(0.5)	(0.5)
Other loans	3.7	—	3.7
Finance lease liabilities	6.5	—	6.5
	940.1	**(29.4)**	**910.7**

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity
6.250% Senior Secured Notes due 2021	€	6.250%	Redeemed 2017
Senior Secured Term Loan A due 2021	€	EURIBOR (floor 0%) + 2.75%	Redeemed 2018
Senior Secured Term Loan B due 2025	€	EURIBOR (floor 0.5%) + 2.00%	2025
Securitisation facility	$/£/€	Variable	2021
Finance lease liabilities	€/£	8.00% - 8.70%	2022 - 2031

6.250% Senior Secured Notes

On 13 May 2016 (the "Issue Date"), INOVYN Finance plc (the "Issuer") issued Senior Secured Notes due 2021 (the "Notes") in an aggregate principal amount of €300.0 million. The Notes were listed on the Luxembourg Stock Exchange and bore interest at 6.250% per annum.

On 11 May 2017, the Issuer redeemed €30.0 million of the Notes at a redemption price of 103%. A further €30.0 million was redeemed on 15 May, 2017 at a redemption price of 103% resulting in outstanding borrowings of €240.0 million from this date. On 15 November, 2017 the Issuer elected to redeem all outstanding €240.0 million of 6.250% Senior Secured Notes at a redemption price of 103.125%.

Senior Secured Term Loans

On 13 May 2016, INOVYN Finance plc entered into a Credit Agreement (the "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 the Credit Agreement INOVYN Finance plc fully drew down on 13 May 2016 the Initial Tranche A Term Commitment of €240.0 million and the Initial Tranche B Euro Term Commitment of €535.0 million in the form of Senior Secured Term Loans (the "Senior Secured Term Loans") as described below.

The obligations under the Senior Secured Term Loans are guaranteed by INOVYN Limited and certain of its subsidiaries on a senior secured basis. The 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. It also includes a leverage financial covenant requiring that the ratio of consolidated net debt to EBITDA over a 12 month period not to exceed 4:00 to 1:00 at the end of any fiscal quarter.

Subsequent Term Loan refinancing events

On 10 November 2016, the Group agreed terms to reduce the margin payable on Term Loan A and Term Loan B, and to borrow an additional €100.0 million of Term Loan B which was then used to repay €100.0 million of Term Loan A.

On 10 May 2017, the Group agreed terms to reduce the interest rates applicable to Term Loan A and Term Loan B borrowings, to borrow an additional €60.0 million of Term Loan B, and extended the maturity of Term Loan B borrowings from May 2021 to May 2024.

On 15 November 2017, the Group borrowed an additional €140.0 million of Term Loan B, with the net proceeds being used to partly fund the redemption of the Notes. The interest rates payable on Term Loan A and Term Loan B were also reduced.

On 15 June 2018, the Group elected to voluntarily repay in full the outstanding Term Loan A balance of €87.6 million, plus any unpaid accrued interest.

On 9 November 2018, the Group agreed terms to further reduce the interest rates payable on Term Loan B borrowings, and to extend the maturity from May 2024 to November 2025.

Interest rates and repayments—Term Loan A

The initial Term Loan A of €240.0 million bore interest at a rate of EURIBOR (with a floor of 0%) plus a margin of 4.50%, payable in arrears on the last day of each interest period, or every three months for interest periods greater than three months. The initial Term Loan A was repayable in twenty equal quarterly instalments of €12.0 million commencing on September 30, 2016 and finishing on 15 May 2021.

Following the repricing of the Term Loan A on 10 November 2016, the revised Term Loan A of €128.0 million bore interest at a rate of EURIBOR (with a floor of 0%) plus a margin of 4.00%.

Following the repricing of the Term Loan A on 10 May 2017, the new Term Loan A bore interest at a rate of EURIBOR (with a floor of 0%) plus a margin of 3.25%.

Following the repricing of the Term Loan A on 15 November 2017, the new Term Loan A bore interest at a rate of EURIBOR (with a floor of 0%) plus a margin of 2.75%, payable in arrears on the last day of each interest period, until the loan was repaid early on 15 June 2018.

Interest rates and repayments—Term Loan B

The initial Term Loan B of €535.0 million bore interest at a rate of EURIBOR (with a floor of 1.0%) plus a margin of 5.25%, payable in arrears on the last day of each interest period, or every three months for interest periods greater than three months. The initial Term Loan B was repayable in nineteen equal quarterly instalments of €1,337,500 commencing on 30 September 2016 and finishing on 31 March 2021 plus a final instalment of €509,587,500 on 15 May 2021.

Following the repricing of the Term Loan B on 10 November 2016, the revised Term Loan B of €633.7 million bore interest at a rate of EURIBOR (with a floor of 1.0%) plus a margin of 3.50%.

Following the repricing of the Term Loan B on 10 May 2017, the new Term Loan B of €690.4 million bore interest at a rate of EURIBOR (with a floor of 0.75%) plus a margin of 3.00%.

Following the repricing of the Term Loan B on 15 November 2017 the new Term Loan B of €828.8 million bore interest at a rate of EURIBOR (with a floor of 0.75%) plus a margin of 2.25%.

The interest rate payable on Term Loan B was further reduced on 9 November 2018 to EURIBOR (with a floor of 0.50%) plus a margin of 2.00%. The new Term Loan B is repayable in twenty-seven equal quarterly instalments of €2,056,380 commencing on 1 April 2019 and finishing on 30 September 2025, plus a final instalment of €767,029,919 on 9 November 2025.

Prepayments

INOVYN Finance plc may make voluntary prepayments of all or part of the Term Loan B subject to certain conditions. It may also be required to make mandatory prepayments of part of the Senior Secured Term Loans in any one year in an amount of up to 50% of Excess Cash Flow for the previous fiscal year ending on 31 December, if the consolidated net leverage ratio exceeds 2.50 : 1.00.

Securitisation facility

INOVYN Group Treasury Limited and certain other Group companies are party to a trade receivables securitisation programme (the "Securitisation Programme") with Barclays Bank PLC, ING Belgium N.V. and HSBC

Bank PLC who act as lenders, liquidity providers and programme agents. Up to 29 June 2018, the maximum amount available under the Securitisation programme was €300.0 million subject to a borrowing limit that is adjusted periodically based on the amount of eligible trade receivables at that time. On 29 June 2018 the Group renegotiated this facility and the facility size reduced from €300.0 million to €240.0 million and now matures on 30 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 1.1% (previously the margin was 1.45%), except that if any lending is funded other than by issuing Commercial Paper then the applicable interest rate is EURIBOR / LIBOR plus 1.1% (previously the margin was 1.45%). For undrawn amounts, the facility bears interest of 0.5% (previously this was 0.7%).

The facility is secured on certain of the Group's trade receivables.

Other facilities

In 2015, INOVYN Group Treasury Limited entered into on-demand letter of credit facilities with each of ING Bank N.V. and Barclays Bank PLC (each, an "Issuing Bank"), under which INOVYN Group Treasury Limited may request (on its own behalf or on behalf of other INOVYN subsidiaries) that the Issuing Banks issue letters of credit, guarantees, performance bonds and indemnities (or any other instrument in a form agreed by the Issuing Bank) with an aggregate base currency amount of up to €40.0 million; €30.0 million of which is available under the ING Bank N.V. facility and €10.0 million of which is available under the Barclays Bank PLC facility. At 31 December 2018, €14.9 million (2017: €14.7 million) of certain bank guarantees and letters of credit of the Group were provided for under these facilities. Under the terms of each Letter of Credit Facility, INOVYN Group Treasury Limited will provide cash collateral of the value of outstanding letters of credit, bonds, guarantees and indemnities when provided. These facilities are uncommitted and there is no expiry date.

In addition, certain guarantees from banks and other financial institutions have been provided under non cash-backed arrangements with those institutions. The majority of these guarantees are to support energy purchasing arrangements and operating licenses from regulatory bodies. As at 31 December 2018, these amounted to €29.1 million (2017: €27.5 million).

Finance leases

Finance lease liabilities are payable as follows:

	2018		
	Principal	Interest	Minimum lease payments
		€m	
Less than one year	0.7	0.5	1.2
Between one and five years	2.8	1.4	4.2
More than five years	2.4	0.8	3.2
Total	**5.9**	**2.7**	**8.6**

	2017		
	Principal	Interest	Minimum lease payments
		€m	
Less than one year	0.6	0.5	1.1
Between one and five years	3.0	1.6	4.6
More than five years	2.9	1.0	3.9
Total	**6.5**	**3.1**	**9.6**

21 Trade and other payables

	2018	2017
	€m	
Current		
Trade payables	348.6	340.8
Amounts owed to related parties	45.1	94.4

Accruals	141.6	141.3
Deferred income	4.1	4.0
Other payables	128.2	102.9
	667.6	**683.4**
Non-current		
Accruals	10.9	8.8
Deferred income	35.2	37.7
Other payables	6.0	8.4
	52.1	**54.9**

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 26.

22 Employee benefits

The Group operates a number of pension plans in Europe, devised in accordance with local conditions and practices. The plans are generally of the defined benefit type and are funded by payments to separately administered funds or insurance companies. The Group also operates a number of unfunded defined benefit pension schemes in the UK, Belgium, France, Germany, Italy, Norway and Spain.

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

Plan	Country	Valuation date
All Plans	United Kingdom	5 April 2016
All Plans	Norway	31 December 2018
All Plans	Belgium	31 December 2018
All Plans	France	31 December 2018
All Plans	Germany	31 December 2018
All Plans	Italy	31 December 2018
All Plans	Spain	31 December 2018
All Plans	Austria	31 December 2018

Where the most recent full valuations were carried out prior to the balance sheet date, these have been updated to 31 December 2018 by independent qualified actuaries.

The Group's pension schemes have been disclosed on a geographical basis as those schemes in the UK and Other European countries (which includes Norway, Germany, Spain, Italy, Belgium and France).

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 Other European defined benefit pension arrangements are primarily final salary in nature, the majority of which are closed to new entrants, or frozen to future accrual.

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

22 Employee benefits

Pension plan assumptions

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

	UK		Other European	
	2018	2017	2018	2017
			%	
Price inflation	3.20	3.20	1.50 - 1.75	1.75
Discount rate for scheme liabilities	2.90	2.70	0.50 - 2.75	0.25 - 2.50
Rate of increase in pensionable salaries	n/a	n/a	0.25 - 4.25	1.75 - 4.25
Rate of increase in pensions in payment	1.80 - 3.80	3.00 - 3.80	−2.90 - 1.75	−3.14 - 1.75
Rate of increase for deferred pensioners	2.10	2.10	0.00 - 1.75	0.00 - 1.75
Healthcare medical trend rate (initial)	5.93	6.22	1.75	1.75
Healthcare medical trend rate (ultimate)	4.8	4.8	1.75	1.75

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:

	UK		Other European	
	2018	2017	2018	2017
	(Years)			
Longevity at age 65 for current male pensioners	20.9 - 21.7	20.8 - 21.8	20.0 - 23.5	19.3 - 23.5

Expected long-term rate of return is as follows:

	UK		Other European	
	2018	2017	2018	2017
			%	
Equity	2.90	2.70	0.50 - 2.75	0.25 - 2.50
Bonds	2.90	2.70	0.50 - 2.75	0.25 - 2.50
Property	2.90	2.70	0.50 - 2.75	0.25 - 2.50
Other	2.90	2.70	0.50 - 2.75	0.25 - 2.50

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

	2018	
	UK	Other European
		€m
Discount rate: 1% decrease	208.6	33.8
Rate of inflation: 0.5% increase[1]	72.4	10.5
Mortality: 1 year increase in longevity for a member currently aged 65	39.2	6.1

	2017	
	UK	Other European
	€m	
Discount rate: 1% decrease	251.9	35.4
Rate of inflation: 0.5% increase[1]	88.4	11.0
Mortality: 1 year increase in longevity for a member currently aged 65	46.3	6.1

(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.

The weighted average duration of plan liabilities at 31 December 2018 is as follows:

	UK	Other European
	(Years)	
Duration	11.1-22.2	6.2-24.9

Pension assets

The disclosures relating to the net pension assets are disclosed below:

The amounts recognised in the balance sheet are as follows:

	2018	2017
	UK	
	€m	
Equities	—	8.6
Bonds	170.2	164.4
Property	—	3.3
Other	34.1	46.5
Fair value of plan assets	**204.3**	**222.8**
Present value of funded obligations	(180.4)	(200.6)
Net pension asset	**23.9**	**22.2**

The actual return on plan assets was:

	2018	2017
	UK	
	€m	
Actual return on plan assets	(0.7)	11.2

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.

The amounts recognised in the income statement are as follows:

	2018	2017
	UK	
	€m	
Current service cost[1]	(0.5)	(0.9)
Expected return on plan assets[2]	5.9	5.8
Interest on obligation[2]	(5.3)	(5.8)
Total	**0.1**	**(0.9)**

(1) Included within operating profit

(2) Included within finance income and costs

The amounts recognised in the statement of other comprehensive income are as follows:

	2018	2017
	UK	
	€m	
Actual return less expected return on pension scheme assets	(6.6)	5.4
Experience losses arising on scheme liabilities	(0.9)	(1.0)
Changes in assumptions	8.2	18.4
Actuarial gain recognised	**0.7**	**22.8**

Reconciliation of present value of scheme liabilities:

	2018	2017
	UK	
	€m	
At 1 January	(200.6)	—
Current service cost	(0.5)	(0.9)
Interest cost	(5.3)	(5.8)
Benefits paid	15.9	10.8
Experience loss	(0.9)	(1.0)
Change in assumptions	8.2	18.4
Exchange adjustments	2.8	7.6
Reclassification from pension liabilities	—	(229.7)
At 31 December	**(180.4)**	**(200.6)**

Reconciliation of fair value of scheme assets:

	2018	2017
	UK	
	€m	
At 1 January	222.8	—
Expected return on scheme assets	5.9	5.8
Employer contributions	1.1	1.1
Benefits paid	(15.9)	(10.8)
Actuarial (loss)/gain	(6.6)	5.4
Exchange adjustments	(3.0)	(7.8)
Reclassification from pension liabilities	—	229.1
At 31 December	**204.3**	**222.8**

Pension liabilities

The disclosures relating to the net pension liabilities are disclosed below:

The amounts recognised in the balance sheet are as follows:

	2018	2017	2018	2017	2018	2017
	UK		Other European		Total	
			€m			
Equities	200.7	297.9	32.2	28.7	232.9	326.6
Bonds	171.1	170.8	20.8	18.6	191.9	189.4
Property	7.7	5.5	2.3	1.4	10.0	6.9
Other	392.9	326.9	39.4	47.6	432.3	374.5
Fair value of plan assets	**772.4**	**801.1**	**94.7**	**96.3**	**867.1**	**897.4**
Present value of funded obligations	(883.4)	(941.7)	(164.0)	(164.9)	(1,047.4)	(1,106.6)
Present value of unfunded obligations	(0.4)	(1.3)	(101.7)	(105.4)	(102.1)	(106.7)
Net pension liability	**(111.4)**	**(141.9)**	**(171.0)**	**(174.0)**	**(282.4)**	**(315.9)**

The actual return on plan assets was:

	2018	2017	2018	2017	2018	2017
	UK		Other European		Total	
			€m			
Actual return on plan assets	(21.5)	82.1	(1.0)	7.4	(22.5)	89.5

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 2018, the Group held €19.0 million (2017: €nil) of bonds issued by INEOS Group Holdings S.A., which is a related party.

The amounts recognised in the income statement are as follows:

	2018	2017	2018	2017	2018	2017
	UK		Other European		Total	
			€m			
Current service cost[1]	(2.1)	(5.4)	(7.5)	(7.0)	(9.6)	(12.4)
Expected return on plan assets[2]	21.7	18.5	2.0	1.9	23.7	20.4
Interest on obligation[2]	(25.3)	(27.7)	(5.1)	(5.1)	(30.4)	(32.8)
Settlement of past service liabilities[1]	—	—	—	0.6	—	0.6
Total	**(5.7)**	**(14.6)**	**(10.6)**	**(9.6)**	**(16.3)**	**(24.2)**

(1) Included within operating profit

(2) Included within finance income and costs.

The amounts recognised in the statement of other comprehensive income are as follows:

	2018	2017	2018	2017	2018	2017
	UK		Other European		Total	
			€m			
Actual return less expected return on pension scheme assets	(43.2)	63.6	(3.0)	5.5	(46.2)	69.1
Experience (losses)/gains arising on scheme liabilities	(1.7)	57.1	—	(5.4)	(1.7)	51.7
Changes in assumptions	44.1	67.0	0.8	1.7	44.9	68.7
Actuarial (loss)/gain recognised	**(0.8)**	**187.7**	**(2.2)**	**1.8**	**(3.0)**	**189.5**

Reconciliation of present value of scheme liabilities:

	2018	2017	2018	2017	2018	2017
	UK		Other European		Total	
			€m			
At 1 January	(943.0)	(1,321.9)	(270.3)	(270.7)	(1,213.3)	(1,592.6)
Acquisitions	—	—	—	(2.2)	—	(2.2)
Current service cost	(2.1)	(5.4)	(7.5)	(7.0)	(9.6)	(12.4)
Past service credit	—	—	—	0.6	—	0.6
Interest cost	(25.3)	(27.7)	(5.1)	(5.1)	(30.4)	(32.8)
Member contributions	(0.1)	(0.4)	—	—	(0.1)	(0.4)
Benefits paid	27.4	21.4	16.2	15.5	43.6	36.9
Experience (loss)/gain	(1.7)	57.1	—	(5.4)	(1.7)	51.7
Change of assumptions	44.1	67.0	0.8	1.7	44.9	68.7
Transfers-in	—	—	(0.2)	(1.6)	(0.2)	(1.6)
Exchange adjustments	16.9	37.2	0.4	3.9	17.3	41.1
Reclassification to pension assets	—	229.7	—	—	—	229.7
At 31 December	**(883.8)**	**(943.0)**	**(265.7)**	**(270.3)**	**(1,149.5)**	**(1,213.3)**

Reconciliation of fair value of scheme assets:

	2018	2017	2018	2017	2018	2017
	UK		Other European		Total	

			€m			
At 1 January	801.1	957.6	96.3	88.3	897.4	1,045.9
Expected return on scheme assets	21.7	18.5	2.0	1.9	23.7	20.4
Employer contributions	35.4	37.3	15.7	17.3	51.1	54.6
Member contributions	0.1	0.4	—	—	0.1	0.4
Benefits paid	(27.4)	(21.4)	(16.2)	(15.5)	(43.6)	(36.9)
Actuarial (loss)/gain	(43.2)	63.6	(3.0)	5.5	(46.2)	69.1
Transfers-in	—	—	0.2	1.6	0.2	1.6
Exchange adjustments	(15.3)	(25.8)	(0.3)	(2.8)	(15.6)	(28.6)
Reclassification to pension assets	—	(229.1)	—	—	—	(229.1)
At 31 December	**772.4**	**801.1**	**94.7**	**96.3**	**867.1**	**897.4**

Actuarial gains and losses before tax recognised directly in equity on the statement of comprehensive income since 1 July 2015, the joint venture formation date is:

	2018	2017
	€m	
At 1 January	91.6	(120.7)
Actuarial (loss)/gain recognised in the year	(2.3)	212.3
Cumulative amount at 31 December	**89.3**	**91.6**

Depending on prevailing exchange rates, the Group expects to contribute approximately €37.4 million to its defined pension plans in 2019.

23 Provisions

	Severance and restructuring	Environmental	Plant closures	Other provisions	Total
			€m		
At 1 January 2018	6.5	94.4	21.8	10.2	132.9
Charged to the consolidated income statement (non-exceptional)	0.3	0.1	—	0.9	1.3
Charged to the consolidated income statement (exceptional items)	0.4	—	8.1	—	8.5
Discount unwinding	—	0.7	—	—	0.7
Utilised in the year	(3.2)	(8.4)	(12.7)	(1.4)	(25.7)
Exchange adjustments	—	(0.4)	(0.1)	—	(0.5)
At 31 December 2018	**4.0**	**86.4**	**17.1**	**9.7**	**117.2**
Non-current	3.5	82.1	6.8	0.5	92.9
Current	3.0	12.3	15.0	9.7	40.0
At 31 December 2017	**6.5**	**94.4**	**21.8**	**10.2**	**132.9**
Non-current	1.7	71.6	7.0	0.6	80.9
Current	2.3	14.8	10.1	9.1	36.3
At 31 December 2018	**4.0**	**86.4**	**17.1**	**9.7**	**117.2**

Severance and restructuring

As part of an on-going project working on synergy opportunities and cost savings across the Group, further provisions of €0.7 million for severance payments were recognised in the year ended 31 December 2018, mostly associated with the reorganisation of supply chain and commercial teams. Cash of €3.2 million was spent in the year. The remaining provision of €4.0 million is expected to be fully utilised by 2021, with most cash outflows expected to occur in 2019.

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 created in prior years relate to obligation associated with the decommissioning of mercury-based cell

rooms at out sites in Belgium, France, Sweden, Spain and Italy, plus costs of implementing the *Plan de prevention des risques technologiques* (PPRT) at the Feyzin site in France as required under French legislation. Further charges totalling €0.1 million were recognised in the year ended 31 December 2018. Cash of €8.4 million was spent in the year ended 31 December 2018 and the remaining provisions of €86.4 million are expected to be fully utilised by 2047.

Plant closures

In October 2015, the Group announced the closure of its SPVC production facilities at Schkopau in Germany and provisions were made to cover costs associated with manpower reductions, onerous leases, dismantling, demolition and decommissioning costs. Cash outflows of €1.1 million were made against this provision in 2018. The value of the closing provision at 31 December 2018 was €0.9 million and this is expected to be fully utilised by the end of 2020.

In December 2015, the Group announced the closure of the chloromethanes asset at Runcorn in the United Kingdom, and provisions were made to cover redundancies, decontamination and decommissioning costs and utility reconfiguration costs at the Runcorn site. A further provision of €4.5 million was made in 2018 for the costs of decontamination, demolition and redundancy and cash outflows of €2.3 million were made against this provision during the year. The remaining provision of €4.7 million is expected to be fully utilised by 2021.

In December 2016, the Group announced the closure of the last remaining mercury electrolysis plant at Runcorn and a provision was created to cover costs such as decommissioning and decontamination, disposal of elemental mercury, and manpower headcount reductions. Cash outflows of €4.4 million were made against this provision in 2018 and a further €2.2 million was released following a reassessment of the future costs. The remaining provision of €8.0 million is expected to be fully utilised by 2021.

In 2018 the Group ceased chlorinated paraffin operations at its Baleycourt site in France and provided €2.3 million for the costs of closure. Cash of €1.8 million was spent during the year and the remaining provision of €0.5 million is expected to be fully utilised by the end of 2019.

In June 2018 the Group closed its specialised PVC recycling business at Ferrara in Italy (see note 6) and a provision of €3.5 million was made to recognise the costs of closure, of which €2.4 million was spent during the year. The remaining provision of €1.1 million is expected to be fully utilised by the end of 2019.

Other plant closure provisions mainly relate to the 2013 closure of the PVC plant at Runcorn, UK and the mercury cell room at Wilhelmshaven, Germany. Cash of €0.7 million was spent during the year and the remaining provisions of €1.9 million are expected to be fully utilised by 2020.

23 Provisions

Other provisions

Other provisions created in previous years mainly relate to various miscellaneous legal claims and commercial disputes. In the year ended 31 December 2018, cash of €1.4 million was spent and further provisions of €0.9 million were created. The majority of the remaining provisions of €9.7 million as at 31 December 2018 are expected to be fully utilised by 2021.

24 Other financial liabilities

	2018	2017
	€m	
Current		
Derivative commodity contracts designated as fair value through the profit or loss	**3.2**	**2.1**

25 Share capital and dividends

Share capital

	As at 31 December 2018	As at 31 December 2017
	€	
10,001,001 (2017: 10,000,001) authorised and issued A Ordinary shares of £0.00001 each	**117**	**117**

As the reporting currency of the Group 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.

Dividends

The following dividends were recognised during the year:

	2018	2017
	€m	
Dividends paid	100.0	25.4

An interim dividend of €100.0 million was declared and paid during the year (2017: €25.4 million). The dividend paid equates to €10.0 per A Ordinary share (2017: €2.54 per A ordinary share).

26 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.

26(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 Senior Secured Term Loans which after initial recognition is determined for disclosure purposes only are based on the market yields derived from quotes obtained at the year end from leading financial institutions (categorised as Level 1). The fair value of the Securitisation facility is the same as the carrying value excluding debt issue costs. The fair value of finance leases is determined by reference to market rates for similar lease agreements.

Derivative financial instruments

The Group has entered into swap contracts designed to hedge floating electricity prices into a fixed price. The fair value are based on market or broker quotes.

Defined benefit pension plans

The fair value measurements of pension plan assets, and projected benefit obligations under these defined benefit plans are described in note 22.

As of 1 January 2018, the categories of financial assets and liabilities have been adjusted to be in accordance with IFRS 9. 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:

	2018		2017	
	Carrying amount	Fair value	Carrying amount	Fair value
	€m			
Financial assets held at fair value through profit or loss:				
Derivative commodity contracts	—	—	1.3	1.3
Financial assets held at amortised cost (previously loans and receivables):				
Trade receivables	397.2	397.2	480.3	480.3
Amounts due from related parties and associates	54.3	54.3	54.7	54.7
Other receivables (excluding prepayments and tax)	133.9	133.9	163.4	163.4

Other investments	0.2	0.2	0.3	0.3
Cash and cash equivalents	207.7	207.7	121.6	121.6
Total financial assets	**793.3**	**793.3**	**821.6**	**821.6**

	2018		2017	
	Carrying amount	Fair value	Carrying amount	Fair value
	€m			
Financial liabilities held for trading at fair value through profit or loss:				
Derivative commodity contracts	3.2	3.2	2.1	2.1
Financial liabilities carried at amortised cost:				
Senior Secured Term Loan A due 2021	—	—	93.6	101.1
Senior Secured Term Loan B due 2025	802.8	822.6	807.4	828.8
Securitisation facility	(0.3)	—	(0.5)	—
Other loans	0.2	0.2	3.7	3.7
Trade payables	348.6	348.6	340.8	340.8
Amounts due to related parties	45.1	45.1	94.4	94.4
Accruals and other payables (excluding deferred income)	286.7	286.7	261.4	261.4
Finance lease liabilities	5.9	5.9	6.5	6.5
Total financial liabilities	**1,492.2**	**1,512.3**	**1,609.4**	**1,638.8**

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:

	2018			
		Level		
	Fair value	1	2	3
	€m			
Net financial assets and liabilities designated as fair value through profit or loss				
Derivative commodity contracts	(3.2)	—	(3.2)	—
	(3.2)	**—**	**(3.2)**	**—**

	2017			
		Level		
	Fair value	1	2	3
	€m			
Net financial liabilities designated as fair value through profit or loss				
Derivative commodity contracts	(0.8)	—	(0.8)	—
	(0.8)	**—**	**(0.8)**	**—**

The derivative commodity contracts have been assigned to Level 2 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 2017 and 2018.

26(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.

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.

	2018		
	Financial assets at amortised cost	**Fair value recognised in profit or loss**	**Financial liabilities at amortised cost**
		€m	
Gains from financial instruments			
Interest income	3.8	—	—
Foreign exchange gains	7.4	—	—
Net result	**11.2**	**—**	**—**
Carrying value at 31 December	**793.3**	**—**	**—**
Losses from financial instruments			
Interest cost	—	—	(29.3)
Amortisation of debt issue costs	—	—	(11.3)
Net fair value losses on derivatives	—	(2.1)	—
Foreign exchange losses	—	—	(1.6)
Net result	**—**	**(2.1)**	**(42.2)**
Carrying value at 31 December	**—**	**(3.2)**	**(1,489.0)**

	2017		
	Loans and receivables carried at amortised cost	**Fair value recognised in profit or loss**	**Loans and payables carried at amortised cost**
		€m	
Gains from financial instruments			
Interest income	4.1	—	—
Unwind of discount on long term debtors	1.9	—	—
Foreign exchange losses	(9.9)	—	—
Net result	**(3.9)**	**—**	**—**
Carrying value at 31 December	**820.3**	**—**	**—**
Losses from financial instruments			
Interest cost	—	—	(51.5)
Amortisation of debt issue costs	—	—	(13.2)
Net fair value losses on derivatives	—	(3.8)	—
Foreign exchange gains	—	—	14.3
Net result	**—**	**(3.8)**	**(50.4)**
Carrying value at 31 December	**—**	**(0.8)**	**(1,607.3)**

26(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.

As of 1 January 2018, IFRS 9 replaced the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model in assessing the recoverability of trade receivables. Due to the quality of the Group's trade receivables and its low history of bad debts (see note 18) the application of IFRS 9 did not result in a material change to the allowance for impairment in respect of trade receivables.

Investments, cash and cash equivalent

Surplus cash investments are only made with banks with which the Group has a relationship.

Guarantees

Certain bank guarantees of the Group are provided via a cash-backed bank guarantee facilities with Barclays Bank plc and ING Bank N.V. As at 31 December 2018, these amounted to €14.9 million (2017: €14.7 million).

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 18.

26(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, and has significant headroom on the Securitisation facility (see note 20).

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.

The maturity profile of the Group's undrawn committed facilities at 31 December 2018 and 2017 was as follows:

	2018	2017
	Undrawn facilities	Undrawn facilities
	€m	
In less than one year	—	300.0
In more than one year, but not more than two years	—	—
In more than two years, but not more than five years	240.0	—
	240.0	**300.0**

The undrawn committed facilities are in respect of the unused securitisation facility of €240.0 million (2017: €300.0 million). The Group negotiated an extension to the securitisation facility during the year, extending the maturity date to 30 June 2021.

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

	2018					
	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 Term Loan B	802.8	(954.2)	(32.0)	(28.8)	(78.2)	(815.2)
Securitisation facility	(0.3)	(3.0)	(1.2)	(1.2)	(0.6)	—
Other loans	0.2	(0.2)	—	(0.1)	(0.1)	—
Trade payables	348.6	(348.6)	(348.6)	—	—	—
Amounts due to related parties	45.1	(45.1)	(45.1)	—	—	—
Accruals and other payables (excluding deferred income)	286.7	(286.7)	(269.8)	(9.2)	(7.4)	(0.3)
Finance lease liabilities	5.9	(5.9)	(0.7)	(0.7)	(2.1)	(2.4)
Derivative financial liabilities						
Commodity contracts	3.2	(3.2)	(3.2)	—	—	—
	1,492.2	**(1,646.9)**	**(700.6)**	**(40.0)**	**(88.4)**	**(817.9)**

26 Financial instruments

	2017					
	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 Term Loan A	93.6	(106.3)	(36.4)	(28.5)	(41.4)	—
Senior Secured Term Loan B	807.4	(984.1)	(33.3)	(33.1)	(98.1)	(819.6)
Securitisation facility	(0.5)	(1.1)	(1.1)	—	—	—
Other loans	3.7	(3.7)	(3.3)	(0.3)	(0.1)	—
Trade payables	340.8	(340.8)	(340.8)	—	—	—
Amounts due to related parties	94.4	(94.4)	(94.4)	—	—	—
Accruals and other payables (excluding deferred income)	261.4	(261.4)	(244.2)	(7.2)	(7.6)	(2.4)
Finance lease liabilities	6.5	(6.5)	(0.6)	(0.7)	(2.3)	(2.9)
Derivative financial liabilities						
Commodity contracts	2.1	(2.1)	(2.1)	—	—	—
	1,609.4	**(1,800.4)**	**(756.2)**	**(69.8)**	**(149.5)**	**(824.9)**

26(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 optimizing 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.

The Group benefits from natural hedging, to the extent that the vast majority of the Group's revenues are generated in Euros which is the same currency as the Groups's Senior Secured Term Loans. Moreover, most of the Group's key feedstocks and other raw material costs are denominated in Euros.

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.

2018	2017
€m	

Euros	(6.7)	(22.8)
Pounds Sterling	19.3	23.0
Norwegian Krone	(6.2)	8.4
US Dollars	36.4	38.7
Others	(0.8)	6.1
	42.0	**53.4**

Sensitivity analysis

A 10% per cent weakening of the following currencies at 31 December 2017 and 31 December 2018 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.

	2018	2017	2018	2017
	Equity		Profit or loss	
	€m			
Euros	—	—	0.6	(2.3)
Pounds Sterling	—	—	(1.8)	2.3
Norwegian Krone	—	—	(3.3)	0.9
US Dollars	—	—	0.6	3.9
Other	—	—	0.1	0.6

A 10% per cent strengthening of the above currencies against the Euro at 31 December 2017 and 31 December 2018 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.

(ii) Market risk—Interest rate risk

Profile

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

	2018	2017
	€m	
Fixed rate instruments		
Financial liabilities	(5.9)	(6.5)
	(5.9)	**(6.5)**
Variable rate instruments		
Financial assets	207.7	121.6
Financial liabilities	(802.7)	(904.2)
	(595.0)	**(782.6)**

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 2018 and 2017.

	2018	2017
	€m	
Profit or (loss)		
Increase in interest rates by 1%	(6.0)	(7.8)

A 1% change in the opposite direction of the above interest rates at 31 December 2017 and 31 December 2018 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 electricity, crude oil and base chemicals linked to the price of crude. The sales price exposures 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. In 2018, no significant instruments have been entered by the Group to manage such risk (2017: nil).

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

26(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 €943.5 million (2017: €856.6 million) as shareholders' assets of €342.6 million (2017: assets of €67.5 million) and net debt (total loans and borrowings net of debt issue costs less cash and cash equivalents) of €600.9 million (2017: €789.1 million).

The principal sources of debt available to the Group at 31 December 2018 include the Senior Secured Term Loan B and the Receivables Securitisation Facility and are described in note 20 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.

27 Reconciliation of net cash flow to movement in net debt

	2018	2017
	€m	
Increase in cash and cash equivalents in the year	84.3	54.7
Cash outflow from change in debt financing	108.5	249.7
Change in net debt resulting from cash flow	192.8	304.4
Other net non-cash transactions	4.7	(1.6)
Movement in net debt in the year	**197.5**	**302.8**

	2018			
	1 January 2018	Cash flow	Other non-cash changes	31 December 2018
		€m		
Cash at bank and in hand	121.6	84.3	1.8	207.7
Debt due within one year	(45.3)	34.3	2.8	(8.2)

Debt due after more than one year	(888.3)	73.7	—	(814.6)
Finance leases	(6.5)	0.5	0.1	(5.9)
	(940.1)	108.5	2.9	(828.7)
Net debt	**(818.5)**	**192.8**	**4.7**	**(621.0)**

	2017			
	1 January 2017	Cash flow	Other non-cash changes	31 December 2017
			€m	
Cash at bank and in hand	68.1	54.7	(1.2)	121.6
Debt due within one year	(41.9)	(3.4)	—	(45.3)
Debt due after more than one year	(1,140.5)	251.3	0.9	(888.3)
Finance leases	(7.0)	1.8	(1.3)	(6.5)
	(1,189.4)	249.7	(0.4)	(940.1)
Net debt	**(1,121.3)**	**304.4**	**(1.6)**	**(818.5)**

28 Operating leases

Future minimum lease payments under non-cancellable operating leases

	2018	2017	2018	2017 (Restated)
	Land and buildings		Plant and machinery	
			€m	
Less than one year	0.9	1.3	26.4	19.7
Between one and five years	3.3	3.1	32.1	28.7
More than five years	11.3	12.4	5.8	7.6
	15.5	**16.8**	**64.3**	**56.0**

The Group has entered into contracts for the lease of real estate, product storage capacity, transport equipment and motor vehicles. Some lease contracts contain renewal options and can also provide for additional payments to be payable in accordance with changes to an index.

During the year the Group undertook a project to reassess its operating lease classifications. This has resulted in a number of leases previously reported as service contracts being reclassified as operating leases.

29 Other commitments

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 2018 by the Group amounted to approximately €53.1 million (2017: €54.0 million).

Unconditional purchase obligations

The net present value of significant take or pay contracts that have been entered into are as follows:

	2018	2017 (Restated)
		€m
Purchase obligations		
Purchase of ethylene, until 2018	—	161.0
Purchase of propylene, until 2018	—	28.2
Purchase of paraffin, until 2018	—	10.6
Storage and transport facilities, until 2018	—	4.7
Site and maintenance services, until 2018	—	4.9
Purchase of other raw materials, until 2018	—	39.2
Supply of other utilities, until 2018	—	1.7
Purchase of ethylene, until 2019	140.8	800.7

Purchase of propylene, until 2019	53.3	—
Storage and transport facilities, until 2019	6.0	—
Purchase of other raw materials, until 2019	72.0	70.7
Supply of other utilities, until 2019	0.2	—
Site and maintenance services, until 2019	3.1	0.7
Purchase of salt/brine, until 2019	0.8	—
Purchase of ethylene, until 2020	729.3	174.0
Purchase of salt/brine, until 2020	72.6	125.5
Purchase of EDC, until 2020	35.3	73.1
Purchase of paraffin, until 2020	20.2	—
Tolling agreement, until 2020	8.1	13.6
Purchase of other raw materials, until 2020	6.1	—
Supply of other utilities, until 2020	3.7	44.8
Storage and transport facilities, until 2020	1.5	8.4
Supply of other utilities, until 2021	58.1	22.1
Storage and transport facilities, until 2021	0.8	5.5
Site and maintenance services, until 2021	1.2	1.7
Storage and transport facilities, until 2022	—	4.5
Purchase of electric power, until 2022	3.9	—
Supply of other utilities, until 2022	2.0	—
Site and maintenance services, until 2022	—	22.1
Purchase of ethylene, until 2023	440.5	—
Purchase of electric power, until 2023	180.1	241.1
Storage and transport facilities, until 2023	16.6	13.2
Site and maintenance services, until 2023	6.8	—
Supply of other utilities, until 2023	2.5	—
Supply of other utilities, until 2024	15.9	17.1
Site and maintenance services, until 2024	2.0	2.4
Purchase of salt/brine, until 2025	108.7	36.9
Purchase of lime milk, until 2032	106.2	114.3
Logistics services, until 2032	7.7	—
Supply of other utilities, until 2034	185.3	210.8
	2,291.3	**2,253.5**

30 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.

31 Related parties

Related parties comprise:

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

Mr JA Ratcliffe, Mr AC Currie and Mr J Reece are shareholders in INEOS Limited.

Parent entities and their subsidiaries not included within the INOVYN Limited group

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

Related party	Sales and cost recoveries	Purchases	Trade balance owed to/(by) the Group
		€m	
INEOS Compounds Aycliffe Limited.....	2018: €35.2m (2017: €31.8m)	2018: €0.7m (2017: €0.7m)	2018: €7.1m (2017: €3.2m)
INEOS Commercial Services UK Limited.....	2018: €1.3m (2017: €0.5m)	2018: €22.1m (2017: €nil)	2018: €(1.5)m (2017: €0.1m)
INEOS Enterprises Group Limited.....	2018: €9.7m (2017: €12.9m)	2018: €1.3m (2017: €45.2m)	2018: €4.1m (2017: €(39.8)m)
INEOS Europe AG.	2018: €23.1m (2017: €13.5m)	2018: €41.7m (2017: €3.3m)	2018: €0.8m (2017: €(0.7)m)
INEOS Sales Norge AS.....	—	2018: €6.4m (2017: €197.3m)	2018: €(2.1)m (2017: €(2.8)m)
INEOS Sales (UK) Limited.....	—	2018: €332.5m (2017: €139.0m)	2018: €(29.0)m (2017: €(32.9)m)
INEOS Sales Belgium NV	—	2018: €nil) (2017: €43.3m)	—
INEOS AG	—	2018: €18.5m	—

		(2017: €17.7m)	
Other entities controlled by INEOS Limited	2018: €65.7m (2017: €44.4m)	2018: €17.3m (2017: €23.6m)	2018: €1.6m (2017: €7.8m)

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

Related party	Loan repayments	Interest expense	Loan and other non-trading balances owed by the Group
		€m	
Entities controlled by INEOS Limited	2018: €3.9m (2017: €7.1m)	2018: €1.0m (2017: €1.6m)	2018: €5.6m (2017: €9.3m)

Entities controlled by the shareholders of INEOS Limited

The partners of INEOS Capital Partners own a controlling interest in the share capital of INEOS Limited and Screencondor Limited. During the year ended 31 December 2018 the Group made no sales or purchases with these companies (2017: €nil). As at 31 December 2018, amounts owed by Screencondor Limited were €1.1 million (2017: €1.1 million).

Jointly controlled entities and associated undertakings held within the INOVYN Limited group

The Group owns a 60% interest in the share capital of INEOS Runcorn (TPS) Holdings Limited, which is classified as an associated undertaking, and a 50% interest in Runcorn MCP Limited and GIE Cansel-Bresse, which are classified as joint operations. Material trading transactions with these entities during the period were as follows:

Related party	Sales and cost recoveries	Purchases	Trade balance owed to/(by) the Group
		€m	
Runcorn MCP Limited	2018: €100.9m (2017: €82.9m)	2018: €63.2m (2017: €41.8m)	2018: €5.4m (2017: €4.4m)
INEOS Runcorn (TPS) Holdings Limited and its subsidiaries.....	2018: €8.1m (2017: €8.2m)	2018: €13.6 m (2017: €13.3m)	2018: €5.8m (2017: €6.0m)
GIE Cansel-Bresse	—	2018: €1.1m (2017: €0.8m)	2018: €(0.5)m (2017: €(0.5)m)

All transactions occurred in the normal course of business.

Material non-trading transactions with these related parties during the year were as follows:

Related party	Loan repayments/ (funding)	Interest received	Loan balance owed to the Group
		€m	
INEOS Runcorn (TPS) Holdings Limited and its subsidiary.....	—	2018: €2.7m (2017: €3.2m)	2018: €22.0m (2017: €23.8m)

Transactions with key management personnel

Key management personnel are directors and other members of the executive committee representing the business segments. The compensation of key management personnel including the directors is as follows:

	2018	2017

	€m	
Short-term employee benefits	6.4	6.0
Post-employment benefits	0.4	0.3
	6.8	**6.3**

32 Ultimate parent company and parent company of larger group

The immediate parent company of INOVYN Limited is INEOS Group Investments Limited, a company registered in the United Kingdom.

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.

33 Accounting estimates and judgements

Significant 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 change and in any future periods.

The following areas are considered to involve a significant degree of judgement or estimation:

Taxation

Management is required to estimate the tax payable in each of the jurisdictions in which the Group operates. This involves estimating the actual current tax charge or credit together with assessing temporary differences resulting from differing treatment of items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which may be included on the consolidated balance sheet of the Group. Management have performed an assessment as to the extent to which future taxable profits will allow the deferred asset to be recovered. The calculation of the Group's total tax charge necessarily involves a significant degree of estimation in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority, or, as appropriate, through a formal legal process.

The Group has, from time to time, contingent tax liabilities arising from trading and corporate transactions in the countries in which it operates. After appropriate consideration, management makes provision for these liabilities based on the probable level of economic loss that may be incurred and which is reliably measurable.

The breadth of the Group's structure with operations in many geographic locations makes the use of estimates and assumptions more challenging. The resolution of issues is not always within the control of the Group and can be reliant upon the efficiency of the legal processes in the relevant jurisdictions in which the Group operates, and as a result, issues can, and often do take many years to resolve.

Details of amounts recognised with regard to taxation are disclosed in notes 11 and 16.

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.

Details of post-retirement benefits are set out in note 22.

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.

In relation to remediation costs, the estimated interest rate used in discounting the cash flows is reviewed at least annually. The interest rates used to determine the obligation in the balance sheet at 31 December 2017 and 31 December 2018 are risk free pre-tax rates, based on country specific government bond yields. The nature and amount of provisions included within the financial statements are detailed in note 23.

Impairment reviews

IFRSs require management to test for impairment of goodwill and other intangible assets with indefinite lives, on an annual basis, and of tangible and intangible assets with finite lives if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

An impairment test requires an assessment as to whether the carrying value of assets can be supported by its recoverable amount. Management calculates the recoverable amount based on the net present value of the future cash flows derived from the relevant assets, using cash flow projections which have been discounted at an appropriate discount rate.

In calculating the net present value of the future cash flows, certain assumptions and estimates are required to be made in respect of highly uncertain matters, including management's expectations of:

- Growth rates of various revenue streams;
- Long-term growth rates;
- Future margins;
- The selection of an appropriately risk adjusted discount rate; and
- The determination of terminal values.

Changing the assumptions selected by management, in particular the discount rate used in the present value calculation, could significantly affect the Group's impairment evaluation and results.

The Group has property, plant and equipment with a carrying value of €1,200.7 million (2017: €1,103.3 million) as disclosed in note 12 and intangible assets with a carrying value of €9.3 million (2017: €5.7 million) as disclosed in note 13. All of these assets are assessed annually for impairment as described above.

For the purpose of impairment testing (when required), to assess whether any impairment exists, estimates are made of the future cash flows expected to result from the use of the asset and its eventual disposal. Actual outcomes could vary significantly from such estimates of discounted future cash flows. Factors such as changes in the planned use of buildings, plant or equipment, or closure of facilities, the presence or absence of competition, lower than expected asset utilisation from events such as unplanned outages, strikes and hurricanes, technical obsolescence or lower than

anticipated sales of products with capitalised intellectual property rights could result in shortened useful lives or impairment. Changes in the discount rates used could also lead to impairments.

Investments

The Group applies IFRS 11 to all joint arrangements. Under IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint operations.

Details of investments are set out in Note 14.

34 Subsequent events

In the first quarter of 2019, the Company paid a dividend of €150.0 million to INEOS Group Investments Limited. In addition, INOVYN Finance plc, which is an indirect subsidiary of the Company, granted a loan of €150.0 million to INEOS Limited.

Effective from 1 March 2019, INOVYN Limited acquired INEOS Enterprises Group Limited together with its wholly owned subsidiary Keuper Gas Storage Limited, from the INEOS group. The purchase price of €35.0 million is in the form of a long-term loan agreement with the seller. The acquired companies are engaged in gas storage activities, and the production of salt and sulphuric acid at the Northwich and Runcorn sites in the United Kingdom.

INOVYN Limited
Annual report and financial statements
Registered number 08696245
Year ended—31 December 2017

INOVYN LIMITED
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INOVYN LIMITED
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INOVYN LIMITED

Report on the audit of the Group financial statements

Opinion

In our opinion, INOVYN Limited's group financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's affairs as at 31 December 2017 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the consolidated balance sheet as at 31 December 2017; the consolidated income statement and statement of comprehensive income/(expense), the consolidated statement of cash flows, and the consolidated statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material

inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 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 to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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 auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or

- certain disclosures of directors' remuneration specified by law are not made.

We have no exceptions to report arising from this responsibility.

Other matter

We have reported separately on the company financial statements of INOVYN Limited for the year ended 31 December 2017.

Hazel Macnamara (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
23 April 2018

INOVYN LIMITED

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017	2016
		€m	
Revenue	2	**3,324.6**	**2,852.6**
Cost of sales before exceptional items		(2,350.8)	(2,106.5)
Exceptional cost of sales	6	(22.9)	(21.5)
Total cost of sales		(2,373.7)	(2,128.0)
Gross profit		**950.9**	**724.6**
Distribution costs before exceptional items		(318.5)	(302.7)
Exceptional distribution expenses	6	(1.1)	—
Total distribution expenses		(319.6)	(302.7)
Administrative expenses before exceptional items		(120.2)	(125.3)
Exceptional administrative expenses	6	(12.7)	(14.4)
Total administrative expenses		(132.9)	(139.7)
Total expenses		(452.5)	(442.4)
Operating profit	7	**498.4**	**282.2**
Share of profit of associated undertakings	14	12.6	0.2
Purchase gain on acquisition	5	3.7	—
Profit on disposal of property, plant and equipment		1.2	—
Loss on disposal of businesses	3	(3.4)	—
Profit before net finance costs		**512.5**	**282.4**
Finance income	10	14.2	16.0
Finance costs before exceptional items	10	(80.9)	(151.0)
Exceptional finance costs	10	(9.3)	—
Total finance costs	10	(90.2)	(151.0)
Net finance costs	10	(76.0)	(135.0)
Profit before tax from continuing operations		**436.5**	**147.4**
Tax charge	11	(133.1)	(73.5)
Profit for the year from continuing operations		**303.4**	**73.9**
Profit/(loss) attributable to:			
—Owners of the parent		304.4	74.9
—Non-controlling interest		(1.0)	(1.0)
		303.4	**73.9**

The notes on pages F-372 to F-433 are an integral part of these consolidated financial statements.

INOVYN LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR ENDED 31 DECEMBER 2017

	2017	2016
		€m
Profit for the year	**303.4**	**73.9**
Other comprehensive income/(expense):		
Items that will not be reclassified to profit or loss		
Re-measurement of post-employment benefit obligations net of taxes	211.9	(182.7)
Items that may be subsequently reclassified to profit or loss		
Cash flow hedges	—	0.9
Foreign exchange translation differences of subsidiaries	(15.7)	28.0
	(15.7)	28.9
Total other comprehensive income/(expense) for the year, net of tax	**196.2**	**(153.8)**
Total comprehensive income/(expense) for the year	**499.6**	**(79.9)**
Total comprehensive income/(expense) attributable to:		
—Owners of the parent	500.6	(78.9)
—Non-controlling interest	(1.0)	(1.0)
	499.6	**(79.9)**

The notes on pages F-372 to F-433 are an integral part of these consolidated financial statements.

INOVYN LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2017

	Note	2017	2016
		€m	
Non-current assets			
Property, plant and equipment	12	1,103.3	1,082.1
Intangible assets	13	5.7	3.8
Investments accounted for using equity method	14	13.8	1.0
Other investments	14	0.3	0.3
Other receivables	18	26.0	29.2
Deferred tax assets	16	147.8	142.3
Employee benefits	22	22.2	—
Total non-current assets		**1,319.1**	**1,258.7**
Current assets			
Inventories	17	271.2	265.3
Trade and other receivables	18	682.3	596.0
Tax receivables for current tax		5.9	5.4
Other current financial assets	15	1.3	3.0
Cash and cash equivalents	19	121.6	68.1
Total current assets		**1,082.3**	**937.8**
Total assets		**2,401.4**	**2,196.5**
Equity attributable to owners of the parent			
Share capital	25	—	—
Share premium reserve	25	84.5	84.5
Merger reserve	4	(375.2)	(375.2)
Retained earnings/(accumulated losses)		270.6	(8.5)
Other reserves		87.6	(108.6)
Total equity		**67.5**	**(407.8)**
Attributable to owners of the parent		67.3	(407.9)
Attributable to non-controlling interest		0.2	0.1
Total equity		**67.5**	**(407.8)**
Non-current liabilities			
Interest-bearing loans and borrowings	20	864.8	1,109.4
Trade and other payables	21	54.9	56.6
Employee benefits	22	315.9	546.7
Provisions	23	92.9	96.3
Deferred tax liabilities	16	65.9	72.3
Total non-current liabilities		**1,394.4**	**1,881.3**
Current liabilities			
Interest-bearing loans and borrowings	20	45.9	43.5
Trade and other payables	21	683.4	570.4
Tax liabilities for current tax		168.1	75.9
Other financial liabilities	24	2.1	—
Provisions	23	40.0	33.2
Total current liabilities		**939.5**	**723.0**
Total liabilities		**2,333.9**	**2,604.3**
Total equity and liabilities		**2,401.4**	**2,196.5**

These financial statements were approved by the Board of Directors on 23 April 2018 and were signed on its behalf by:

M J Maher	**C E Tane**
Director	*Director*
INOVYN Limited	Registered number: 08696245

The notes on pages F-372 to F-433 are an integral part of these consolidated financial statements.

INOVYN LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED

31 DECEMBER 2017

	Share capital	Share premium reserve	Merger reserve	Retained earnings/ (accumulated losses)	Other reserves	Total equity	Attributable to owners of parent	Attributable to non-controlling interest
					€m			
Balance at 1 January 2016	—	77.5	(375.2)	(65.8)	45.2	(318.3)	(318.5)	0.2
Profit/(loss) for the year	—	—	—	73.9	—	73.9	74.9	(1.0)
Adjustment to joint venture formation	—	7.0	—	—	—	7.0	7.0	—
Other comprehensive income/(expense):								
Cash flow hedges	—	—	—	—	0.9	0.9	0.9	—
Remeasurement of post employment benefit obligations net of taxes	—	—	—	—	(182.7)	(182.7)	(182.7)	—
Foreign exchange translation differences of subsidiaries	—	—	—	—	28.0	28.0	28.0	—
Total other comprehensive expense	**—**	**—**	**—**	**—**	**(153.8)**	**(153.8)**	**(153.8)**	**—**
Transactions with owners, recorded directly in equity:								
Capital contribution made by non-controlling interest	—	—	—	0.9	—	0.9	—	0.9
Dividends	—	—	—	(17.5)	—	(17.5)	(17.5)	—
Transactions with owners, recorded directly in equity	**—**	**—**	**—**	**(16.6)**	**—**	**(16.6)**	**(17.5)**	**0.9**
Balance at 31 December 2016	**—**	**84.5**	**(375.2)**	**(8.5)**	**(108.6)**	**(407.8)**	**(407.9)**	**0.1**
Profit/(loss) for the year	—	—	—	303.4	—	303.4	304.4	(1.0)
Other comprehensive income/(expense):								
Re-measurement of post-employment benefit obligations net of taxes	—	—	—	—	211.9	211.9	211.9	—
Foreign exchange translation differences of subsidiaries	—	—	—	—	(15.7)	(15.7)	(15.7)	—
Total other comprehensive income	**—**	**—**	**—**	**—**	**196.2**	**196.2**	**196.2**	**—**
Transactions with owners, recorded directly in equity:								

Capital contribution made by non-controlling interest	—	—	—	1.1	—	1.1	—	1.1
Dividends	—	—	—	(25.4)	—	(25.4)	(25.4)	—
Transactions with owners, recorded directly in equity	**—**	**—**	**—**	**(24.3)**	**—**	**(24.3)**	**(25.4)**	**1.1**
Balance at 31 December 2017	**—**	**84.5**	**(375.2)**	**270.6**	**87.6**	**67.5**	**67.3**	**0.2**

The notes on pages F-372 to F-433 are an integral part of these consolidated financial statements.

INOVYN LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED

31 DECEMBER 2017

Analysis of other reserves:

	Translation reserve	Actuarial reserve	Cash flow hedging reserve	Other reserves
		€m		
Balance at 1 January 2016	(11.6)	57.7	(0.9)	45.2
Cash flow hedges	—	—	0.9	0.9
Foreign exchange translation differences of subsidiaries	28.0	—	—	28.0
Remeasurement of post employment benefit obligations net of taxes	—	(182.7)	—	(182.7)
Balance at 31 December 2016	**16.4**	**(125.0)**	**—**	**(108.6)**
Foreign exchange translation differences of subsidiaries	(15.7)	—	—	(15.7)
Remeasurement of post employment benefit obligations net of taxes	—	211.9	—	211.9
Balance at 31 December 2017	**0.7**	**86.9**	**—**	**87.6**

The notes on pages F-372 to F-433 are an integral part of these consolidated financial statements.

INOVYN LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED

31 DECEMBER 2017

	Note	2017	2016
		€m	
Cash flows from operating activities			
Profit for the year		303.4	73.9
Adjustments for:			
Depreciation and impairment	12	131.9	136.3
Amortisation	13	0.9	1.2
Net finance costs	10	76.0	135.0
Share of profit of associated undertakings	14	(12.6)	(0.2)
Purchase gain on acquisition	5	(3.7)	—
Loss on disposal of businesses	3	3.4	—
Profit on disposal of property, plant and equipment		(1.2)	—
Tax charge	11	133.1	73.5
Increase in trade and other receivables		(160.8)	(45.3)
Increase in inventories		(9.4)	(14.5)
Increase in trade and other payables		100.5	87.8
Decrease in provisions and employee benefits		(36.4)	(53.8)
Tax paid		(58.0)	(63.5)
Net cash from operating activities		**467.1**	**330.4**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		1.2	—
Interest and other finance income received		0.1	—
Disposal of businesses, net of cash disposed of	3	2.3	1.7
Acquisition of businesses	5	0.8	(2.0)
Solvay completion accounts settlement	4	83.6	—
Redemption of B ordinary shares	25	—	(335.0)
Acquisition of intangible assets		(2.7)	—
Acquisition of property, plant and equipment		(157.8)	(151.3)
Net cash used in investing activities		**(72.5)**	**(486.6)**
Cash flows from financing activities			
(Redemption of)/proceeds from Senior Secured Notes due 2021	20	(300.0)	300.0
Premium on early redemption of Senior Secured Notes due 2021	6	(9.3)	—
Redemption of Senior Secured Notes due 2017	20	—	(785.0)
Proceeds from new Senior Secured Term Loans	20	200.0	775.0
Repayment of Senior Secured Term Loans	20	(31.8)	(13.3)
Debt issue costs		(4.4)	(34.6)
Securitisation facility	20	(117.0)	62.1
Other loans	20	0.9	0.8
Interest paid		(51.1)	(107.1)
Capital element of finance lease payments	20	(1.8)	(4.4)
Dividend paid	25	(25.4)	(17.5)
Net cash (used in)/from financing activities		**(339.9)**	**176.0**
Net increase in cash and cash equivalents		54.7	19.8
Cash and cash equivalents at 1 January	19	68.1	48.8
Effect of exchange rate fluctuations on cash held		(1.2)	(0.5)
Cash and cash equivalents at 31 December	19	**121.6**	**68.1**

The notes on pages F-372 to F-433 are an integral part of these consolidated financial statements.

INOVYN LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

(forming part of the financial statements)

1 Accounting policies

INOVYN Limited (the "Company") is a private company, domiciled and registered in England and Wales and limited by shares.

INOVYN Limited was incorporated on 18 September 2013 and was a dormant company until 1 July 2015 when INEOS Group Investments Limited ("INEOS") and Solvay Chlorovinyls Holdings S.a.r.l. ("Solvay") combined their European chlor-vinyls activities in a joint venture headed by INOVYN Limited.

The formation of a joint venture was not included within the scope of IFRS 3, "Business combinations" and IFRS 2, "Share based payments", and therefore an accounting policy choice was made to adopt predecessor accounting. A further choice was made to include the results and balance sheet prospectively from the date on which the INOVYN joint venture formed on 1 July 2015.

On 7 July 2016 the shares held by Solvay were redeemed and INEOS Group Investments Limited became the sole shareholder of INOVYN Limited.

These financial statements consolidate those of the Company and its subsidiaries (which together form the "Group") and equity account the Group's interest in associated undertakings and recognises its joint arrangements as joint operations. 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 and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), Interpretations Committee interpretations and The Companies Act 2006 as applicable to companies using IFRS. The Company has elected to prepare its parent company separate financial statements in accordance with UK GAAP FRS 102.

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

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment are discussed in note 32.

The directors have adopted the going concern basis for the preparation of these financial statements.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis as modified by the revaluation of available for sale assets and financial assets, financial liabilities (including derivative instruments) at fair value through profit or loss, and financial liabilities designated as cash flow hedges.

1.2 Basis of consolidation

Subsidiaries

The consolidated financial statements of INOVYN Limited include all subsidiaries of the Company.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when it 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 to direct the activities of the entity. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Intercompany transactions, balances and unrealised

gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Special purpose entities

A special purpose entity (SPE) is consolidated if, based on an evaluation of the substance of its relationship with the Group and the SPEs' risks and rewards, the Group concludes that it controls the SPE.

The Group has established an SPE, INEOS Norway Finance Ireland Limited, for a debt securitisation programme. The Group does not have any direct or indirect shareholdings in this SPE. INEOS Norway Finance Ireland Limited is controlled by the Group as it was 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 and its assets. INEOS Norway Finance Ireland Limited is therefore regarded as an SPE and has been consolidated in these financial statements.

Associated undertakings

Associated undertakings are those entities in which the Group has significant influence, but not control or joint control over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. Associated undertakings are accounted for using the equity method of accounting and are initially recognised at cost.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associated undertakings are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity. Unrealised gains on transactions between the Group and its associated undertakings are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

Joint arrangements

Under IFRS 11 *Joint Arrangement,* 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 all to be joint operations.

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.

The Group has a 50% interest in a joint arrangement called Runcorn MCP Limited, which was set-up together with VYNOVA Runcorn Limited to provide toll production of chlorine and caustic soda to the two shareholders. The joint venture agreements in relation to Runcorn MCP Limited require unanimous consent from all parties for all relevant activities. The two partners have direct rights to the assets of the partnership and are jointly and severally liable for the liabilities incurred by the partnership. This entity is therefore classified as a joint operation and the Group recognises its direct right to the jointly held assets, liabilities, revenues and expenses.

The Group, via a joint partnership ("Convention d'Indivision"), owns a 42.5% minority interest in the Feyzin ethylene cracker in France. The other partner is TOTAL Petrochemicals. As the arrangement is not structured through a vehicle that is separate from both partners, the joint arrangement is classified as joint operation under IFRS 11 *Joint Arrangements*.

The Group has a 50% share in GIE Cansel-Bresse, a French *Groupement d'Interet Economique* which owns brine infrastructure assets at Etrez, France, and provides solution mining services. The holder of the remaining 50% is Storengy. As the assets and liabilities, capital expenditure, financing costs and operating expenses are shared evenly between both shareholders the Group has classified GIE Cansel-Bresse as a joint operation.

1.3 Foreign currency

The functional and presentational currency of the Group is the currency of its principal operating environment and has been identified as the Euro.

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 balance sheet 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 income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency 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 presentation currency, Euros, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at 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.

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 currency differences arising on the retranslation of a hedge of a net investment in a foreign operation are recognised directly in equity, 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 recycled to profit or loss as an adjustment to the profit or loss on disposal.

Appropriate average currency rates have been applied for items of the income statement. The following currency rates have been used at 31 December 2016 and 31 December 2017:

	2017	2016
USD—US Dollar	1.1938	1.0490
GBP—British Pound	0.8883	0.8579
NOK—Norwegian Kroner	9.8495	9.0785
SEK—Swedish Kroner	9.8597	9.5649

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement and foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within finance income or cost. All other foreign exchange gains and losses are presented in the income statement within administrative expenses.

1.4 Classification of financial instruments issued by the Group

Following the adoption of IAS 32, 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 obligations 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.

1.5 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.

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.

Other investments in debt and equity securities held by the Group are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss being recognised directly in equity (in the fair value reserve), except for impairment losses and, in the case of monetary items such as debt securities, foreign exchange gains and losses. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

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.

1.6 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 (see below).

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 cash flow hedging reserve. Any ineffective portion of the hedge is recognised immediately in the consolidated income statement as finance income or expense.

When 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 asset acquired or liability assumed affects 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 or is sold, terminated or exercised, or the Group revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, 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.

1.7 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Freehold land and assets in the course of construction are not depreciated. Assets in the course of construction are transferred to land and buildings or plant and machinery upon completion. Depreciation is charged when these assets become available for use.

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 borrowing costs, 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.

Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Buildings	10 to 50 years
Plant and Equipment	
Major items of plant	10 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	5 to 10 years

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

1.8 Business combinations

All business combinations are accounted for by applying the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus

- the recognised amount of any non-controlling interests in the acquiree; plus
- the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

On a transaction-by-transaction basis, the Group elects to measure non-controlling interests, which have both present ownership interests and are entitled to a proportionate share of net assets of the acquiree in the event of liquidation, either at its fair value or at its proportionate interest in the recognised amount of the identifiable net assets of the acquiree at the acquisition date. All other non-controlling interests are measured at their fair value at the acquisition date.

1.9 Acquisitions and disposals of non-controlling interests

Acquisitions and disposals of non-controlling interests that do not result in a change of control are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. Any difference between the price paid or received and the amount by which non-controlling interests are adjusted is recognised directly in equity and attributed to the owners of the parent.

1.10 Intangible assets and goodwill

Goodwill

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

Research and development

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

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 and capitalised borrowing costs. 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.

Other intangible assets

Intangible assets (other than goodwill and research and development) include the cost of software and regulatory licenses, and costs associated with obtaining access to pipelines owned by third parties. These are stated at cost less accumulated amortisation and accumulated impairment losses.

Amortisation

Amortisation is charged to the 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 balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are 5 to 10 years.

1.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs of 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.

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

Catalysts and the anode, cathode and membrane parts of the electrolysers used in cell rooms, 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.

1.12 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.

1.13 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.

1.14 Impairment excluding inventories and deferred tax assets

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.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit ("CGU") is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which

impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (or group of units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. 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.

1.15 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company 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 income statement in the periods during which services are rendered by employees.

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 are deducted. The liability discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of, and having the 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 calculation results in a benefit to the Group, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan, reductions in future contributions to the plan or on settlement of the plan and takes into account the adverse effect of any minimum funding requirements.

1 Accounting policies

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the income statement.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Certain of the Group's pension plans include multi-employer schemes for employees of the Group and other INEOS or Solvay group 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.

1.16 Provisions

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 reliably estimated. The timing of recognition requires the application of judgement to existing facts and circumstances, which can be subject to change. Provisions are discounted at risk free pre-tax rates based on country specific government bond yields which match the maturity of the expected future cash flows.

Estimated 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.

1.17 Revenue

Revenue represents the invoiced value of products sold or services (including in certain instances, carriage and freight services) provided to third parties net of sales discounts, value added taxes and duties. Revenue is recognised when the significant risks and rewards of ownership have passed to the buyer and it can be reliably measured.

The pricing for products sold is determined by market prices (market contracts and arrangements) or is linked by a formula to published raw material and energy prices plus an agreed additional amount (formula contracts). Revenue arising from the sale of goods is recognised when the goods are either dispatched or delivered depending on the relevant delivery terms and the point at which risks and rewards have been transferred to the buyer when the prices are determinable and when collectability is considered probable.

Services provided to third parties include administrative and operational services provided to other companies with units on the Group's sites. Revenue is recognised on completion of the service provided.

1.18 Expenses

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Finance income and cost

Finance costs comprise interest payable and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the income statement. Borrowing costs that are directly attributable to the construction of an asset that takes a substantial time to be prepared for use are capitalised as part of the cost of that asset. Finance income comprises interest receivable on funds invested and net foreign exchange gains.

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 income statement on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Deferred finance costs

Costs associated with raising finance are deducted from the gross proceeds in the balance sheet and amortised over the term of the relevant financing at a constant rate over the carrying amount.

1.19 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the 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 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 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 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 temporary 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.

1.20 Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is restated as if the operation has been discontinued from the start of the previous financial year.

1.21 Disposal groups held for sale

Disposal groups are classified as assets and liabilities held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

1.22 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 Committee who report into the shareholders, INEOS Group Investments Limited and, up to its exit from the joint venture in July 2016, Solvay Chlorovinyls Holdings S.a.r.l.

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

1.23 Exceptional items

The separate presentation of the Group's results identifies the effect of profits and losses on the disposal of businesses, the impairment of non-current assets, the cost of restructuring acquired businesses and the impact of one-off events such as pensions scheme changes, organisational restructuring, environmental provisions and professional fees associated with proposed strategic options. Results excluding disposals, impairments, restructuring costs and one-off items are used by management and are presented in order to provide readers with a clear and consistent presentation of the underlying operating performance of the Group's ongoing business.

1.24 Securitisation

Certain Group companies are parties to a receivables securitisation programme in which various subsidiaries sell trade receivables to INEOS Norway Finance Ireland Limited ("INFIL"), a special purpose vehicle, for a discounted rate. INFIL pledges the receivables as security for borrowings from conduit lenders. The cash borrowed by INFIL from the conduit lenders, less a financing cost, is lent to the Group companies. The financing cost is recognised in interest payable. The risks and rewards of ownership of the receivables are retained by the Group and therefore INFIL has been included in the financial statements as a quasi-subsidiary.

1.25 Emissions Trading

The Group participates in the EU Emissions Trading Scheme. 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 Emissions Trading Scheme is recognised in the consolidated income statement once the reduction targets have been met. The emissions permits allocated under the Scheme are at nil cost. The Group recognises the revenue from such permits upon their sale to third parties.

The Group recognises a provision for emissions produced. The provision 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 Amendments to IFRSs

There were no new standards applied during the year ended 31 December 2017 by the Group. The Group has applied the following amendments to accounting standards for the first time in 2017 with effect from 1 January 2017 (with material prior period comparative information restated, to the extent required and as explained below):

- *Amendments to IAS 7: Disclosure Initiative (mandatory for year commencing on or after 1 January 2017).*

The amendment introduces a requirement to reconcile cash flows arising from financing activities to the corresponding liabilities in the opening and closing statements of financial position. This disclosure is included in the reconciliation of net cash flow to movement in net debt in note 20.

The adoption of this amendment has had no material impact on the Group's financial statements.

1.27 Adopted IFRS not yet applied

A number of new accounting standards are effective for annual periods beginning after 1 January 2018 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 effect on the financial statements unless otherwise indicated:

- ***IFRS 15 Revenue from Contracts with Customers (mandatory for year commencing on or after 1 January 2018 with early adoption permitted).***

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised and replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. IFRS 15 introduces a five-step model to determine when to recognise revenue and at what amount, based on transfer of control over goods or services to the customer. New qualitative and quantitative disclosures will also be required.

i. Contracts for goods and services

Currently, revenue arising from the sale of goods is recognised when the goods are either dispatched or delivered depending on the relevant delivery terms, the point at which risks and rewards have been transferred to the buyer, when the prices are determinable, and when collectability is considered probable.

The Group has analysed its material contracts for goods and services, and has concluded that the value of contracts that include distinct performance obligations (being primarily separate shipping obligations) is minor, and the application of IFRS 15 would not have a material impact on revenues recognised.

Certain customer contracts offer various forms of volume or early payment discount. Revenue is currently recognised when a reasonable estimate of the discount can be made, and provided that all other criteria for revenue recognition are met. Under IFRS 15, revenue will be only be recognised for these contracts to the extent that it is highly likely that a significant reversal in the amount of cumulative revenue recognised will not occur. The Group has assessed that this change will not result in any material impact on the timing of revenue recognition.

ii. Transition

Changes in accounting policies resulting from the adoption of IFRS 15 will be applied retrospectively with the effect of initially applying the standard recognised at the date of the earliest comparative period (i.e. 1 January 2016). The Group plans to take advantage of the practical expedients offered on transition to IFRS 15 as presented below.

- The Group will take advantage of the exemption to not restate completed contracts that begin and end within the same annual reporting period or to restate contracts that are completed contracts at the beginning of the earliest comparative period presented.
- The Group will use the transaction price at the date on which the contract was completed, rather than estimating the variable consideration amounts in each comparative reporting period.
- The Group will take advantage of the exemption to not separately evaluate the effects of contract modifications before the beginning of the earliest reporting period presented using the contract modifications requirements in the new standard. Instead, the Group will reflect the aggregate effect of all of the modifications that occur before the beginning of the earliest period presented in:
    - identifying the satisfied and unsatisfied performance obligations;
    - determining the transaction price; and
    - allocating the transaction price to the satisfied and unsatisfied performance obligations.
- The Group will take advantage of the exemption to not disclose for reporting periods presented before the date of initial application (i.e. 1 January 2018):
    - the amount of the transaction price allocated to the remaining performance obligations; nor
    - an explanation of when the entity expects to recognise that amount as revenue.

- ***IFRS 9 Financial Instruments*** **(mandatory for year commencing on or after 1 January 2018 with early adoption permitted).**

IFRS 9 Financial Instruments sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

i. Classification—Financial assets

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit and loss (FVTPL). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification.

Based on its assessment, the Group does not believe that the new classification requirements will have a material impact on its accounting for financial assets or liabilities.

ii. Impairment—Financial assets and contract assets

IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with a forward-looking ‘expected credit loss’ (ECL) model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and to contract assets.

Under IFRS 9, loss allowances will be measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and

- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not.

All financial assets are in the scope of the impairment model except for financial instruments measured at FVTPL or FVOCI.

As a practical expedient, the Lifetime ECL measurement applies for trade receivables and contract assets without a significant financing component.

The application of IFRS 9's impairment requirements at 1 January 2018 requires a change of impairment methodology; however the Group has estimated that application of the lifetime ECL measurement will not result in any material change to the impairment losses.

iii. Classification—Financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities.

However, under IAS 39 all fair value changes of liabilities designated as at FVTPL are recognised in profit or loss, whereas under IFRS 9 these fair value changes are generally presented as follows:

- the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and

- the remaining amount of change in the fair value is presented in profit or loss.

The Group's assessment did not indicate any material impact regarding the classification of financial liabilities at 1 January 2018.

iv. Hedge accounting

When initially applying IFRS 9, the Group may choose as its accounting policy to continue to apply the hedge accounting requirements of IAS 39 instead of the requirements in IFRS 9. The Group has chosen to apply the new requirements of IFRS 9.

As the Group is not applying hedge accounting as at 31 December 2017, the application of IFRS 9's hedge accounting requirements at 1 January 2018 will not have a material impact.

v. Disclosures

IFRS 9 will require extensive new disclosures, in particular regarding credit risk and ECLs. The Group's assessment included an analysis to identify data gaps against current processes and the Group is in the process of implementing the system and controls changes that it believes will be necessary to capture the required data.

vi. Transition

Changes in accounting policies resulting from the adoption of IFRS 9 will generally be applied retrospectively, except as described below.

- The Group will take advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 will generally be recognised in retained earnings and reserves as at 1 January 2018.

- The new hedge accounting requirements should generally be applied prospectively.

- The following assessments have to be made on the basis of the facts and circumstances that exist at the date of initial application.

    - The determination of the business model within which a financial asset is held.

    - The designation of certain available for sale equity investments as FVOCI.

- **IFRS 16 Leases (mandatory for year commencing on or after 1 January 2019 with early adoption permitted only for companies that also apply IFRS 15 Revenue from Contracts with Customers).**

IFRS 16 replaces existing leasing guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases—Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply IFRS 15 at or before the date of initial application of IFRS 16.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard—i.e. lessors continue to classify leases as finance or operating leases.

The Group has completed an initial assessment of the potential impact on its consolidated financial statements but has not yet completed its detailed assessment. The actual impact of applying IFRS 16 on the financial statements in the period of initial application will depend on future economic conditions, including the Group's borrowing rate at 1 January 2019, the composition of the Group's lease portfolio at that date, the Group's latest assessment of whether it will exercise any lease renewal options and the extent to which the Group chooses to use practical expedients and recognition exemptions.

So far, the most significant impact identified is that the Group will recognise new assets and liabilities for certain assets associated with storage, transportation and the supply of industrial gases. As at 31 December 2017, the Group's future minimum lease payments under non-cancellable operating leases amounted to €48.0 million, on an undiscounted basis (see note 27).

In addition, the nature of expenses related to those leases will now change as IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities.

No significant impact is expected for the Group's existing finance leases.

i. Transition approach

The Group has a number of arrangements that are not in the legal form of a lease, for which it concluded that the arrangement contains a lease of equipment under IFRIC 4. On transition to IFRS 16, the Group can choose whether to:

- apply the IFRS 16 definition of a lease to all its contracts; or

- apply a practical expedient and not reassess whether a contract is, or contains, a lease.

The Group does not plan to apply the practical expedient to grandfather the definition of a lease on transition. This means that the new definition of a lease under IFRS 16 will be applied to all of the contracts in place on transition.

As a lessee, the Group can either apply the standard using a:

- retrospective approach; or

- modified retrospective approach with optional practical expedients.

The lessee applies the election consistently to all of its leases.

The Group plans to apply IFRS 16 initially on 1 January 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information.

When applying the modified retrospective approach to leases previously classified as operating leases under IAS 17, the lessee can elect, on a lease-by-lease basis, whether to apply a number of practical expedients on transition. The Group is assessing the potential impact of using these practical expedients.

The Group is not required to make any adjustments for leases in which it is a lessor except where it is an intermediate lessor in a sub-lease.

INOVYN LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

(forming part of the financial statements)

1 Accounting policies

- ***Other standards***

The following new or amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements.

- *Annual Improvements to IFRSs 2014–2016 Cycle—Amendments to IFRS 1 and IAS 28.*
- *Annual Improvements to IFRSs 2015–2017 Cycle—Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23.*
- *Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2).*
- *Transfers of Investment Property (Amendments to IAS 40).*
- *Prepayment Features with Negative Compensation (Amendments to IFRS 9).*
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).*
- *Plan Amendment, Curtailment or Settlement (Amendments to IAS 19).*
- *IFRIC 22 Foreign Currency Transactions and Advance Consideration.*
- *IFRIC 23 Uncertainty over Income Tax Treatments.*

2 Segmental reporting

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.

We divide our operations into four businesses:

- *General Purpose Vinyls*, consisting of a portfolio of Suspension PVC products and PVC Resins, and output that the Group both consumes and sells from its interest in the Feyzin cracker.
- *Speciality Vinyls*, consisting of Emulsion PVC and specialty grade Suspension PVC products.
- *Organic Chlorine Derivatives*, consisting of various chlorine derivatives including chlorinated paraffins, chloromethanes, allyl chloride and epichlorohydin.
- *Chlor-Alkali*, consisting of caustic soda and caustic potash, chlorine and chlorine by-products, brine and water and hydrochloric acid.

However, the Group's financial reporting is limited to three Business segments; General Purpose Vinyls, Speciality Vinyls, and Other Chemicals. The Other Chemicals segment includes the Organic Chlorine Derivatives business, plus all products in the Chlor-Alkali business excluding caustic soda and caustic potash. Revenues from caustic soda and caustic potash are then attributed to the three Business Segments based on the quantities of chlorine contained in the respective products.

For segmental reporting of EBITDA, the results of the caustic soda and caustic potash products (which are co-produced with chlorine in the electrolysis manufacturing process) included within the Chlor-Alkali operating business are allocated out to the three segments based on the quantities of chlorine contained in each of their products.

For segmental reporting of revenue, caustic soda and caustic potash revenues are shown both before and after allocation to three Business segments.

The revenue attributable to each business segment is as follows:

	2017			2016		
	Revenue before caustic soda/potash allocation	Caustic soda/potash revenue allocation	Revenue after caustic soda/potash allocation	Revenue before caustic soda/potash allocation	Caustic soda/potash revenue allocation	Revenue after caustic soda/potash allocation
			€m			
General Purpose Vinyls	1,550.1	444.1	1,994.2	1,319.2	345.1	1,664.3
Speciality Vinyls	369.4	93.7	463.1	340.2	74.2	414.4
Other Chemicals	511.8	355.5	867.3	471.1	302.8	773.9
Caustic soda and caustic potash	893.3	(893.3)	—	722.1	(722.1)	—
	3,324.6	**—**	**3,324.6**	**2,852.6**	**—**	**2,852.6**

The EBITDA before exceptional items attributable to each business segment is as follows:

	2017	2016
	€m	
EBITDA before exceptionals		
General Purpose Vinyls	374.5	212.9
Speciality Vinyls	137.3	111.6
Other Chemicals	156.1	131.1
	667.9	**455.6**

Reconciliation of earnings before operating exceptional items, interest, taxation, depreciation and amortisation ('EBITDA before exceptional items') to operating profit:

	2017	2016
	€m	
EBITDA before exceptional items	667.9	455.6
Depreciation and amortisation	(132.8)	(137.5)
Exceptional items within operating profit (note 6)	(36.7)	(35.9)
Operating profit	**498.4**	**282.2**

Geographical analysis—revenues

Geographical information by location of customers	2017	2016
	€m	
UK	459.5	427.0
Rest of Europe	2,326.2	1,921.9
Rest of World	538.9	503.7
Total	**3,324.6**	**2,852.6**

Geographical information by location by which the Group derives revenue	2017	2016
	€m	
UK	1,302.6	463.5
Rest of Europe	1,969.5	2,353.5
Rest of World	52.5	35.6
Total	**3,324.6**	**2,852.6**

In presenting information on the basis of geographic analysis of segments, segment revenue is based on the geographical location of customers and geographical locations from which the Group derives revenues.

A geographic analysis of segment assets are not presented as the necessary information is not available and the directors are of the opinion that the cost to develop it would be excessive.

3 Disposal of businesses

Prior to the formation of the INOVYN joint venture, both INEOS and Solvay agreed to sell certain 'remedy assets' to International Chemicals Investor Group ("ICIG") in order to address competition concerns raised by the European Commission. In 2017, the value of deferred consideration that had been recognised in 2015 relating to the divestment was adjusted downwards resulting in a €3.2 million loss on disposal. Deferred consideration of €1.0 million was received from ICIG in the year ended 31 December 2017 (2016: €nil). The remaining deferred income of €5.9 million at 31 December 2017 will be fully settled by August 2020.

In 2017, the Group received €1.3 million as final settlement of deferred consideration from 2M Group Limited, relating to the sale of the UK packed chlorine made by the legacy Kerling Business of INEOS in 2013 (2016: €1.7 million). The value of deferred consideration previously recognised as part of this transaction was revised downwards by €0.2 million in 2017 following the conclusion of negotiations with the buyer.

4 Formation of the joint venture and exit of Solvay

On 1 July 2015, INEOS Group Investments Limited and a subsidiary of Solvay S.A. combined their European chlor-vinyls activities in a joint venture headed by INOVYN Limited. INOVYN Limited acquired INOVYN Finance plc (formerly Kerling Limited) and certain of its subsidiaries from INEOS Group Investments Limited, and acquired several legal entities from the Solvay group in exchange for a cash payment of €150.0 million. The intention from the onset of the formation of INOVYN was that Solvay would exit the joint venture within three years, with Solvay receiving €335.0 million for the redemption of their B ordinary shares. The redeemable B ordinary shares issued to Solvay were categorised as a liability on the balance sheet on 1 July 2015 at a value of €335.0 million, discounted to €299.2 million.

The formation of a joint venture is not included within the scope of IFRS 3, "Business combinations" and IFRS 2, "Share based payments", and therefore an accounting policy choice was made to adopt predecessor accounting, with the assets and liabilities contributed by INEOS and Solvay being recorded at book value, subject to certain accounting policy alignments. On 1 July 2015, €375.2 million was debited to a merger reserve, being the difference between the book value of the net assets acquired and the total consideration paid.

On 24 March 2016, both shareholders entered into an agreement governing the exit of Solvay from the joint venture, pursuant to which INOVYN Limited agreed to redeem the entire issued B Ordinary shares held by shares held by Solvay at a redemption price of €335.0 million. Moreover, Solvay also agreed that in respect of its contribution into the joint venture, it would pay a 'Completion Accounts' working capital settlement value of €83.6 million to INOVYN Limited, to be received no later than 30 June 2017. This 'Completion accounts' settlement was €7.0 million higher than originally assumed in 2015, and therefore a €7.0 million credit to the share premium reserve was made in 2016. On 7 July 2016, following the consummation of the Solvay Exit, INEOS Group Investments Limited became INOVYN Limited's sole shareholder.

In May 2017, the Group received €83.6 million from Solvay, being the 'completion accounts' settlement in respect of their contribution into the joint venture on 1 July 2015.

5 Acquisitions

Acquisitions in the current year

On 6 April, 2017 the Group entered into a long term partnership with Storengy at Etrez and Attignat in France, in order to secure long term supplies of brine to its electrolysis plant in Tavaux, France. Under the agreement, both parties became 50% owners of GIE Cansel-Bresse, a French *Groupement d'Interet Economique* which is a provider of solution mining services and is the owner of all brine infrastructure assets at Etrez. Since both shareholders have the same rights and obligations in relation to the assets and liabilities, capital expenditure, financing costs and operating expenses, the Group has classified GIE Cansel-Bresse as a joint operation. The consideration paid was €1, and the fair value of net assets acquired was €3.2 million resulting in a purchase gain on acquisition of €3.2 million, which was credited to the consolidated income statement in the year ended 31 December 2017.

On 1 May 2017, the Group acquired 100% of the shares in Solvay Tavaux SAS (subsequently renamed as INOVYN Tavaux SAS) from Solvay. The company provides various environmental, waste management, engineering, inspection, and safety and security services to the INOVYN plants at the Tavaux site, in France. The consideration was €3.6 million, and the fair value of net assets acquired was €4.1 million resulting in a purchase gain on acquisition of €0.5 million, which was credited to the consolidated income statement in the year ended 31 December 2017. The acquired entity had cash of €0.8 million on the balance sheet at the date of acquisition. The consideration payable for the legal entity of €3.6 million has been deferred on the balance sheet pending the completion of working capital settlement negotiations with Solvay.

The acquisitions referred to above relate to companies which provide a service to the Group and have therefore not contributed any revenue to the Group since the date of acquisition. The profit generated by these acquisition since the data of acquisitions is negligible.

Acquisitions in the prior year

The Kerling Business, prior to the contribution of assets into the INOVYN group, acquired 100% of the issued share capital of Limburgse Vinyl Maatschappij NV, Societe Artesienne de Vinyle SAS, LVM Limburg BV and Tessenderlo Chemie Maastricht BV from Tessenderlo Group on 1 August 2011. In the year ended 31 December 2016 the final settlement of the remaining deferred consideration relating to this acquisition of €2.0 million was paid.

6 Exceptional items

	2017	2016
	€m	
Exceptional items included in cost of sales:		
Plant closure costs[1]	2.0	24.8
Employee benefits—settlements and past service credits[2]	—	(6.8)
Environmental provisions[3]	15.9	3.5
Cost reduction and synergy projects[4]	0.5	—
Pension scheme closure[6]	4.5	—
	22.9	**21.5**
Exceptional items included in distribution costs:		
Cost reduction and synergy projects[4]	**1.1**	**—**
Exceptional items included in administrative expenses:		
Cost reduction and synergy projects[4]	3.0	10.3
Professional fees associated with formation of joint venture[5]	—	4.1
Pension scheme closure[6]	1.1	—
Other[7]	8.6	—
	12.7	**14.4**
Exceptional items excluding finance costs	**36.7**	**35.9**
Exceptional finance costs:		
Charge on early settlement of debt[8]	**9.3**	**—**
Total exceptional expenses	**46.0**	**35.9**

Exceptional cost of sales, distribution and administrative expenses:

(1) In December 2016, the Group announced the closure of the last remaining mercury cell room at the Runcorn site in the United Kingdom. The closure was in response to the EU requirements mandating the closure of all mercury-based cell rooms by 11 December 2017. A cash provision of €16.9 million was recognised to cover costs associated with the closure such as decommissioning and decontamination, disposal of elemental mercury, and manpower headcount reductions. Non-cash charges of €2.5 million relating to the write-off of engineering spares were also made. In 2017, further provisions of €2.2 million relating to manpower headcount reduction were recognised for cell room employees who have not been redeployed to other parts of the business. In addition, €0.3 million was recovered from the sale of plant assets previously written down to nil value.

In October 2015, the Group announced the closure of its SPVC production facilities at Schkopau in Germany, due to the cessation of its VCM supply contract with The Dow Chemical Company, and provisions relating to manpower reductions, onerous leases, fixed asset and stock write-downs, dismantling, decommissioning and demolition costs were created. In 2016, the provision was increased by a further €3.4 million owing to delays in the closure project. In 2017, following a re-estimation of final project costs, the provision was reduced by €0.6 million.

In December 2015, the Group announced the closure of the chloromethanes asset at Runcorn in the United Kingdom with production being focused on INOVYN's other chloromethanes assets at Tavaux, France and Rosignano, Italy. Provisions were recognised in 2015 for manpower reductions, utility reconfigurations at Runcorn site, fixed asset and stock write-downs, and decontamination and decommissioning costs. In 2016, further non-cash exceptional charges of €1.1 million were made, mostly in relation to stock write-offs. In 2017, €0.3 million was recovered from the sale of stocks previously written down.

In 2013 the decision was made to close the cell room in Wilhelmshaven, Germany. In 2016, further closure costs totalling €0.9 million were recognised relating to this asset.

In 2017, following the cessation of production at the cell room at Martorell, Spain, €1.0 million was expensed for the write down of raw material stocks and spare parts, which were specific to this asset.

(2) On 1 January 2016, a new defined contribution pension plan was established in Norway to provide future service accrual for all new starters and active employees over the age of 52 years. The past service benefits accrued for these employees under a defined benefit plan were insured via individual paid up policies resulting in full settlement of the Group's liabilities. Furthermore, on the same date, the Group decided to insure all Norwegian pensioners via individual paid up policies, resulting in full settlement of the Group's liabilities in respect of these promises. These changes resulted in a decrease in the Norwegian defined benefit plan assets and liabilities, and a net settlement gain of €6.8 million was recognised in exceptional items as a non-cash item.

(3) Following the announcement of a redundant assets demolition and dismantling programme at the Tavaux site in France in 2017, exceptional provisions totalling €7.5 million have been created. These costs exclude demolition work associated with legacy mercury cell rooms at the Tavaux site, as provisions had already been created in previous years. A provision of €8.4 million was also made for the cost of implementing the *Plan de prevention des risques technologiques* (PPRT) at the Feyzin site as required under French legislation. Following a re-assessment of all environmental obligations at our sites, provisions were increased by a net amount of €3.5 million in 2016. The majority of the increase was attributed to the mercury cell rooms at Zandvliet, Belgium (which closed in October 2016) and Martorell, Spain (which closed in December 2017). At both sites, provisions were increased following a re-estimation of the quantity and costs of elemental mercury and contaminated waste that would need to be handled during the decommissioning of the plants.

(4) The creation of INOVYN has provided various opportunities to streamline our variable costs and reduce our fixed costs by leveraging best practices from both of our constituent businesses and taking advantage of the benefits of scale. As part of this process, implementation charges totalling €2.2 million have been incurred in the year (2016: €10.3 million). These charges consisted of headcount reduction provisions, external consultancy fees, and the cost of insourcing certain central services such as payroll administration, data management, reporting support and IT infrastructure which had previously been supplied by Solvay via transitional service agreements. In 2017, advisory fees and registration taxes in France totalling €2.4 million were also incurred as a result of changes made to the Group's trading model (refer to the Strategic report), which were implemented on 1 October 2017 in order to be compliant with the OECD's Base Erosion and Profit Shifting (BEPS) rules.

(5) Cash costs of €4.1 million were incurred in 2016 on professional fees related to the exit of Solvay from the joint venture, German real estate transfer tax, and other costs associated with the formation of the INOVYN joint venture.

(6) In 2017 the Group, following consultation with employees, announced that all remaining open UK defined benefit pension schemes would be closing to future accrual. All employees exiting from the defined benefit schemes into a defined contribution scheme will be entitled to receive transition payments totalling €3.6 million, payable in two instalments in April 2018 and 2019. Legal and pension advisory fees associated with this pension scheme change project of €2.0 million were incurred in 2017.

(7) Other exceptional charges of €8.6 million relates to various miscellaneous legal claims and commercial disputes. **Exceptional finance costs:**

(8) In May 2017, the Group completed a refinancing transaction whereby €60.0 million of its €300.0 million 6.250% Senior Secured Notes were redeemed. An early redemption premium equal of €1.8 million, representing 3% of the principal amount of the Notes redeemed was paid. In November 2017, a further redemption premium of €7.5 million was paid following the completion of a refinancing transaction in which all outstanding €240.0 million of 6.250% Senior Secured Notes were redeemed at a price of 103.125%.

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

7 Operating profit

Included in operating profit are the following:

	2017	2016
	€m	
Research and development costs expensed as incurred	10.4	8.6
Amortisation of intangible assets	0.9	1.2
Amortisation of government grants	(5.1)	(5.4)
Depreciation of property, plant and equipment		
Owned assets—within cost of sales, distribution costs and administrative expenses	130.6	133.6
Finance leased assets	1.3	2.7
	131.9	**136.3**

	2017	2016
	€m	
Operating lease rental charges		
Plant, machinery and equipment	8.8	9.6
Other	3.9	2.6

	2017	2016
	€m	
Auditors' remuneration		
Audit of these financial statements	0.1	0.1
Amounts receivable by auditors and their associates in respect of the audit of financial statements of subsidiaries pursuant to legislation	1.1	0.9
Services relating to tax compliance	0.4	0.1
All other services	—	0.2
	1.6	**1.3**

The audit fee above includes the audit fee of €5,194 (2016: €5,273) for the parent Company.

Included within debt issue costs capitalised on the balance sheet during the year are fees of €nil (2016: €0.8 million) payable to auditors for providing services relating to the refinancing of the Group.

Included within exceptional costs are fees of €0.4 million (2016: €1.4 million) payable to auditors for services relating to cost reduction and synergy projects.

8 Staff numbers and costs

The monthly average number of persons employed by the Group during the year, including directors, analysed by activity, was as follows:

	2017	2016
	Number	
Research and development	78	65
Administration	554	567
Production, engineering and distribution	3,269	3,290
	3,901	**3,922**

The aggregate payroll costs of these persons were as follows:

	2017	2016
	€m	
Wages and salaries	281.4	262.7
Social security costs	69.1	68.3
Contributions to defined contribution plans	8.0	6.5
Items related to defined benefit plans:		
Current service cost	13.3	12.7
Gain on settlement of past service liabilities	(0.6)	(6.8)
	371.2	**343.4**

As part of a project working on synergy opportunities and cost savings, provisions for severance payments amounting to €3.9 million (2016: €8.0 million) were charged to exceptional items in the year.

9 Directors' remuneration

	2017	2016
	€m	
Salaries and other short term benefits	5.6	2.4
Company contributions to money purchase schemes	0.3	0.2
	5.9	**2.6**

Highest paid director

	2017	2016
	€m	
Aggregate emoluments	**2.0**	**1.0**

Four directors have benefits accruing under defined benefit schemes (2016: four). Two directors have benefits accruing under defined contribution schemes (2016: two). In respect of the highest paid director, there is €0.1 million (2016: €0.1 million) of accrued pension at the end of the year.

10 Finance income and costs

	2017	2016
	€m	
Finance income		
Interest receivable from associated undertakings	3.2	3.5

Net fair value gain on derivatives	—	3.0
Unwind of discount on long term debtors	1.9	9.5
Net change of rate and unwind of discount on long term provisions	0.6	—
Exchange movements	7.6	—
Other interest income	0.9	—
Total finance income	**14.2**	**16.0**
Finance costs		
Interest payable on Senior Secured Notes	14.5	45.4
Interest payable on Senior Secured Term Loans	30.9	27.0
Interest payable on bank loans and overdrafts	0.1	0.3
Interest payable on securitisation facility	2.5	3.1
Interest payable to related parties	1.6	1.9
Amortisation of issue costs	13.2	10.1
Interest payable on finance leases	0.6	0.9
Net fair value loss on derivatives	3.8	—
Net change of rate and unwind of discount on long term provisions	—	3.3
Unwind of discount on B ordinary shares	—	23.6
Exchange movements	—	21.7
Interest expense on pension schemes	12.4	11.5
Other interest expense	1.3	2.2
Total finance costs before exceptional items	80.9	151.0
Exceptional finance cost (see note 6)	9.3	—
Total finance costs	**90.2**	**151.0**
Net finance costs	**76.0**	**135.0**

Net gains and losses on financial instruments are included in note 26.

11 Taxation

Recognised in the income statement

	2017	2016
	€m	
Current tax expense	119.0	78.0
Adjustments in respect of prior years	25.9	(3.6)
Current tax expense	**144.9**	**74.4**
Origination and reversal of temporary differences	(11.7)	(8.7)
Change in tax rates applied to temporary differences	(1.9)	(0.5)
Adjustments in respect of prior years	(1.3)	2.8
Employee benefits	3.1	5.5
Deferred tax credit	**(11.8)**	**(0.9)**
Total tax charge	**133.1**	**73.5**

The majority of the current year tax adjustments in respect of prior years' relates to a reassessment notice received from the Norwegian tax authority who are of the opinion that the interest received on intercompany balances in financial years' 2012 to 2016 was not on an arm's length basis. The Directors intend to appeal this notice but have provided for the notice amount on the grounds of prudence.

Taxation recognised in other comprehensive income/(expense)

	2017			2016		
	Gross	Tax	Net	Gross	Tax	Net
				€m		
Cash flow hedges	—	—	—	0.9	—	0.9
Re-measurement of post-employment benefit obligations net of taxes	212.3	(0.4)	211.9	(180.0)	(2.7)	(182.7)
Foreign exchange translation differences of subsidiaries	(15.7)	—	(15.7)	28.0	—	28.0
	196.6	**(0.4)**	**196.2**	**(151.1)**	**(2.7)**	**(153.8)**

Factors affecting the tax charge for the year

	2017	2016
	€m	
Profit before taxation	436.5	147.4
Tax using the UK corporation tax rate of 19.25% (2016: 20.0%)	84.0	29.5
Effect of tax rates in foreign jurisdictions	48.9	31.0
Non-deductible expenses	2.1	4.9
Change in tax rate applied to temporary differences	(1.9)	(0.5)
Recognition of previously unprovided deferred tax assets	(23.6)	(19.4)
Current year losses not recognised	1.4	28.5
Adjustments in respect of prior years	24.6	(0.8)
Associated undertakings results reported net of tax	(2.4)	0.3
Total tax charge from continued operations	**133.1**	**73.5**

The Finance Bill 2015 was substantively enacted on 26 October 2015 and included legislation to reduce the main rate of corporation tax from 20% to 19% from 1 April 2017, and further reduce to 18% from 1 April 2020. Subsequent to this, the Finance Bill 2016 was substantively enacted on 6 September 2016 and included legislation to further reduce the main rate of corporation tax from 18% to 17% from 1 April 2020. The deferred tax assets in the relevant UK companies at 31 December 2016 and 2017 have therefore been measured using a tax rate of 17%.

12 Property, plant and equipment

	Land and buildings	Plant and equipment	Assets under construction	Total
		€m		
Cost				
At 1 January 2016	450.8	3,355.9	100.5	3,907.2
Additions	4.7	51.3	102.0	158.0
Reclassification	13.8	101.0	(114.8)	—
Disposals	—	(6.3)	—	(6.3)
Exchange adjustments	2.5	(49.6)	(3.0)	(50.1)
At 31 December 2016	**471.8**	**3,452.3**	**84.7**	**4,008.8**
Acquisitions	1.6	6.1	—	7.7
Additions	18.4	74.9	73.2	166.5
Reclassification	4.7	25.2	(29.9)	—
Disposals	—	(0.9)	—	(0.9)
Exchange adjustments	(1.6)	(19.8)	(2.2)	(23.6)
At 31 December 2017	**494.9**	**3,537.8**	**125.8**	**4,158.5**
Depreciation				
At 1 January 2016	305.6	2,524.2	—	2,829.8
Depreciation charge for the year	8.7	127.6	—	136.3
Disposals	—	(6.3)	—	(6.3)
Effects of movements in foreign exchange	0.8	(33.9)	—	(33.1)
At 31 December 2016	**315.1**	**2,611.6**	**—**	**2,926.7**
Depreciation charge for the year	9.2	122.7	—	131.9
Disposals	—	(0.3)	—	(0.3)
Effects of movements in foreign exchange	(0.1)	(3.0)	—	(3.1)
At 31 December 2017	**324.2**	**2,731.0**	**—**	**3,055.2**
Net book value				
At 31 December 2015	145.2	831.7	100.5	1,077.4
At 31 December 2016	156.7	840.7	84.7	1,082.1
At 31 December 2017	**170.7**	**806.8**	**125.8**	**1,103.3**

Leased plant and machinery

At 31 December 2017 the net carrying amount of leased plant and equipment was €5.4 million (2016: €5.5 million).

Property, plant and equipment under construction

No borrowing costs were capitalised during the year (2016: €nil).

13 Intangible assets

	Development costs	Regulatory licences	Software	Other	Total
		€m			
Cost					
At 1 January 2016	—	5.0	10.1	2.7	17.8
Disposals	—	—	(0.5)	—	(0.5)
Exchange	—	—	(0.1)	—	(0.1)
At 31 December 2016	**—**	**5.0**	**9.5**	**2.7**	**17.2**
Additions	2.6	0.1	—	—	2.7
Exchange	—	—	0.1	—	0.1
At 31 December 2017	**2.6**	**5.1**	**9.6**	**2.7**	**20.0**
Accumulated amortisation and impairment					
At 1 January 2016	—	4.3	8.4	—	12.7
Disposals	—	—	(0.5)	—	(0.5)
Amortisation for the year	—	0.1	1.1	—	1.2
At 31 December 2016	**—**	**4.4**	**9.0**	**—**	**13.4**
Amortisation for the year	0.6	0.1	0.2	—	0.9
At 31 December 2017	**0.6**	**4.5**	**9.2**	**—**	**14.3**
Net book value					
At 31 December 2015	—	0.7	1.7	2.7	5.1
At 31 December 2016	—	0.6	0.5	2.7	3.8
At 31 December 2017	**2.0**	**0.6**	**0.4**	**2.7**	**5.7**

The other category relates to costs associated with obtaining access to pipelines owned by third parties.

Amortisation

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

14 Investments

As at 31 December 2017, the Group has the following investments in subsidiaries:

Company	Country of incorporation	Principal activity	Class of shares held	Ownership 2017	Ownership 2016	Registered office reference
INOVYN Holdings Limited*#	UK	Holding company	Ordinary	100%	100%	(A)
INOVYN Finance plc	UK	Holding company	Ordinary	100%	100%	(A)
INOVYN Group Treasury Limited*	UK	Holding company	Ordinary	100%	100%	(A)
INOVYN Europe Limited*	UK	Holding company	Ordinary	100%	100%	(A)
INOVYN Intermediate Holdings Norge AS*	Norway	Holding company	Ordinary	100%	100%	(B)
INOVYN Norge Holdings AS*	Norway	Holding company	Ordinary	100%	100%	(B)
INOVYN Norge AS*	Norway	Manufacture of chemicals and PVC	Ordinary	100%	100%	(B)
INOVYN Sverige AB*	Sweden	Manufacture of chemicals and PVC	Ordinary	100%	100%	(C)
INEOS ChlorVinyls Holdings BV	Netherlands	Holding company	Ordinary	100%	100%	(D)
INOVYN Newton Aycliffe Limited	UK	Non-trading	Ordinary	100%	100%	(A)
Hypol Pension Trustees Limited	UK	Pension trustee	Ordinary	100%	100%	(E)
INOVYN Services Limited	UK	Service company	Ordinary	100%	100%	(A)
INOVYN Enterprises Limited*	UK	Extraction and supply of brine and water	Ordinary	100%	100%	(A)
INOVYN ChlorVinyls Holdings Limited*	UK	Holding company	Ordinary	100%	100%	(A)
INOVYN Newco 2 Limited*	UK	Holding company	Ordinary	100%	100%	(A)
INOVYN ChlorVinyls Limited*	UK	Manufacture of chemicals and PVC	Ordinary	100%	100%	(A)
INEOS Chlor Atlantik GmbH	Germany	Non-trading	Ordinary	100%	100%	(F)
INOVYN Americas Inc	USA	Purchase and resale of chemicals	Ordinary	100%	100%	(G)
INEOS Chlor Quimica SA[2]	Spain	Purchase and resale of chemicals	Ordinary	100%	100%	(H)
INOVYN Sales International Limited	UK	Non-trading	Ordinary	100%	100%	(A)
INEOS Chlor Trustees Limited	UK	Pension trustee	Ordinary	100%	100%	(A)
INEOS Vinyls UK Ltd	UK	Non-trading	Ordinary	100%	100%	(A)
INEOS Vinyls GmbH & Co KG	Germany	Holding company	Ordinary	100%	100%	(F)
INOVYN Schkopau GmbH	Germany	Non trading	Ordinary	100%	100%	(F)
INOVYN Sales GmbH	Germany	Non trading	Ordinary	100%	100%	(F)
EVC Pension Trustees Limited	UK	Pension trustee	Ordinary	100%	100%	(A)
INOVYN Energy Limited	UK	Holding company	Ordinary	100%	100%	(A)
Kerling Newco 1 Limited*	UK	Holding company	Ordinary	100%	100%	(A)
Kerling Newco 2 Limited*	UK	Holding company	Ordinary	100%	100%	(A)
INOVYN Deutschland GmbH*	Germany	Manufacture of chemicals and PVC	Ordinary	100%	100%	(F)
INOVYN Espana S.L.	Spain	Manufacture of chemicals and PVC	Ordinary	100%	100%	(I)
INOVYN Osterreich GmbH	Austria	Sales office	Ordinary	100%	100%	(J)
INOVYN Electrolysis Services SA[3]	Belgium	Anode re-coating	Ordinary	—	100%	(K)
INOVYN Belgium SA*.	Belgium	Manufacture of chemicals	Ordinary	100%	100%	(K)
INOVYN PVC France SAS*	France	Manufacture of chemicals and PVC	Ordinary	100%	100%	(L)
INOVYN Olefines France SAS*.	France	Operation of ethylene cracker	Ordinary	100%	100%	(L)
INOVYN Portugal Lda	Portugal	Sales office	Ordinary	100%	100%	(M)
INOVYN Trade Services SA*	Belgium	Purchase and resale of chemicals	Ordinary	100%	100%	(K)

INOVYN Manufacturing Belgium SA*	Belgium	Manufacture of chemicals and PVC	Ordinary	100%	100%	(K)
INOVYN France SAS*	France	Manufacture of chlorine products	Ordinary	100%	100%	(L)
INOVYN Italia S.p.A.	Italy	Commercial services	Ordinary	100%	100%	(N)
INOVYN Produzione Italia S.p.A*	Italy	Manufacture of chemicals	Ordinary	100%	100%	(O)
INOVYN Quimica Espana S.L.	Spain	Waste treatment	Ordinary	100%	100%	(I)
INOVYN Tavaux SAS	France	Site services	Ordinary	100%	—	(L)
Vinyloop Ferrara S.p.A.(1)	Italy	PVC Recycling	Ordinary	60%	60%	(N)
INEOS Norway Finance Ireland Limited	Ireland	Securitisation vehicle	Ordinary	n/a	n/a	(P)

* In addition to INOVYN Finance plc a guarantor of the Senior Secured Term Loans.

\# Shares held directly by INOVYN Limited. All other subsidiaries listed are held indirectly.

(1) Vinyloop Ferrara S.p.A is consolidated as a subsidiary because the Group, through a majority of voting rights exhibits powers over the financial and operating policies of the entity. A 40% non-controlling interest is recognised.

(2) INEOS Chlor Quimica SA is in the process of being liquidated.

(3) INOVYN Electrolysis services SA was merged into INOVYN Manufacturing Belgium SA effective 1 January 2017

Details of the Group's other investments are as follows:

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)	(A)
TTE Training Limited	UK	Training company	Limited by guarantee/ 50%	(Q)
Joint operations:				
Runcorn MCP Limited	UK	Cell room operator	Ordinary/ 50%(2)	(A)
GIE Cansel-Bresse	France	Brine solution mining services	Ordinary/ 50%(3)	(Y)
Other investments:				
IndustriEI AS	Norway	Energy consultancy	Ordinary/ 12.5%	(R)
BasEI I Sverige AB	Sweden	Energy consultancy	Ordinary/ 5%	(S)
Consorzio Solvay Energia	Italy	Gas procurement and distribution	Ordinary/ 30.186%	(O)
Sociedad Española de Materiales Plasticos SEMAP S.A	Spain	Plastic waste management	Ordinary/8%	(T)
Societe Intercommunale D'Amenagement et d'Equipement Economique	Belgium	Economic development of province of Namur	Ordinary/0.17%	(U)
BKV GmbH	Germany	Plastic recycling association	Ordinary/2.0%	(V)
VSR GmbH	Germany	Fire protection of Rheinberg site	Ordinary/30.0%	(W)
API PVC—u. Umweltberatung GesmbH	Austria	PVC technology solutions	Ordinary/36.0%	(X)

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

(2) The Group has a 50% interest in Runcorn MCP Limited, a joint venture company which provides a toll manufacturing service for the production of chlorine and caustic soda to its shareholders. The holder of the remaining 50% interest is VYNOVA Runcorn Limited. It is classified as a joint operation with the Group recognising its direct right to the jointly held assets, liabilities, revenues and expenses.

(3) The Group has a 50% share in GIE Cansel-Bresse, a French *Groupement d'Interet Economique* which owns brine infrastructure assets at Etrez, France, and provides solution mining services. The holder of the remaining 50% is Storengy.

None of the above other investments are held directly by INOVYN Limited.

Investments in associated undertakings and other investments

	Associated undertakings	Other investments	Total

	€m		
At 1 January 2017	1.0	0.3	1.3
Share of profits retained	12.6	—	12.6
Exchange	0.2	—	0.2
At 31 December 2017	**13.8**	**0.3**	**14.1**

Set out below is the summarised financial information of INEOS Runcorn (TPS) Holdings Limited and its subsidiaries, a material associated undertaking as at 31 December 2016 and 2017:

Summarised balance sheet

	2017	2016
	Runcorn TPS	
	€m	
Current assets	8.8	12.9
Non-current assets	33.6	81.8
Current liabilities	(7.1)	(8.0)
Non-current liabilities	(22.5)	(86.7)
Net assets	**12.8**	—

Summarised income statement

	2017	2016
	Runcorn TPS	
	€m	
Income	35.2	7.9
Expenses	(22.4)	(7.9)
Net result	**12.8**	—

As part of a wider PFI project, INEOS Runcorn (TPS) Limited (100% direct subsidiary of INEOS Runcorn (TPS) Holdings Limited) is the operator of a 'Design, Build, Finance and Operate' contract with the Greater Manchester Waste Development Authority (GMWDA). Following a change in contractual terms in 2017, INEOS Runcorn (TPS) Limited recognised a gain on early repayment from GMWDA of part of the financial asset recognised at the inception of the contract.

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

Reference	Registered office address
(A)	Runcorn Site HQ, South Parade, PO Box 9, Runcorn, Cheshire, WA7 4JE, United Kingdom
(B)	Rafnes Industriomrade, 3966 Stathelle, Norway
(C)	444-83 Stenungsund, Sweden
(D)	Ankerkade 111, 6222 NV Maastricht, Netherlands
(E)	School Aycliffe Lane, Newton Aycliffe, County Durham, DL5 6EA, United Kingdom
(F)	Ludwigstrasse 12, 47495 Rheinberg, Germany
(G)	2036 Foulk Rd, Suite 204, Wilmington, Delaware 19801, USA
(H)	Gran Via 680 7o 4a, E-08010 Barcelona, Spain
(I)	Calle Marie Curie 1-3-5, 08760 Martorell, Barcelona, Spain
(J)	Staettermayergasse 28-30, 1150 Wien, Austria
(K)	Avenue des Olympiades 20, 1140 Brussels, Belgium
(L)	2 avenue de la République, 39500 Tavaux, France
(M)	Rua do Centro Cultural nº 5-R/C, sala 8, 1700-106 Lisboa, Portugal
(N)	Via Marconi 73, 44122 Ferrara (FE), Italy
(O)	Rosignano Marittimo (LI), Via Piave 6 CAP 57016, Italy
(P)	Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland
(Q)	New Horizons House, New Bridge Road, Ellesmere Port, Cheshire, CH65 4LT
(R)	Postboks 1367-Vika, 0114 Oslo, Norway
(S)	Klarabergsviadukten 90, 111 64 Stockholm, Sweden
(T)	Calle Principe de Vergara 204 -Primero C-28002 Madrid, Spain
(U)	Rue de la Religion, 10, 1400 Nivelles, Belgium
(V)	Mainzer Landstraße 55, 60329 Frankfurt am Main, Germany

(W) Xantener Str. 237, 47495 Rheinberg, Germany
(X) Paniglgasse 24/I/19a, A-1040 Wien, Austria
(Y) 12 rue Raoul Nordling CS 70001, 92270 Bois Colombes, France

15 Other current financial assets

	2017	2016
	€m	
Current		
Derivative commodity contracts designated as fair value through profit and loss	**1.3**	**3.0**

16 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	2017	2016	2017	2016
	Assets		Liabilities	
	€m			
Property, plant and equipment	49.8	78.8	(61.7)	(68.5)
Inventories	(0.1)	(0.2)	—	(0.4)
Provisions	6.5	7.0	(0.4)	(0.1)
Tax value of loss carry-forwards	53.3	19.8	—	1.6
Employee benefits	36.0	35.6	(3.8)	—
Other	2.3	1.3	—	(4.9)
Net tax assets/(liabilities)	**147.8**	**142.3**	**(65.9)**	**(72.3)**

Movement in deferred tax during the year

	2017					
	1 January	Recognised in income statement	Acquisitions	Recognised in equity—translation exchange	Recognised in equity—actuarial	31 December
					€m	
Property, plant and equipment	10.3	(22.6)	—	0.4	—	(11.9)
Inventories	(0.6)	0.5	—	—	—	(0.1)
Provisions	6.9	(0.8)	—	—	—	6.1
Tax value of loss carry-forwards	21.4	31.9	—	—	—	53.3
Employee benefits	35.6	(3.1)	0.5	(0.4)	(0.4)	32.2
Other	(3.6)	5.9	—	—	—	2.3
	70.0	**11.8**	**0.5**	**—**	**(0.4)**	**81.9**

	2016				
	1 January	Recognised in income statement	Recognised in equity—translation exchange	Recognised in equity—actuarial	31 December
			€m		
Property, plant and equipment	(35.0)	45.4	(0.1)	—	10.3
Inventories	(0.2)	(0.4)	—	—	(0.6)
Interest bearing loans and borrowings	1.7	(1.8)	0.1	—	—
Provisions	14.4	(7.6)	0.1	—	6.9
Tax value of loss carry-forwards	48.7	(27.3)	—	—	21.4
Employee benefits	43.6	(5.5)	0.2	(2.7)	35.6
Other	(1.9)	(1.9)	0.2	—	(3.6)
	71.3	**0.9**	**0.5**	**(2.7)**	**70.0**

Deferred tax assets are recognised to the extent that the realisation of the related tax benefit through future taxable profits is probable based on an assessment of expected future profits modelled against the gross tax losses available over a period of 5 years. The directors believe the deferred tax assets are recoverable.

17 Inventories

	2017	2016
	€m	
Raw materials and consumables	94.9	94.4
Work in progress	40.5	35.3
Finished goods	135.8	135.6
	271.2	**265.3**

Raw materials and consumables of €32.4 million (2016: €35.2 million) are expected to be recovered in more than 12 months.

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to €2,306.2 million (2016: €2,106.5 million). The write-down of inventories to net realisable value amounted to €nil (2016: €nil). The reversal of write-downs of inventories to net realisable value amounted to €nil (2016: €nil).

18 Trade and other receivables

	2017	2016
	€m	
Current		
Trade receivables	480.3	381.4
Amounts owed by related parties and associated undertakings	40.7	28.2
Deferred consideration receivable	2.4	2.8
Other receivables	151.2	175.2
Prepayments and accrued income	7.7	8.4
	682.3	**596.0**
Non-current		
Amounts owed by associated undertakings	14.0	13.0
Other receivables	6.3	5.4
Deferred consideration receivable	3.5	8.4
Prepayments and accrued income	2.2	2.4
	26.0	**29.2**

The ageing of trade and other receivables, excluding prepayments and accrued income, at the end of the reporting period was:

	2017					
	Trade receivables		Amounts due from related parties and associates		Other receivables	
	Gross	Impairment	Gross	Impairment	Gross	Impairment
	€m					
Not past due	389.9	—	54.7	—	162.6	(0.1)
Past due 0 - 30 days	67.0	—	—	—	0.2	—
Past due 31 - 90 days	18.3	—	—	—	—	(0.1)
More than 90 days	11.5	(6.4)	—	—	2.2	(1.4)
	486.7	**(6.4)**	**54.7**	**—**	**165.0**	**(1.6)**

18 Trade and other receivables

	2016					
	Trade receivables		Amounts due from related parties and associates		Other receivables	
	Gross	Impairment	Gross	Impairment	Gross	Impairment
	€m					
Not past due	322.6	—	41.0	—	184.6	(0.1)
Past due 0-30 days	43.7	—	0.1	—	1.3	—
Past due 31-90 days	5.7	—	0.1	—	5.1	—
More than 90 days	16.6	(7.2)	—	—	2.1	(1.2)
	388.6	**(7.2)**	**41.2**	**—**	**193.1**	**(1.3)**

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 26(c)). At 31 December 2016 and 2017 there were no significant trade, related party or other receivable balances classified as "not past due" that were subsequently impaired.

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

Trade receivable balances totalling €369.5 million (2016: €267.6 million) have been pledged as security against amounts drawn under the Securitisation facility, totalling €nil (2016: €117.0 million). In accordance with IAS 39 "Financial Instruments: Recognition and Measurement" 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:

	2017	2016
	€m	
Balance at 1 January	(7.2)	(7.4)
Impairment gain/(loss) recognised	0.4	(0.3)
Utilised	0.3	0.3
Exchange	0.1	0.2
Balance 31 December	**(6.4)**	**(7.2)**

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

19 Cash and cash equivalents

Cash and cash equivalents held by the Group are denominated in the following currencies:

	2017	2016
	€m	
Euro	79.9	40.1
UK Pound	12.7	6.1
US Dollar	10.3	6.8

Other currencies	18.7	15.1
Cash and cash equivalents	**121.6**	**68.1**

20 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 26(e).

	2017	2016
	€m	
Non-current liabilities		
6.250% Senior Secured Notes due 2021	—	300.0
Senior Secured Term Loan A due 2021	67.4	94.3
Senior Secured Term Loan B due 2024	820.5	625.8
Securitisation facility	—	117.0
Other loans	0.4	3.4
Finance lease liabilities	5.9	5.4
Gross borrowings	894.2	1,145.9
Less: unamortised finance costs	(29.4)	(36.5)
Net borrowings	**864.8**	**1,109.4**
Current liabilities		
Senior Secured Term Loan A due 2021	33.7	33.7
Senior Secured Term Loan B due 2021	8.3	7.9
Other loans	3.3	0.3
Current portion of finance lease liabilities	0.6	1.6
Net borrowings	**45.9**	**43.5**

	2017		
	Gross loans and borrowings	Issue costs	Net loans and borrowings
		€m	
Gross debt and issue costs			
Senior Secured Term Loan A due 2021	101.1	(7.5)	93.6
Senior Secured Term Loan B due 2024	828.8	(21.4)	807.4
Securitisation facility	—	(0.5)	(0.5)
Other loans	3.7	—	3.7
Finance lease liabilities	6.5	—	6.5
	940.1	**(29.4)**	**910.7**

	2016		
	Gross loans and borrowings	Issue costs	Net loans and borrowings
		€m	
Gross debt and issue costs			
6.250% Senior Secured Notes due 2021	300.0	(6.6)	293.4
Senior Secured Term Loan A due 2021	128.0	(8.8)	119.2
Senior Secured Term Loan B due 2024	633.7	(19.4)	614.3
Securitisation facility	117.0	(1.7)	115.3
Other loans	3.7	—	3.7
Finance lease liabilities	7.0	—	7.0
	1,189.4	**(36.5)**	**1,152.9**

Reconciliation of net cash flow to movement in net debt

	2017	2016
	€m	
Increase in cash and cash equivalents in the year	54.7	19.8

Cash outflow from change in debt financing	249.7	(335.2)
Change in net debt resulting from cash flow	304.4	(315.4)
Other net non-cash transactions	(1.6)	4.5
Movement in net debt in the year	**302.8**	**(310.9)**

	2017			
	1 January 2017	Cash flow	Other non-cash changes	31 December 2017
	€m			
Cash at bank and in hand	68.1	54.7	(1.2)	121.6
Debt due within one year	(41.9)	(3.4)	—	(45.3)
Debt due after more than one year	(1,140.5)	251.3	0.9	(888.3)
Finance leases	(7.0)	1.8	(1.3)	(6.5)
	(1,189.4)	249.7	(0.4)	(940.1)
Net debt	**(1,121.3)**	**304.4**	**(1.6)**	**(818.5)**

	2016			
	1 January 2016	Cash flow	Other non-cash changes	31 December 2016
	€m			
Cash at bank and in hand	48.8	19.8	(0.5)	68.1
Debt due within one year	(4.2)	(41.8)	4.1	(41.9)
Debt due after more than one year	(843.6)	(297.8)	0.9	(1,140.5)
Finance leases	(11.4)	4.4	—	(7.0)
	(859.2)	(335.2)	5.0	(1,189.4)
Net debt	**(810.4)**	**(315.4)**	**4.5**	**(1,121.3)**

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity
6.250% Senior Secured Notes due 2021	€	6.250%	Redeemed 2017
Senior Secured Term Loan A due 2021	€	EURIBOR (floor 0%) + 2.75%	2021
Senior Secured Term Loan B due 2024	€	EURIBOR (floor 0.75%) + 2.25%	2024
Securitisation facility	$/£/€	Variable	2018
Finance lease liabilities	€/£	8.00%-8.70%	2022-2031

Summary of 2016 and 2017 refinancing transactions

On 13 May 2016, the Group raised sufficient funds to enable it to pay the redemption price and accrued interest on its outstanding 10.625% Senior Secured Notes due 2017. These Senior Secured Notes due 2017 were subsequently redeemed on 25 May 2016 following the applicable notice period. The funds raised were in the form of a €240.0 million Senior Secured Term Loan A due 2021 ("Term Loan A"), a €535.0 million Senior Secured Term Loan B due 2021 ("Term Loan B"), and 6.250% Senior Secured Notes due 2021, in an aggregate principal amount of €300.0 million. The net proceeds of the Senior Secured Notes due 2021 and a portion of the proceeds of the Term Loan B were used by INOVYN Limited on 7 July 2016 to redeem the entire issued B Ordinary shares held by Solvay Chlorovinyls Holding S.a.r.l at a redemption price of €335.0 million.

On 10 November 2016, the Group agreed terms to reduce the margin payable on Term Loan A and Term Loan B, and to borrow an additional €100.0 million of Term Loan B which was then used to repay €100.0 million of Term Loan A.

On 10 May 2017, the Group completed a further refinancing transaction, whereby an additional €60.0 million of Term Loan B was borrowed, and used to redeem 20% of the outstanding 6.250% Senior Secured Notes in two increments of €30.0 million each on 11 May 2017 and 15 May 2017 at a redemption price of 103%. In addition, the interest rates

applicable to Term Loan B borrowings was decreased and the maturity extended to May 2024. The interest rate applicable to Term Loan A borrowings was also decreased.

On 15 November 2017, the Group borrowed an additional €140.0 million of Term Loan B. The net proceeds were used, together with €100.0 million of cash on balance sheet, to redeem the outstanding 6.250% Senior Secured Notes of €240.0 million at a redemption price equal to 103.125% of the principal amount. The interest rate applicable to Term Loan A and B was also decreased.

All of the above refinancing events have not been treated as an extinguishment of debt in the financial statements.

Further details of each debt instrument are provided below:

10.625% Senior Secured Notes

On 28 January 2010, INOVYN Finance plc (formerly Kerling Limited) issued Senior Secured Notes due 2017 in an aggregate principal amount of €785.0 million, bearing interest at 10.625% per annum.

On 25 May 2016, the 10.625% Senior Secured Notes were redeemed at the aggregate nominal principal amount of €785.0 million together with accrued interest to redemption.

6.250% Senior Secured Notes

On 13 May 2016 (the "Issue Date"), INOVYN Finance plc (the "Issuer") issued Senior Secured Notes due 2021 (the "Notes") in an aggregate principal amount of €300.0 million. The Notes were listed on the Luxembourg Stock Exchange and bore interest at 6.250% per annum, payable semi-annually in arrears on 15 May and 15 November of each year, beginning 15 November 2016. The Notes were repayable at their principal amount on 15 May 2021.

The Notes ranked pari passu in right of payment with the Senior Secured Term Loans, and were guaranteed by INOVYN Limited and certain of its subsidiaries on a senior secured basis.

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

On 11 May 2017, the Issuer redeemed €30.0 million of the Notes at a redemption price of 103%. A further €30.0 million was redeemed on 15 May 2017 at a redemption price of 103% resulting in outstanding borrowings of €240.0 million from this date.

On 15 November, 2017 the Issuer elected to redeem all outstanding €240.0 million of 6.250% Senior Secured Notes at a redemption price of 103.125%.

Senior Secured Term Loans

On 13 May 2016, INOVYN Finance plc entered into a Credit Agreement (the "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 the Credit Agreement INOVYN Finance plc fully drew down on 13 May 2016 the Initial Tranche A Term Commitment of €240.0 million and the Initial Tranche B Euro Term Commitment of €535.0 million in the form of Senior Secured Term Loans (the "Senior Secured Term Loans") as described below.

The obligations under the Senior Secured Term Loans are guaranteed by INOVYN Limited and certain of its subsidiaries on a senior secured basis.

The 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 Credit Agreement includes a leverage financial covenant requiring that the ratio of consolidated net debt to EBITDA over a 12 month period not to exceed 4:00 to 1:00 at the end of any fiscal quarter.

On 10 November 2016, the Group agreed terms to reduce the margin payable on Term Loan A and Term Loan B, and to borrow an additional €100.0 million of Term Loan B which was then used to repay €100.0 million of Term Loan A.

On 10 May 2017, the Group agreed terms to reduce the interest rates applicable to Term Loan A and Term Loan B borrowings, to borrow an additional €60.0 million of Term Loan B, and extended the maturity of Term Loan B borrowings from May 2021 to May 2024.

On 15 November 2017, the Group borrowed an additional €140.0 million of Term Loan B, with the net proceeds being used to partly fund the redemption of the Notes.

Interest rates and repayments—Term Loan A

The initial Term Loan A of €240.0 million bore interest at a rate of EURIBOR (with a floor of 0%) plus a margin of 4.50%, payable in arrears on the last day of each interest period, or every three months for interest periods greater than three months. The initial Term Loan A was repayable in twenty equal quarterly instalments of €12.0 million commencing on 30 September 2016 and finishing on 15 May 2021.

Following the repricing of the Term Loan A on 10 November 2016, the revised Term Loan A of €128.0 million bore interest at a rate of EURIBOR (with a floor of 0%) plus a margin of 4.00%, payable in arrears on the last day of each interest period, or every three months for interest periods greater than three months.

Following the repricing of the Term Loan A on 10 May, 2017, the new Term Loan A bore interest at a rate of EURIBOR (with a floor of 0%) plus a margin of 3.25%, payable in arrears on the last day of each interest period, or every three months for interest periods greater than three months.

Following the repricing of the Term Loan A on 15 November 2017, the new Term Loan A bears interest at a rate of EURIBOR (with a floor of 0%) plus a margin of 2.75%, payable in arrears on the last day of each interest period, or every three months for interest periods greater than three months. The revised Term Loan A is repayable in fifteen equal quarterly instalments of €6,736,842 commencing on 31 December 2017 and finishing on 15 May 2021.

Interest rates and repayments—Term Loan B

The initial Term Loan B of €535.0 million bore interest at a rate of EURIBOR (with a floor of 1.0%) plus a margin of 5.25%, payable in arrears on the last day of each interest period, or every three months for interest periods greater than three months. The initial Term Loan B was repayable in nineteen equal quarterly instalments of €1,337,500 commencing on September 30, 2016 and finishing on March 31, 2021 plus a final instalment of €509,587,500 on 15 May, 2021.

Following the repricing of the Term Loan B on 10 November 2016, the revised Term Loan B of €633.7 million bore interest at a rate of EURIBOR (with a floor of 1.0%) plus a margin of 3.50%, payable in arrears on the last day of each interest period, or every three months for interest periods greater than three months.

Following the repricing of the Term Loan B on 10 May 2017, the new Term Loan B of €690.4 million bore interest at a rate of EURIBOR (with a floor of 0.75%) plus a margin of 3.00%, payable in arrears on the last day of each interest period, or every three months for interest periods greater than three months.

Following the repricing of the Term Loan B on 15 November 2017, the new Term Loan B of €828.8 million bears interest at a rate of EURIBOR (with a floor of 0.75%) plus a margin of 2.25%, payable in arrears on the last day of each interest period, or every three months for interest periods greater than three months. The new Term Loan B is repayable in twenty-five equal quarterly instalments of €2,071,920 commencing on 31 March 2018 and finishing on 31 March 2024, plus a final instalment of €776,969,955 on 10 May 2024.

Prepayments

INOVYN Finance plc may make voluntary prepayments of all or part of the Terms Loan A and/or of the Term Loan B subject to certain conditions.

INOVYN Finance plc may be required to make mandatory prepayments of part of the Senior Secured Term Loans in any one year in an amount of up to 50% of Excess Cash Flow for the previous fiscal year ending on 31 December, if the consolidated net leverage ratio exceeds 2.50 : 1.00.

Securitisation facility

INOVYN Group Treasury Limited and certain of the other Group companies have entered into a trade receivables securitisation program (the "Securitisation Program") which matures on 1 July 2018. Barclays Bank PLC, ING Belgium N.V. and HSBC Bank PLC act as lenders, liquidity providers and program agents.

The maximum amount available under the Securitisation Program is €300.0 million, subject to a borrowing limit that is adjusted periodically based on the amount of eligible trade receivables at that time.

For drawn amounts, the facility bears interest at a rate equal to the cost to the lenders of issuing Commercial Paper plus a margin of 1.45% except that if any lending is funded other than by issuing Commercial Paper then the applicable interest rate is EURIBOR / LIBOR plus 1.45%. For undrawn amounts, the facility bears interest of 0.7%.

The facility is secured on certain of the Group's trade receivables.

The Group is negotiating an extension to the securitisation facility.

Other facilities

In October and November 2015, INOVYN Group Treasury Limited entered into on-demand letter of credit facilities with each of ING Bank N.V. and Barclays Bank PLC (each, an "Issuing Bank"), under which INOVYN Group Treasury Limited may request (on its own behalf or on behalf of other INOVYN subsidiaries) that the Issuing Banks issue letters of credit, guarantees, performance bonds and indemnities (or any other instrument in a form agreed by the Issuing Bank) with an aggregate base currency amount of up to €40.0 million; €30.0 million of which is available under the ING Bank N.V. facility and €10.0 million of which is available under the Barclays Bank PLC facility. At 31 December 2017, €14.7 million (2016: €1.1 million) of certain bank guarantees and letters of credit of the Group were provided for. Under the terms of each Letter of Credit Facility, INOVYN Group Treasury Limited will provide cash collateral of the value of outstanding letters of credit, bonds, guarantees and indemnities when provided. These facilities are uncommitted and there is no expiry date.

In addition, certain guarantees from banks and other financial institutions have been provided under non cash-backed arrangements with those institutions. The majority of these guarantees are to support energy purchasing arrangements and operating licences from regulatory bodies. As at 31 December 2017, these amounted to €27.5 million (2016: €32.1 million).

20 Interest-bearing loans and borrowings

Finance leases

Finance lease liabilities are payable as follows:

	2017		
	Principal	Interest	Minimum lease payments
		€m	
Less than one year	0.6	0.5	1.1
Between one and five years	3.0	1.6	4.6
More than five years	2.9	1.0	3.9
Total	**6.5**	**3.1**	**9.6**

	2016		
	Principal	Interest	Minimum lease payments
		€m	
Less than one year	1.6	0.6	2.2
Between one and five years	1.9	1.6	3.5
More than five years	3.5	1.3	4.8
Total	**7.0**	**3.5**	**10.5**

21 Trade and other payables

	2017	2016
	€m	
Current		
Trade payables	340.8	353.9
Amounts owed to related parties	94.4	40.1
Accruals	141.3	110.7
Deferred income	4.0	4.0
Other payables	102.9	61.7
	683.4	**570.4**
Non-current		
Accruals	8.8	7.7
Deferred income	37.7	39.7
Other payables	8.4	9.2
	54.9	**56.6**

22 Employee benefits

The Group operates a number of pension plans in Europe, devised in accordance with local conditions and practices. The plans are generally of the defined benefit type and are funded by payments to separately administered funds or insurance companies. The Group also operates a number of unfunded defined benefit pension schemes in the UK, Belgium, France, Germany, Italy, Norway and Spain.

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

- 5 April 2016—UK plans
- 31 December 2017—Norwegian plans
- 31 December 2017—Belgian plans
- 31 December 2017—French plans
- 31 December 2017—German plans
- 31 December 2016—Italian plans
- 31 December 2017—Spanish plans
- 31 December 2017—Austrian plans

Where the most recent full valuations were carried out prior to the balance sheet date, these have been updated to 31 December 2017 by independent qualified actuaries.

The Group's pension schemes have been disclosed on a geographical basis as those schemes in the UK and Other European countries (which includes Norway, Germany, Spain, Italy, Belgium and France).

The UK defined benefit pension plans are final salary in nature. The majority of the UK plans are either closed to new entrants or frozen to 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 Other European pension arrangements are primarily final salary in nature.

The major actuarial assumptions (expressed as weighted averages or ranges) used in these valuations were:

	UK		Other European	
	2017	2016	2017	2016
			%	
Price inflation	3.20	3.30	1.75	1.50-2.00
Discount rate for scheme liabilities	2.70	2.60	0.25-2.50	0.50-2.75
Rate of increase in pensionable salaries	n/a	3.30	1.75-4.25	1.75-4.50
Rate of increase in pensions in payment	3.00-3.80	3.00-3.80	−3.14-1.75	−2.90-2.00
Rate of increase for deferred pensioners	2.10	2.20	0.00-1.75	0.00-1.75
Healthcare medical trend rate (initial)	6.22	6.50	1.75	1.75-2.00
Healthcare medical trend rate (ultimate)	4.8	4.80	1.75	1.75

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 used in the valuation of the defined benefit pension liabilities of the Group's plans are summarised in the table below.

	UK		Other European	
	2017	2016	2017	2016
			(Years)	
Longevity at age 65 for current male pensioners	20.8-21.8	21.7-22.8	19.3-23.5	19.1-23.5

Expected long-term rate of return is as follows:

	UK		Other European	
	2017	2016	2017	2016
			%	
Equity	2.70	2.60	0.25-2.50	0.50-2.75
Bonds	2.70	2.60	0.25-2.50	0.50-2.75
Property	2.70	2.60	0.25-2.50	0.50-2.75

Other	2.70	2.60	0.25-2.50	0.50-2.75

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

	2017	
	UK	Other European
	€m	
Discount rate: 1% decrease	251.9	35.4
Rate of inflation: 0.5% increase[1]	88.4	11.0
Mortality: 1 year increase in longevity for a member currently aged 65	46.3	6.1

	2016	
	UK	Other European
	€m	
Discount rate: 1% decrease	354.8	37.9
Rate of inflation: 0.5% increase[1]	137.4	6.0
Mortality: 1 year increase in longevity for a member currently aged 65	45.8	6.3

(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.

The weighted average duration of plan liabilities at 31 December 2017 is as follows:

	UK	Other European
	(Years)	
Duration	16.5-28.3	3.6-26.1

Pension assets

The disclosures relating to the net pension assets are disclosed below:

The amounts recognised in the balance sheet are as follows:

	2017	2016
	UK	
	€m	
Equities	8.6	—
Bonds	164.4	—
Property	3.3	—
Other	46.5	—
Fair value of plan assets	**222.8**	**—**
Present value of funded obligations	(200.6)	—
Net pension asset	**22.2**	**—**

The actual return on plan assets was:

	2017	2016
	UK	
	€m	
Actual return on plan assets	11.2	47.6

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.

The amounts recognised in the income statement are as follows:

	2017	2016
	UK	
	€m	
Current service cost[1]	(0.9)	(1.1)
Expected return on plan assets[2]	5.8	7.5
Interest on obligation[2]	(5.8)	(7.2)
Total	**(0.9)**	**(0.8)**

(1) Included within operating profit

(2) Included within finance income and costs

The amounts recognised in the statement of other comprehensive income/(expense) are as follows:

	2017	2016
	UK	
	€m	
Actual return less expected return on pension scheme assets	5.4	40.1
Experience losses arising on scheme liabilities	(1.0)	(1.4)
Changes in assumptions	18.4	(46.4)
Actuarial gain/(loss) recognised	**22.8**	**(7.7)**

Reconciliation of present value of scheme liabilities:

	2017	2016
	UK	
	€m	
At 1 January	—	(214.0)
Current service cost	(0.9)	(1.1)
Interest cost	(5.8)	(7.2)
Benefits paid	10.8	9.5
Experience loss	(1.0)	(1.4)
Change in assumptions	18.4	(46.4)
Exchange adjustments	7.6	30.9
Reclassification (from)/to pension liabilities	(229.7)	229.7
At 31 December	**(200.6)**	**—**

Reconciliation of fair value of scheme assets:

	2017	2016
	UK	
	€m	
At 1 January	—	222.1
Expected return on scheme assets	5.8	7.5
Employer contributions	1.1	1.0
Benefits paid	(10.8)	(9.5)
Actuarial gain	5.4	40.1
Exchange adjustments	(7.8)	(32.1)
Reclassification from/(to) pension liabilities	229.1	(229.1)
At 31 December	**222.8**	**—**

Pension liabilities

The disclosures relating to the net pension liabilities are disclosed below:

The amounts recognised in the balance sheet are as follows:

2017	2016	2017	2016	2017	2016
UK		Other European		Total	
		€m			

Equities	297.9	477.1	28.7	26.7	326.6	503.8
Bonds	170.8	264.2	18.6	14.7	189.4	278.9
Property	5.5	23.5	1.4	3.5	6.9	27.0
Other	326.9	192.8	47.6	43.4	374.5	236.2
Fair value of plan assets	**801.1**	**957.6**	**96.3**	**88.3**	**897.4**	**1,045.9**
Present value of funded obligations	(941.7)	(1,320.5)	(164.9)	(163.4)	(1,106.6)	(1,483.9)
Present value of unfunded obligations	(1.3)	(1.4)	(105.4)	(107.3)	(106.7)	(108.7)
Net pension liability	**(141.9)**	**(364.3)**	**(174.0)**	**(182.4)**	**(315.9)**	**(546.7)**

The actual return on plan assets was:

	2017	2016	2017	2016	2017	2016
	UK		Other European		Total	
	€m					
Actual return on plan assets	82.1	154.3	7.4	(3.3)	89.5	151.0

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.

The amounts recognised in the income statement are as follows:

	2017	2016	2017	2016	2017	2016
	UK		Other European		Total	
	€m					
Current service cost[1]	(5.4)	(4.8)	(7.0)	(6.8)	(12.4)	(11.6)
Expected return on plan assets[2]	18.5	23.1	1.9	2.0	20.4	25.1
Interest on obligation[2]	(27.7)	(30.9)	(5.1)	(6.0)	(32.8)	(36.9)
Settlement of past service liabilities[3]	—	—	0.6	6.8	0.6	6.8
Total	**(14.6)**	**(12.6)**	**(9.6)**	**(4.0)**	**(24.2)**	**(16.6)**

(1) Included within operating profit

(2) Included within finance income and costs.

(3) The past service credit in 2017 is included within cost of sales. The past service credit in 2016 is included within exceptional cost of sales.

The amounts recognised in the statement of other comprehensive income/(expense) are as follows:

	2017	2016	2017	2016	2017	2016
	UK		Other European		Total	
	€m					
Actual return less expected return on pension scheme assets	63.6	131.2	5.5	(5.3)	69.1	125.9
Experience gains and (losses) arising on scheme liabilities	57.1	(0.1)	(5.4)	3.8	51.7	3.7
Changes in assumptions	67.0	(301.9)	1.7	—	68.7	(301.9)
Actuarial gain/(loss) recognised	**187.7**	**(170.8)**	**1.8**	**(1.5)**	**189.5**	**(172.3)**

Reconciliation of present value of scheme liabilities:

	2017	2016	2017	2016	2017	2016
	UK		Other European		Total	
	€m					
At 1 January	(1,321.9)	(908.2)	(270.7)	(306.8)	(1,592.6)	(1,215.0)
Acquisitions	—	—	(2.2)	—	(2.2)	—
Current service cost	(5.4)	(4.8)	(7.0)	(6.8)	(12.4)	(11.6)
Past service credit	—	—	0.6	—	0.6	—
Interest cost	(27.7)	(30.9)	(5.1)	(6.0)	(32.8)	(36.9)
Member contributions	(0.4)	(0.5)	—	—	(0.4)	(0.5)

Benefits paid	21.4	21.0	15.5	17.1	36.9	38.1
Experience gain/ (loss)	57.1	(0.1)	(5.4)	3.8	51.7	3.7
Change of assumptions	67.0	(301.9)	1.7	—	68.7	(301.9)
Settlements	—	—	—	32.4	—	32.4
Transfers in	—	—	(1.6)	—	(1.6)	—
Exchange adjustments	37.2	133.2	3.9	(4.4)	41.1	128.8
Reclassification to/(from) pension assets	229.7	(229.7)	—	—	229.7	(229.7)
At 31 December	**(943.0)**	**(1,321.9)**	**(270.3)**	**(270.7)**	**(1,213.3)**	**(1,592.6)**

Reconciliation of fair value of scheme assets:

	2017	2016	2017	2016	2017	2016
	UK		Other European		Total	
	€m					
At 1 January	957.6	672.6	88.3	110.3	1,045.9	782.9
Expected return on scheme assets	18.5	23.1	1.9	2.0	20.4	25.1
Employer contributions	37.3	20.4	17.3	20.6	54.6	41.0
Member contributions	0.4	0.5	—	—	0.4	0.5
Benefits paid	(21.4)	(21.0)	(15.5)	(17.1)	(36.9)	(38.1)
Actuarial gain/(loss)	63.6	131.2	5.5	(5.3)	69.1	125.9
Settlements	—	—	—	(25.6)	—	(25.6)
Transfers in	—	—	1.6	—	1.6	—
Exchange adjustments	(25.8)	(98.3)	(2.8)	3.4	(28.6)	(94.9)
Reclassification (to)/from pension assets	(229.1)	229.1	—	—	(229.1)	229.1
At 31 December	**801.1**	**957.6**	**96.3**	**88.3**	**897.4**	**1,045.9**

22 Employee benefits

Actuarial gains and losses before tax recognised directly in equity on the statement of comprehensive income since 1 July 2015, the joint venture formation date is:

	2017	2016
	€m	
At 1 January	(120.7)	59.3
Actuarial gain/(loss) recognised in the year	212.3	(180.0)
Cumulative amount at 31 December	**91.6**	**(120.7)**

Depending on prevailing exchange rates, the Group expects to contribute approximately €36.3 million to its defined pension plans in 2018.

23 Provisions

	Severance and restructuring	Environmental	Plant closures	Other provisions	Total
		€m			
At 1 January 2017	8.2	85.5	31.2	4.6	129.5
Credited to the consolidated income statement (non-exceptional)	—	—	—	(2.0)	(2.0)
Charged to the consolidated income statement (exceptional items)	0.4	15.9	1.6	8.6	26.5
Discount unwinding	—	(0.4)	(0.2)	—	(0.6)
Utilised in the year	(2.1)	(6.3)	(10.2)	(0.9)	(19.5)
Exchange adjustments	—	(0.3)	(0.6)	(0.1)	(1.0)
At 31 December 2017	**6.5**	**94.4**	**21.8**	**10.2**	**132.9**
Non-current	5.7	75.0	14.8	0.8	96.3
Current	2.5	10.5	16.4	3.8	33.2
At 31 December 2016	**8.2**	**85.5**	**31.2**	**4.6**	**129.5**
Non-current	3.5	82.1	6.8	0.5	92.9
Current	3.0	12.3	15.0	9.7	40.0
At 31 December 2017	**6.5**	**94.4**	**21.8**	**10.2**	**132.9**

Severance and restructuring

As part of an on-going project working on synergy opportunities and cost savings across the Group, further provisions of €0.4 million for severance payments were recognised in the year ended 31 December 2017, mostly associated with the reorganisation of supply chain and commercial teams. Cash of €2.1 million was spent in the year. The majority of the remaining provision of €6.5 million is expected to be fully utilised by 2025, with the majority of cash flows expected to occur in 2018 and 2019.

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 created in prior years relate to ground and water decontamination, elemental mercury disposal and decommissioning costs associated with the closure of mercury-based cell room technology in Stenungsund in Sweden, Zandvliet in Belgium, Jemeppe in Belgium, Tavazzano in Italy, Tavaux in France and Martorell in Spain. Further exceptional charges totalling €7.5 million were recognised in the year ended 31 December 2017 to meet the cost of the

dismantling and demolition of legacy redundant assets at Tavaux, France. A provision of €8.4 million was also made for the cost of implementing the *Plan de prevention des risques technologiques* (PPRT) at the Feyzin site in France, as required under French legislation. Cash of €6.3 million was spent in the year ended 31 December 2017. The remaining provisions as at 31 December 2017 of €94.4 million are expected to be fully utilised by 2045.

Plant closures

In October 2015, the Group announced the closure of its SPVC production facilities at Schkopau in Germany and provisions were made to cover costs associated with manpower reductions, onerous leases, dismantling, demolition and decommissioning costs. Cash outflows of €2.1 million were made against this provision in 2017, and €0.6 million was released following a re-assessment of final project costs. The value of the closing provision at 31 December 2017 was €2.0 million and this is expected to be fully utilised by the end of 2019.

In December 2015, the Group announced the closure of the chloromethanes asset at Runcorn in the United Kingdom, and provisions were made to cover redundancies, decontamination and decommissioning costs and utility reconfiguration costs at the Runcorn site. Cash outflows of €4.3 million were made against this provision in 2017. The remaining provision of €2.5 million is expected to be fully utilised by 2021.

In December 2016, the Group announced the closure of the last remaining mercury electrolysis plant at Runcorn and a provision was created to cover costs such as decommissioning and decontamination, disposal of elemental mercury, and manpower headcount reductions. Cash outflows of €3.1 million were made against this provision in 2017 and a further €2.2 million was provided in respect of headcount reduction costs. The remaining provision of €14.7 million is expected to be fully utilised by 2021.

Other plant closure provisions mainly relate to the 2013 closure of the PVC plant at Runcorn, UK and the mercury cell room at Wilhelmshaven, Germany. Cash of €0.7 million was spent during the year. The remaining provision of €2.6 million is expected to be fully utilised by 2019.

Other provisions

Other provisions mainly relate to litigation claims. In the year ended 31 December 2017, cash of €0.9 million was spent, provisions of net €2.0 million were released and further provisions of €8.6 million in total were created to cover various miscellaneous legal claims and commercial disputes. The majority of the remaining provisions of €10.2 million as at 31 December 2017 are expected to be fully utilised by 2020.

24 Other financial liabilities

	2017	2016
	€m	
Current		
Derivative commodity contracts designated as fair value through the income statement	**2.1**	—

25 Capital and reserves

Share capital

	As at 31 December 2017	As at 31 December 2016
	€	
10,001,001 (2016: 10,000,001) authorised and issued A Ordinary shares of £0.00001 each	117	117

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

On 7 July 2016, INOVYN Limited issued 1,000 A Ordinary shares with a nominal value of £0.00001 to INEOS Group Investments Limited, and issued 1,000 B Ordinary shares with a value of £0.00001 to Solvay Chlorovinyls Holding S.a.r.l. On the same date INOVYN Limited redeemed its B Ordinary shares on the exit of Solvay Chlorovinyls Holding S.a.r.l. from the joint venture, at the contractually agreed price of €335.0 million, leaving INEOS Group

Investments Limited as its sole parent. The B Ordinary shares redeemed were cancelled in accordance with Section 688(b) of the Companies Act 2006.

Share premium

On the formation of the joint venture on 1 July 2015, the Company issued 1 A share with nominal value £0.00001 in exchange for an investment in the Kerling Business with carrying value €56,157 (investment brought across at book value as permitted by section 611 of the Companies Act 2006) and cash of €7.5 million (relating to the "Completion Accounts" settlement). The Company issued 10,000,001 B shares with nominal value £0.00001 in exchange for an investment in the Solvay Business with carrying value €141 (investment brought across at book value as permitted by section 615 of the Companies Act 2006) and a discounted receivable of €70.0 million (relating to the "Completion Accounts" settlement).

On 7 July 2016, as part of the Solvay exit agreement, the Completion Accounts settlement value receivable from Solvay on 1 July 2017 increased by a discounted value of €7.0 million with a corresponding adjustment to the share premium reserve.

Dividends

The following dividends were recognised during the year:

	2017	2016
	€m	
Dividends paid	25.4	17.5

An interim dividend of €25.4 million was declared and paid during the year (2016: €17.5 million). The dividend paid equates to €2.54 per A Ordinary share (2016: €1.75 per A ordinary share).

26 Financial instruments

26(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.

Derivative financial instruments

The Group has entered into swap contracts designed to hedge floating electricity prices into a fixed price. The swap contracts have been designated as fair value through profit and loss.

Fair values

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:

	2017		2016	
	Carrying amount	Fair value	Carrying amount	Fair value
	€m			
Available for sale financial assets				
Other investments	0.3	0.3	0.3	0.3
	0.3	**0.3**	**0.3**	**0.3**
Financial assets at fair value through profit and loss				
Derivative commodity contracts	1.3	1.3	3.0	3.0
	1.3	**1.3**	**3.0**	**3.0**
Loans and receivables carried at amortised cost				
Trade receivables	480.3	480.3	381.4	381.4
Amounts due from related parties and associates	54.7	54.7	41.2	41.2
Other receivables (excluding prepayments and tax)	163.4	163.4	191.8	191.8
Cash and cash equivalents	121.6	121.6	68.1	68.1
	820.0	**820.0**	**682.5**	**682.5**
Financial assets	**821.6**	**821.6**	**685.8**	**685.8**

	2017		2016	
	Carrying amount	Fair value	Carrying amount	Fair value
	€m			
Financial liabilities at fair value through profit and loss				
Derivative commodity contracts	2.1	2.1	—	—
	2.1	**2.1**	**—**	**—**
Loans and payables carried at amortised cost				
6.250% Senior Secured Notes due 2021	—	—	293.4	320.1
Senior Secured Term Loan A due 2021	93.6	101.1	119.2	128.0
Senior Secured Term Loan B due 2024	807.4	828.8	614.3	633.7
Securitisation facility	(0.5)	—	115.3	117.0
Other loans	3.7	3.7	3.7	3.7
Trade payables	340.8	340.8	353.9	353.9
Amounts due to related parties	94.4	94.4	40.1	40.1
Accruals and other payables (excluding deferred income)	261.4	261.4	189.3	189.3
Finance lease liabilities	6.5	6.5	7.0	7.0
	1,607.3	**1,636.7**	**1,736.2**	**1,792.8**
Financial liabilities	**1,609.4**	**1,638.8**	**1,736.2**	**1,792.8**

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:

	2017			
		Level		
	Fair value	1	2	3
	€m			
Net financial assets and liabilities designated as fair value through profit and loss				
Derivative commodity contracts	(0.8)	(0.8)	—	—
	(0.8)	**(0.8)**	**—**	**—**

	2016			
	Level			
	Fair value	1	2	3
	€m			
Financial liabilities designated as fair value through profit and loss				
Derivative commodity contracts	3.0	3.0	—	—
	3.0	**3.0**	**—**	**—**

There have been no transfers from one level to the other in 2017 (2016: no transfers from one level to the other).

26(b) Net gains and losses from financial instruments

Net gains and losses from financial instruments comprise the results of valuations, the amortisation of discounts, 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 and losses from receivables and loans relate primarily to recognition and derecognition of impairment losses, translation of foreign currencies and interest income.

Net losses from financial liabilities measured at amortised cost relate primarily to amortisation of discounts, 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 IAS 39.

	2017	2016	2017	2016
	Loans and receivables carried at amortised cost		Available for sale financial assets	
		€m		
Interest income	4.1	3.5	—	—
Unwind of discount on long term debtors	1.9	9.5	—	—
Foreign exchange losses	(9.9)	(34.9)	—	—
Net result	**(3.9)**	**(21.9)**	**—**	**—**
Carrying value at 31 December	**820.0**	**682.5**	**0.3**	**0.3**

	2017	2016	2017	2016
	Net financial instruments at fair value through profit or loss		Loans and payables carried at amortised cost	
			€m	
Interest cost	—	—	(51.5)	(80.8)
Unwind of discount on B ordinary shares	—	—	—	(23.6)
Amortisation of issue costs	—	—	(13.2)	(10.1)
Net fair value (losses)/gains on derivatives	(3.8)	3.0	—	—
Foreign exchange gains	—	—	14.3	12.5
Net result	**(3.8)**	**3.0**	**(50.4)**	**(102.0)**
Carrying value at 31 December	**(0.8)**	**3.0**	**(1,607.3)**	**(1,736.2)**

26(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.

Group 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.

Investments, cash and cash equivalent

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.

Guarantees

Certain bank guarantees of the Group are provided via a cash-backed bank guarantee facilities with Barclays Bank plc and ING Bank N.V. As at 31 December 2017, these amounted to €14.7 million (2016: €1.1 million).

In addition, certain guarantees from banks and other financial institutions have been provided under non cash-backed arrangements with those institutions. The majority of these guarantees are to support energy purchasing arrangements and operating licences from regulatory bodies. As at 31 December 2017, these amounted to €27.5 million (2016: €32.1 million).

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 18.

26(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, and it maintains the most appropriate mix of short, medium and long-term borrowings from the Group's lenders.

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 period. In addition, the Group maintains the following lines of credit:

- Senior Secured Term Loan A due 2021—borrowing of €101.1 million for Euro term loan. Interest payable at EURIBOR (with a floor of 0%) plus a margin of 2.75%,

- Senior Secured Term Loan B due 2024—borrowing of €828.8 million for Euro term loan. Interest payable at EURIBOR (with a floor of 0.75%) plus a margin of 2.25%,

- Receivables Securitisation facility—€300.0 million facility that can be drawn down to meet short-term financing needs. Interest is payable at EURIBOR plus 1.45% and the margin is linked to the credit rating of the receivables included in the securitisation facility. The maturity date is 1 July 2018.

26 Financial instruments

The maturity profile of the Group's undrawn committed facilities at 31 December 2017 and 2016 was as follows:

	2017	2016
	Undrawn facilities	Undrawn facilities
	€m	
In less than one year	300.0	—
In more than one year, but not more than two years	—	183.0
	300.0	**183.0**

The undrawn committed facilities are in respect of the unused securitisation facility of €300.0 million (2016: €183.0 million). The Group is negotiating an extension to the securitisation facility.

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

	2017					
	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 Term Loan A	93.6	(106.3)	(36.4)	(28.5)	(41.4)	—
Senior Secured Term Loan B	807.4	(984.1)	(33.3)	(33.1)	(98.1)	(819.6)
Securitisation facility	(0.5)	(1.1)	(1.1)	—	—	—
Other loans	3.7	(3.7)	(3.3)	(0.3)	(0.1)	—
Trade payables	340.8	(340.8)	(340.8)	—	—	—
Amounts due to related parties	94.4	(94.4)	(94.4)	—	—	—
Accruals and other payables (excluding deferred income)	261.4	(261.4)	(244.2)	(7.2)	(7.6)	(2.4)
Finance lease liabilities	6.5	(6.5)	(0.6)	(0.7)	(2.3)	(2.9)
Derivative financial liabilities						
Commodity contracts	2.1	(2.1)	(2.1)	—	—	—
	1,609.4	**(1,800.4)**	**(756.2)**	**(69.7)**	**(149.6)**	**(824.9)**

	2016					
	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						
6.250% Senior Secured Notes...	293.4	(384.4)	(18.8)	(18.8)	(346.8)	—
Senior Secured Term Loan A	119.2	(140.3)	(38.3)	(30.5)	(71.5)	—
Senior Secured Term Loan B	614.3	(759.0)	(38.5)	(34.8)	(685.7)	—
Securitisation facility	115.3	(119.3)	(48.1)	(71.2)	—	—
Other loans	3.7	(3.9)	(0.5)	(3.1)	(0.2)	(0.1)
Trade payables.....	353.9	(353.9)	(353.9)	—	—	—
Amounts due to related parties ...	40.1	(40.1)	(40.1)	—	—	—
Accruals and other payables (excluding deferred income).....	189.3	(189.3)	(172.4)	(6.6)	(7.9)	(2.4)
Finance lease liabilities.....	7.0	(7.0)	(1.6)	(0.4)	(1.5)	(3.5)
	1,736.2	**(1,997.2)**	**(712.2)**	**(165.4)**	**(1,113.6)**	**(6.0)**

26(e) Market risk

Financial risk management

The Group's operations expose it to a variety of financial risks that include the effects of changes in price risk, credit risk (see section 26(c)), currency fluctuation risk, liquidity risk (see section 26(d)) 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 counter parties. The Group's exposure to market risk for changes in interest rates relates primarily to its bank 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.

(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 and Pounds Sterling. Foreign exchange risk arises from future commercial transactions, and recognised assets and liabilities.

Also, the Group is exposed to the risks of economic downturns and local business risks in several different countries that could adversely affect its profitability. Exposures to different currencies are monitored on a regular basis, both a review of historical and future cash flows, to ascertain the appropriate hedging strategy.

The Group has hedged some of its risks associated with the floating selling price of a few commodity contracts by entering into selling fixed purchase floating swaps. Other than this, the Group 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.

	2017	2016
	€m	
Euros	(22.8)	39.1
Pounds Sterling	23.0	1.2
Norwegian Kroner	8.4	17.8
US Dollars	38.7	(0.1)
Others	6.1	0.9
	53.4	**58.9**

Sensitivity analysis

A 10% per cent weakening of the following currencies at 31 December 2016 and 31 December 2017 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.

	2017	2016	2017	2016
	Equity		Profit or loss	
	€m			
Euros	—	—	(2.3)	3.9
Pounds Sterling	—	—	2.3	0.1
Norwegian Kroner	—	—	0.9	1.8
US Dollars	—	—	3.9	—
Other	—	—	0.6	0.1

A 10% per cent strengthening of the above currencies against the Euro at 31 December 2016 and 31 December 2017 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.

(ii) Market risk—Interest rate risk

Profile

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

	2017	2016
	€m	
Fixed rate instruments		
Financial assets	—	—
Financial liabilities	(6.5)	(300.4)
	(6.5)	**(300.4)**
Variable rate instruments		
Financial assets	121.6	68.1
Financial liabilities	(904.2)	(852.5)
	(782.6)	**(784.4)**

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, financial instrument at fair value through profit or loss or available for sale with fixed interest rates and the fixed rate element of interest rate swaps. The analysis is performed on the same basis for 2017 and 2016.

Profit or (loss)	2017	2016
	€m	
Increase in interest rates by 1%	(7.8)	(7.8)

A 1% change in the opposite direction of the above interest rates at 31 December 2016 and 31 December 2017 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

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 electricity, crude oil 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 acquire physical volumes of commodities at future dates which are not covered under the own use exemption and are recognised as derivative instruments. For commodity contracts which are recognised as derivative instruments, a 10% increase in commodity prices at 31 December would have increased the profit for the year by:

	2017	2016
	€m	
Equity		
Increase in commodity prices by 10%	0.4	1.0
Profit or (loss)		
Increase in commodity prices by 10%	0.4	1.0

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

A 10% change in the opposite direction of the above commodity prices at 31 December 2017 would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant.

Management considers that a change of 10% gives an appropriate benchmark to assess the risks that the Group reasonably is exposed to. 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.

26(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 €856.6 million (2016: €677.0 million) as shareholders' assets of €67.5 million (2016: liabilities of €407.8 million) and net debt (total loans and borrowings net of debt issue costs less cash and cash equivalents) of €789.1 million (2016: €1,084.8 million).

The principal sources of debt available to the Group at 31 December 2017 include the Senior Secured Terms Loans A and B, and the Receivables Securitisation Facility and are described in note 20 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.

27 Operating leases

Future minimum lease payments under non-cancellable operating leases

	2017	2016	2017	2016
	Land and buildings		Plant and machinery	
	€m			
Less than one year	1.3	0.7	12.2	10.5
Between one and five years	3.1	3.3	17.2	12.3
More than five years	12.4	13.1	1.8	1.2
	16.8	**17.1**	**31.2**	**24.0**

The Group has significant lease arrangements relating to lease of office buildings, product storage capacity, lifting and handling equipment, transport for product and raw materials, plant and office equipment and employee cars.

28 Other commitments

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 2017 by the Group amounted to approximately €54.0 million (2016: €30.3 million).

Unconditional purchase obligations

The net present value of significant take or pay contracts that have been entered into are as follows:

Purchase obligations	2017	2016
	€m	
Purchase of anode licence, until 2017	—	0.2
Purchase of ethylene, until 2017	—	33.9
Purchase of gas and electric power, until 2017	—	0.1
Storage and transport facilities, until 2017	—	0.6
Supply of oxygen and nitrogen, until 2017	—	0.5
Purchase of site services, until 2017	—	1.5
Purchase of vinyl acetate, until 2017	—	2.7
Operating and maintenance services, until 2018	2.0	6.3
Supply of oxygen and nitrogen, until 2018	1.4	6.1
Purchase of paraffin until 2018	10.6	38.7
Storage and transport facilities, until 2018	5.5	3.4
Power management agreement, until 2018	2.8	6.9
Purchase of vinyl acetate, until 2018	2.7	—
Purchase of gas, until 2018	0.2	—
Purchase of glycerin, until 2018	13.1	—
Purchase of electric power, until 2019	—	2.7
Storage and transport facilities, until 2019	14.5	—
Turbine maintenance contract, until 2019	0.5	0.8
Access rights, until 2019	0.2	0.3
Purchase of salt, until 2020	125.5	20.4
Purchase of steam, until 2020	—	30.3
Purchase of water, until 2020	1.0	1.1
Supply of oxygen and nitrogen, until 2020	4.8	1.9
Storage and transport facilities, until 2020	9.4	1.1
Service agreements, until 2020	—	1.7
Water management charges, until 2020	—	1.9
Tolling agreement, until 2020	13.6	—
Purchase of utilities, until 2020	39.0	—

Purchase of EDC, until 2020	73.1	—
Storage and transport facilities, until 2021	5.7	—
Service agreements, until 2021	1.7	29.2
Purchase of steam, until 2021	20.2	—
Water management charges, until 2021	1.9	—
Storage and transport facilities, until 2022	2.0	—
Site service agreements, until 2022	22.1	—
Logistics services, until 2022	4.5	—
Purchase of electric power, until 2023	241.1	274.5
Storage and transport facilities, until 2023	13.2	8.5
Purchase of steam, until 2024	4.3	5.0
Turbine maintenance contract, until 2024	2.4	—
Supply of oxygen and nitrogen, until 2024	12.9	17.2
Purchase of brine, until 2025	36.9	43.1
Purchase of steam, until 2034	210.8	226.0
	899.6	**766.6**

29 Contingencies

Guarantees and contingencies arising in the ordinary course of business, for which no security has been given, are not expected to result in any material financial loss.

30 Related parties

Related parties comprise parent companies and their subsidiaries that are not included within the consolidated financial statements of INOVYN Limited; entities controlled by the shareholders of INEOS Limited; entities controlled by the shareholders of Solvay S.A. during the period from 1 July 2015 to Solvay's exit from the INOVYN joint venture on 7 July 2016; jointly controlled entities and associated undertakings held by INEOS Limited (and their subsidiaries); jointly controlled entities and associated undertakings held by Solvay S.A. (and their subsidiaries) during the period from 1 July 2015 to 7 July 2016; and associated undertakings and joint arrangements held within the INOVYN Limited group.

The Company had no transactions with related parties outside of the INOVYN Limited group (2016: none).

Material trading transactions by the Group with the entities controlled by INEOS Limited and Solvay S.A. are as follows:

Related party	Sales and cost recoveries	Purchases	Trade balance owed to/(by) the Group
		€m	
INEOS Compounds Aycliffe Limited.	2017: €31.8m (2016: €27.1m)	2017: €0.7m (2016: €1.0m)	2017: €3.2 m (2016: €3.1m)
INEOS Enterprises Group Limited....	2017: €12.9 m (2016: €15.9m)	2017: €45.2m (2016: €1.8m)	2017: €(39.8)m (2016: €1.3m)
INEOS Europe AG.	2017: €13.5m (2016: €3.8m)	2017: €3.3m (2016: €4.2m)	2017: €(0.7)m (2016: €nil)
INEOS Sales Norge AS.....	—	2017: €197.3m (2016: €163.2m)	2017: €(2.8)m (2016: €(22.1)m)
INEOS Sales (UK) Limited	—	2017: €139.0m (2016: €25.7m)	2017: €(32.9)m (2016: €(3.9)m)
INEOS Sales Belgium NV	—	2017: €43.3m (2016: €0.9m)	—
INEOS AG	—	2017: €17.7m (2016: €13.8)	—
Other entities controlled by INEOS Limited ..	2017: €44.4m (2016: €41.1m)	2017: €23.6m (2016: €38.9m)	2017: €7.8m (2016: €(4.0)m)
Entities controlled by Solvay S.A.....	2017: €nil (2016: €58.2m)	2017: €nil (2016: €109.4m)	—

30 Related parties (continued)

Material non-trading transactions with the entities controlled by INEOS Limited and Solvay S.A. are as follows:

Related party	Loan repayments/ (funding)	Interest received/ (charged)	Loan and other non-trading balances owed to/(by) the Group
		€m	
Entities controlled by INEOS Limited	2017: €7.1m (2016: €nil)	2017: €(1.6)m (2016: €(1.9)m)	2017: €(9.3)m (2016: €(15.2)m)

The partners of INEOS Capital Partners own a controlling interest in the share capital of INEOS Limited and Screencondor Limited. During the year ended 31 December 2017 the Group made no sales or purchases with these companies (2016: €nil). As at 31 December 2017, amounts owed by Screencondor Limited were €1.1 million (2016: €1.1 million).

The Group owns a 60% interest in the share capital of INEOS Runcorn (TPS) Holdings Limited, which is classified as an associated undertaking, and a 50% interest in Runcorn MCP Limited and GIE Cansel-Bresse, which are classified as joint operations. Material trading transactions with these entities during the period were as follows:

Related party	Sales and cost recoveries	Purchases	Trade balance owed to/(by) the Group
		€m	
Runcorn MCP Limited	2017: €82.9m (2016: €76.1m)	2017: €41.8m (2016: €45.9m)	2017: €4.4m (2016: €5.2m)
INEOS Runcorn (TPS) Holdings Limited and its subsidiaries	2017: €8.2m (2016: €8.3m)	2017: €13.3m (2016: €15.1m)	2017: €6.0m (2016: €6.9m)
GIE Cansel-Bresse	—	2017: €0.8m (2016: €nil)	2017: €(0.5)m (2016: €nil)

All transactions occurred in the normal course of business. Non-trading transactions represent intercompany funding at arm's length.

Material non-trading transactions with these related parties during the year were as follows:

Related party	Loan repayments/ (funding)	Interest received/ (charged)	Loan balance owed to/(by) the Group
		€m	
INEOS Runcorn (TPS) Holdings Limited and its subsidiary	—	2017: €3.2m (2016: €3.5m)	2017: €23.8m (2016: €28.7m)

Transactions with key management personnel

Key management personnel are directors and other members of the executive committee representing the business segments. The compensation of key management personnel including the directors is as follows:

	2017	2016
	€m	
Short-term employee benefits.....	6.0	6.0
Post-employment benefits	0.3	0.3
	6.3	**6.3**

31 Ultimate parent company and parent company of larger group

The immediate parent company of INOVYN Limited is INEOS Group Investments Limited, a company registered in England and Wales.

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.

32 Accounting estimates and judgements

Significant 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 change and in any future periods.

The following areas are considered to involve a significant degree of judgement or estimation:

Taxation

Management is required to estimate the tax payable in each of the jurisdictions in which the Group operates. This involves estimating the actual current tax charge or credit together with assessing temporary differences resulting from differing treatment of items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which may be included on the consolidated balance sheet of the Group. Management have performed an assessment as to the extent to which future taxable profits will allow the deferred asset to be recovered. The calculation of the Group's total tax charge necessarily involves a significant degree of estimation in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority, or, as appropriate, through a formal legal process. The Group has, from time to time, contingent tax liabilities arising from trading and corporate transactions in the countries in which it operates. After appropriate consideration, management makes provision for these liabilities based on the probable level of economic loss that may be incurred and which is reliably measurable.

The breadth of the Group's structure with operations in many geographic locations makes the use of estimates and assumptions more challenging. The resolution of issues is not always within the control of the Group and can be reliant upon the efficiency of the legal processes in the relevant jurisdictions in which the Group operates, and as a result, issues can, and often do take many years to resolve.

Details of amounts recognised with regard to taxation are disclosed in notes 11 and 16.

Post-retirement benefits

The Group operates a number of defined benefit post-employment schemes. Under IAS 19 "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.

Details of post-retirement benefits are set out in note 22.

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.

In relation to remediation costs, the estimated interest rate used in discounting the cash flows is reviewed at least annually. The interest rates used to determine the obligation in the balance sheet at 31 December 2016 and 31 December 2017 were risk free pre-tax rates, based on country specific government bond yields. The nature and amount of provisions included within the financial statements are detailed in note 23.

Impairment reviews

IFRSs require management to test for impairment of goodwill and other intangible assets with indefinite lives, on an annual basis, and of tangible and intangible assets with finite lives if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

An impairment test requires an assessment as to whether the carrying value of assets can be supported by its recoverable amount. Management calculates the recoverable amount based on the net present value of the future cash flows derived from the relevant assets, using cash flow projections which have been discounted at an appropriate discount rate.

In calculating the net present value of the future cash flows, certain assumptions and estimates are required to be made in respect of highly uncertain matters, including management's expectations of:

- growth rates of various revenue streams;
- long-term growth rates;
- future margins;
- the selection of an appropriately risk adjusted discount rate; and
- the determination of terminal values.

Changing the assumptions selected by management, in particular the discount rate used in the present value calculation, could significantly affect the Group's impairment evaluation and results.

The Group has property, plant and equipment with a carrying value of €1,103.3 million (2016: €1,082.1 million) as disclosed in note 12 and intangible assets with a carrying value of €5.7 million (2016: €3.8 million) as disclosed in note 13. All of these assets are assessed annually for impairment as described above.

For the purpose of impairment testing (when required), to assess whether any impairment exists, estimates are made of the future cash flows expected to result from the use of the asset and its eventual disposal. Actual outcomes could vary significantly from such estimates of discounted future cash flows. Factors such as changes in the planned use of buildings, plant or equipment, or closure of facilities, the presence or absence of competition, lower than expected asset utilisation from events such as unplanned outages, strikes and hurricanes, technical obsolescence or lower than anticipated sales of products with capitalised intellectual property rights could result in shortened useful lives or impairment. Changes in the discount rates used could also lead to impairments.

BP Petrochemicals Business
Unaudited Interim Condensed Combined Carve-Out Financial Statements
For the nine-month periods ended 30 September 2020 and 2019

BP Petrochemicals Business

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BP Petrochemicals Business

Unaudited interim combined carve-out income statement

for the two nine-month periods ended 30 September

Continuing operations	Notes	2020 Unaudited	2019 Unaudited
		$ million	$ million
Sales and other operating revenues	2	2,983	4,756
Earnings from joint ventures—after interest and tax		31	48
Interest and other income		27	50
Total revenues and other income		3,041	4,854
Purchases		2,211	3,586
Production and manufacturing expenses		473	615
Depreciation, depletion and amortization		144	147
Distribution and administration expenses		214	205
(Loss)/Profit before interest and taxation		(1)	301
Finance costs		19	26
(Loss)/Profit before tax		(20)	275
Taxation expense	3	5	54
(Loss)/Profit after tax for the period		(25)	221
Attributable to:			
BP owners		(20)	217
Non-controlling interest		(5)	4
		(25)	221

The notes on pages F-441 to F-449 form part of these unaudited interim condensed combined carve-out financial statements.

BP Petrochemicals Business

Unaudited interim combined carve-out statement of comprehensive income

for the two nine-month periods ended 30 September

	2020 Unaudited	2019 Unaudited
	$ million	$ million
(Loss)/Profit after tax for the period	(25)	221
Other comprehensive income		
Other comprehensive income that may be subsequently reclassified to profit or loss:		
Exchange gain / (loss) on translation of foreign operations	63	(47)
Net other comprehensive income / (loss) that may be reclassified to profit or loss in subsequent periods	63	(47)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Remeasurement gain on defined benefit plans	—	1
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	—	1
Other comprehensive income / (loss) for the period, net of tax	63	(46)
Total comprehensive income) for the period, net of tax	**38**	**175**
Attributable to:		
BP owners	42	172
Non-controlling interest	(4)	3
	38	**175**

The notes on pages F-441 to F-449 form part of these unaudited interim condensed combined carve-out financial statements.

BP Petrochemicals Business

Unaudited interim combined carve-out balance sheet

as at

	30 Sep 2020 Unaudited	31 Dec 2019 Audited
	$ million	$ million
Assets		
Non-current assets		
Property, plant and equipment	1,991	1,966
Investments in joint ventures	565	582
Other investments	8	8
Fixed assets	2,564	2,556
Prepayments	2	—
Deferred tax assets	66	73
Tax receivable	9	16
	77	89
Current assets		
Inventories	404	448
Trade and other receivables	508	460
Prepayments	34	24
Tax receivable	9	7
Cash and cash equivalents	329	401
	1,284	1,340
Total assets	**3,925**	**3,985**
Non-current liabilities		
Other payables	2	—
Finance debt	434	600
Accruals	2	2
Lease liabilities	55	53
Deferred tax liabilities	121	126
Provisions	—	1
Defined benefit pension plan and other post-retirement benefit plan deficits	7	6
	621	788
Current liabilities		
Trade and other payables	464	586
Finance debt	171	9
Accruals	69	98
Lease liabilities	36	23
Current tax payable	—	1
Provisions	1	2
	741	719
Total liabilities	1,362	1,507
Net assets	**2,563**	**2,478**
Invested equity		
BP owners net investment	2,011	1,984
Foreign currency translation reserve	549	487
Other comprehensive income	3	3
Invested equity attributable to BP owners	2,563	2,474
Non-controlling interests	—	4
Total invested equity	**2,563**	**2,478**
Total liabilities and invested equity	**3,925**	**3,985**

The notes on pages F-441 to F-449 are an integral part of these unaudited interim condensed combined carve-out financial statements.

BP Petrochemicals Business

Unaudited interim combined carve-out statement of changes in invested equity

for the two nine-month periods ended 30 September

	BP Owners net investment	Foreign currency translation reserve	Other comprehensive income	BP Owners equity	Non-controlling interest	Total invested equity
	$ million	$ million	$ million	$ million	$ million	$ million
At 1 January 2020	**1,984**	**487**	**3**	**2,474**	**4**	**2,478**
Loss for the period	(20)	—	—	(20)	(5)	(25)
Other comprehensive income	—	62	—	62	1	63
Total comprehensive income / (loss)	(20)	62	—	42	(4)	38
Transactions with BP owners, net of tax	47	—	—	47	—	47
At 30 September 2020 (Unaudited)	**2,011**	**549**	**3**	**2,563**	**—**	**2,563**
At 31 December 2018	**2,102**	**543**	**2**	**2,647**	**2**	**2,649**
IFRS 16 transition impact	(2)	—	—	(2)	—	(2)
At 1 January 2019	**2,100**	**543**	**2**	**2,645**	**2**	**2,647**
Profit for the period	217	—	—	217	4	221
Other comprehensive loss	—	(46)	1	(45)	(1)	(46)
Total comprehensive income / (loss)	217	(46)	1	172	3	175
Transactions with BP owners, net of tax	(279)	—	—	(279)	—	(279)
At 30 September 2019 (Unaudited)	**2,038**	**497**	**3**	**2,538**	**5**	**2,543**

The notes on pages F-441 to F-449 are an integral part of these unaudited interim condensed combined carve-out financial statements.

BP Petrochemicals Business

Unaudited interim combined carve-out cash flow statement

for the two nine-month periods ended 30 September

	2020 Unaudited	2019 Unaudited
	$ million	$ million
Operating activities		
(Loss)/Profit before tax	(20)	275
Adjustments to reconcile (loss)/profit before taxation to net cash provided by operating activities:		
Depreciation, depletion and amortization	144	147
Earnings from joint ventures	(31)	(48)
Dividends received from joint ventures	49	119
Interest receivable	(5)	(5)
Interest received	5	5
Interest paid	(23)	(27)
Finance costs	19	26
Share-based payments	5	4
Net charge for provisions, less payments	(2)	—
Decrease in inventories	50	32
(Increase)/Decrease in other current and non-current assets	(51)	39
(Decrease) in other current and non-current liabilities	(119)	(137)
Income taxes paid	(3)	(23)
Net cash provided by operating activities	**18**	**407**
Investing activities		
Expenditure on property, plant and equipment	(90)	(67)
Net cash used in investing activities	**(90)**	**(67)**
Financing activities		
Lease liability payments	(30)	(28)
Repayments of finance debt	(10)	(56)
Transactions with BP owners	30	(252)
Net cash used in financing activities	**(10)**	**(336)**
Currency translation differences relating to cash and cash equivalents	10	(12)
(Decrease)/Increase in cash and cash equivalents	(82)	4
Cash and cash equivalents at beginning of period	401	409
Cash and cash equivalents at end of period	**329**	**401**

The notes on pages F-441 to F-449 are an integral part of these unaudited interim condensed combined financial statements.

Notes on the unaudited interim condensed combined financial statements

1. Description of business and basis of preparation

1.1. Description of business

The accompanying unaudited interim condensed combined carve-out financial statements include the historical accounts of the petrochemicals business ("Business," "we," "our," "Group" and "us") of BP p.l.c.

("BP"), which includes the petrochemical operations (petrochemical entities and the petrochemical business units) that have been carved out that relate to BP's petrochemicals business in the US, Europe and Asia.

The Petrochemicals Business manufactures and markets three main product lines: purified terephthalic acid (PTA), paraxylene (PX) and acetic acid. These have a large range of uses including polyester fibre, food packaging and building materials. Along with the assets owned and operated, there are also investments in a number of joint arrangements in Asia and the US, where the partners are leading companies in their domestic market.

The Petrochemicals Business operates its business through two segments: Aromatics and Acetyls.

Aromatics

The Aromatics business is a leading player in the merchant PTA and PX markets. This business is organised around 3 regional businesses in the US, Europe and Asia with 5 BP operated sites and 1 joint venture site. In addition, the business sells licences for PTA and PX underpinned with advance technologies for both PTA and PX.

Acetyls

The Acetyls business is a leading player in Acetic Acid. This business is organised around 3 regional businesses in the US, Europe and Asia with 1 BP operated site, 5 non-operated joint venture businesses in Asia, a marketing and production sharing business in the US and a Methanol joint venture in Trinidad and Tobago.

In June 2020 BP announced the sale of its petrochemicals business to Ineos Holdings AG for a total consideration of $5 billion. The transaction is expected to complete before the end of 2020.

1.2. Basis of preparation

The unaudited interim condensed combined carve-out financial statements of the Group for the nine-month periods ended 30 September 2020 and 2019 have been prepared on a carve-out basis from BP's consolidated financial statements using the historical income and expenses, assets and liabilities and cash flows attributable to the Group.

The unaudited interim condensed combined carve-out financial statements do not necessarily reflect what the combined results of operations, and financial position would have been, had the Group existed as a separate independent legal group for these periods and had it therefore presented stand-alone combined financial statements for the nine-month periods ended 30 September 2020 and 2019. Further, these may not be indicative of the Group's future performance, financial position or cash flows.

These unaudited interim condensed combined carve-out financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" ("IAS 34") and should be read in conjunction with the Group's annual combined carve-out financial statements as at and for the years ended 31 December 2019 and 2018 ('last annual financial statements'). They do not include all the information required for a complete set of IFRS financial statements. However selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

The unaudited interim condensed combined carve-out financial statements have been prepared on a going concern basis and under the historical cost convention, modified to include the revaluation of certain financial instruments, and the equity method of accounting for joint ventures.

The unaudited interim condensed combined carve-out financial statements have been approved by management of the petrochemicals business on 18 December 2020.

Management consider it appropriate to adopt the going concern basis of accounting in preparing the interim financial information. The impact of COVID-19 and the current economic environment has been considered as part of the going concern assessment.

The ongoing severe impacts of the COVID-19 pandemic continue to create a volatile and challenging trading environment. The results for the nine-month period to 30 September 2020 reflects a weaker industry pricing environment across both acetyls and aromatics together with the impact of COVID-19.

This basis of preparation describes how the historical financial information has been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), IAS 34 and with the accounting policies of the Group which were set out on pages 13 to 29 of the last annual financial statements. IFRS does not provide for the preparation of combined carve-out historical financial information, and accordingly in preparing the combined carve-out historical financial information certain accounting conventions commonly used for the preparation of historical financial information for inclusion in investment circulars as described in the Annexure to SIR 2000 ("Investment Reporting Standard applicable to public reporting engagements on historical financial information") issued by the UK Audit Practices Board have been applied.

The combined carve-out historical financial information is prepared on a combined basis, aggregating the results of the relevant petrochemical legal entities ("petrochemical entities") and business units ("petrochemicals business units") relating to BP's petrochemicals business in the US, Europe and Asia (the "petrochemicals business"). There is not a common parent entity exercising control over all of the petrochemicals business, therefore there is not a parent company controlling the Group. This does not comply with the requirements of IFRS 10 "Consolidated Financial Statements" ("IFRS 10"). The financial information has therefore been prepared on a combined basis by applying the principles underlying the consolidation procedures of IFRS 10. The application of these conventions results in the following material departures from IFRS. In all other respects, IFRS has been applied.

- As explained above, the combined carve-out historical financial information is prepared on a combined basis and therefore does not comply with the requirements of IFRS 10 "Consolidated Financial Statements" ("IFRS 10"). The financial information has therefore been prepared on a combined basis by applying the principles underlying the consolidation procedures of IFRS 10.

- The combined carve-out historical financial information does not constitute general purpose financial statements under paragraph 7 of IAS 1 "Presentation of Financial Statements" ("IAS 1") and consequently the Group does not make an explicit and unreserved statement of compliance with IFRS as contemplated by paragraph 16 of IAS 1.

All intra-entity and intra-business unit transactions have been eliminated between those petrochemicals entities and petrochemicals business units within the Group. All intercompany trading and long-term financing transactions between the Group and BP and related entities have been included in these combined carve-out financial statements within related party trade receivables and payables or related party finance debt as appropriate. All intercompany balances related to cash pooling arrangements between the Group and BP and related entities have been included in these combined carve-out financial statements in the combined carve-out balance sheet as BP Owners net investment.

Going concern

Management of the Group have prepared detailed projections to support their assessment of the going concern basis of accounting, taking into account the key risks faced by the Group including the ongoing impact of the global COVID-19 pandemic on the Group's operations and financial results as described further below. Management's base case assessment was based on the latest budget and forecasts for 2020 and 2021 and a downside "bottom of cycle" sensitivity was also considered based on potential margin downsides in 2021. As at 30 September 2020, the Group held significant balances which were owed to or from the wider BP plc group, including $585m of finance debt, $2 billion of net investment recognised in equity, trade receivables of $27m and trade and other payables of $69m.

Prior to completion of the sale of the Petrochemicals business to Ineos Holdings AG, the Group has access to funding from the wider BP plc group. As a consequence of the intended sale of the Petrochemicals business to Ineos Holdings AG and the terms of the Sale and Purchase agreement some mutually agreed changes to the business financing are underway including a partial repayment of up to $175m from BP Zhuhai Chemical Company Limited to BP Global Investments. In addition, under the terms of the Sale and Purchase agreement, the buyer and seller must agree a cash balance to remain by legal entity which the buyer will then reimburse to the seller. At the request of the buyer (Ineos Holdings AG), in Malaysia and Indonesia at the point of the business divestment, minimal cash will be left in these legal

entities and BP management understands that Ineos Holdings AG will have new financing arrangements in place to continue operating these entities after the divestment is complete. All other steps are expected to be non-cash transactions in the nature of distributions of receivable balances, capital reductions and in certain cases agreed novation of balances to Ineos Holdings AG (or another Ineos entity) as at the date of completion of the sale. As a result of the above analysis, management of the Group are satisfied that, taking into consideration reasonably possible downside sensitivities, the Group has adequate resources to continue to operate and meet its liabilities as they fall due for the foreseeable future, a period considered to be twelve months from the date of signing these combined carve-out financial statements. For this reason, management consider it appropriate to adopt the going concern basis of accounting in preparing the interim condensed combined carve-out financial statements.

Basis of combination

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the BP owners of the Group and to the non-controlling interests. Total comprehensive income is attributed to the BP owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Considerations of COVID-19

Since 31 December 2019, the spread of COVID-19 (Coronavirus) has severely impacted many local economies around the world. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. The softening of demand for petrochemical products that emerged in 2019, has been exacerbated by the COVID-19 impact on the construction, automotive and apparel sectors, reducing demand further for Group products and driving utilisation down. Industry margins have in some regions been compressed by rising feedstock costs driven by a recovery of crude price and demand for transportation fuels.

Management have continued to assess the potential impact of COVID-19 on the staff and operations and have instigated appropriate mitigation plans.

In the Aromatics business, the demand in China has recovered relatively quickly, whilst Europe having a higher proportion of PET customers, responded to an increase in demand for plastic packaging during the pandemic. The operations in the US and Indonesia have seen the most severe and prolonged impacts on sales volumes from COVID-19, due to a higher exposure to fibre demand.

In the Acetyls business, the demand in China has recovered as expected, with the rest of Asia experiencing a slower recovery due to a prolonged lockdown in India. Although the operations in the US and Europe had a smaller COVID-19 impact than expected, margins have been under pressure.

The Group has responded to this global pandemic through the optimising of global sales revenue across the business, increasing exports whilst also optimising run rates and controlling costs.

1.3 Significant accounting policies and new and amended standards

The same accounting policies, presentation and methods of computation have been followed in these condensed carve-out financial statements as were applied in the preparation of the Group's annual carve- out financial statements for the year ended 31 December 2019, except for the adoption of new standards effective as of 1 January 2020.

Several amendments and interpretations apply for the first time in 2020, but do not have an impact on the unaudited interim condensed combined financial statements:

- Amendments to IFRS 3: Definition of a Business
- Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform

- Amendments to IAS 1 and IAS 8: Definition of Material
- Conceptual Framework for Financial Reporting issued on 29 March 2018
- Amendments to IFRS 16 Covid-19 Related Rent Concessions

In preparing the interim condensed combined carve-out financial statements, the significant judgements and estimates made by management in applying the Group's accounting policies were consistent with those applied to the combined carve-out financial statements for the two years ended 31 December 2019 and 31 December 2018. These relate to the judgement required in assessing the extent of impairment triggers for the Group's property, plant and equipment which also includes grouping of assets into a cash generating unit ("CGU") or the appropriate grouping of CGUs for impairment testing purposes together with the estimates applied in accounting for the defined benefit pension and other post-retirement benefits. In relation to impairment, the Group's results have been adversely impacted during the period by the global COVID-19 pandemic which has, for certain (but not all) petrochemical products, reduced margins and/or sales volumes, although the Group has continued to deliver positive operating cash flows on an overall basis and long term demand for PX, PTA and acetic acid is expected to remain robust. Management has considered whether the impact of the pandemic has given rise to any impairment triggers for its key cash generating units and has concluded that no such triggers have arisen during the period.

2. Revenue from contracts with customers

Revenue from contracts with customers is recognized when or as the Group satisfies a performance obligation by transferring control of a promised good or service to a customer. The Group principally satisfies its performance obligations at a point in time; the amounts of revenue recognized relating to performance obligations satisfied over time are not significant. The amounts shown in the table below are included in Sales and other operating revenues in the unaudited interim combined carve-out income statement.

	For the nine months ended 30 September	
By product	**2020**	**2019**
	$ million	**$ million**
Aromatics products	2,361	4,074
Acetyls products	622	682
Revenue from contracts with customers by product	2,983	4,756

	For the nine months ended 30 September	
By geographical area	**2020**	**2019**
	$ million	**$ million**
Asia	1,208	2,227
US	899	1,472
Europe	876	1,057
Revenue from contracts with customers by geographical area	2,983	4,756

3. Taxation

Tax on profit

	For the nine months ended 30 September	
	2020	**2019**
	$ million	**$ million**
Current tax		
Charge for the year	12	35
Adjustment in respect of prior years	(2)	(10)
	10	25
Deferred tax		
Origination and reversal of temporary differences in the current year	12	28
Adjustment in respect of prior years—deferred tax	(13)	1
Impact of change in tax rates	(4)	—

	(5)	29
Tax charge on profit	**5**	**54**

Reconciliation of the effective tax rate

The following table provides a reconciliation of the Group weighted average statutory corporate income tax rate to the effective tax rate of the Group on profit before taxation.

	For the nine months ended 30 September	
	2020	2019
	$ million	$ million
(Loss)/Profit before taxation	(20)	275
Tax rate computed at the weighted average statutory rate	(6)	67
Increase/(decrease) resulting from:		
Tax reported in equity-accounted joint ventures	(8)	(20)
(Benefit) from previously unrecognised tax losses	(2)	—
De-recognition of deferred tax assets	28	7
Items not deductible for tax purposes	8	5
Impact of tax rate changes	(4)	—
Adjustments in respect of previous periods	(15)	(9)
Other	4	4
Total tax charge on profit	**5**	**54**

A summary of temporary differences, unused tax credits and unused tax losses for which deferred tax has not been recognized is shown in the table below.

	30 September 2020	31 December 2019
	$ million	$ million
Unused tax losses	224	88
Deductible temporary differences	21	25
	245	**113**

For 2020 the majority of the unused tax losses expire in the period 2020 to 2025. Tax losses will only be recognised if sufficient taxable profits are probable.

	For the nine months ended 30 September	
	2020	2019
	$ million	$ million
Impact of previously unrecognized deferred tax or write-down of deferred tax assets in tax charge		
Deferred tax benefit relating to the recognition of previously unrecognized deferred tax assets	2	3
Deferred tax (expense) arising from the write-down of a previously recognized deferred tax asset	(28)	(10)

4. Financial instruments and financial risk factors

The accounting classification of each category of financial instruments and their carrying amounts are set out below.

	Measured at amortized cost	Mandatorily measured at fair value through profit or loss	Total carrying amount
	$ million	$ million	$ million
At 30 September 2020			
Financial assets			
Other investments	—	8	8

Loans made by Group company to joint venture	45	—	45
Trade and other receivables	495	—	495
Cash and cash equivalents	329	—	329
Less: Financial liabilities			
Trade and other payables	456	—	456
Accruals	71	—	71
Lease liabilities	91	—	91
Finance debt	605	—	605
	(354)	8	(346)
At 31 December 2019			
Financial assets			
Other investments	—	8	8
Loans made by Group company to joint venture	45	—	45
Trade and other receivables	439	—	439
Cash and cash equivalents	401	—	401
Less: Financial liabilities			
Trade and other payables	577	—	577
Accruals	100	—	100
Lease liabilities	76	—	76
Finance debt	609	—	609
	(477)	**8**	**(469)**

The fair value of finance debt is $604 million (2019: $614 million). For all other financial instruments within the scope of IFRS 9 "Financial Instruments" ("IFRS 9"), the carrying amount is either the fair value, or approximates the fair value. Fair value gains and losses related to other assets and liabilities classified as measured at fair value through profit or loss totalled $nil (30 September 2019: $nil). Dividend income of $3 million (30 September 2019: $10 million) from investments in equity instruments classified as measured at fair value through profit or loss is presented within other income.

The fair values of financial assets classified as fair value through profit or loss are determined using an estimate of discounted future cash flows that are expected to be received and is considered a Level 3 valuation under the fair value hierarchy. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these instruments.

The expected credit loss allowance comprises $6 million (2019 $8 million) relating to trade and other receivables. This includes a specific loss provision of $4m (2019: $6m) on credit-impaired receivables together with an additional loss allowance based upon a weighted average rate of 0.44% (2019: 0.37%) of the outstanding trade and other receivables balances (excluding those where a specific loss provision has been recorded). There were no significant changes to the gross carrying amounts of trade and other receivables during the period that significantly affected the estimation of the loss allowance at 30 September 2020 or 31 December 2019. Lifetime expected credit losses are recognised for trade and other receivables.

Expected credit losses are reviewed and updated quarterly. Allowances are recognised on assets where there is evidence that the asset is credit-impaired and on a forward-looking expected credit loss basis for assets that are not credit-impaired. The current economic environment and future credit risk outlook have been considered in updating the estimate of loss allowances although the full economic impact of COVID-19 on the forward-looking expected credit loss is subject to significant uncertainty due to the limited forward- looking information currently available. Whilst credit risk has increased since 31st December 2019, there were no significant changes to the gross carrying amounts of trade and other receivables during the period that significantly affected the estimation of the loss allowance at 30 September 2020

5. Related party transactions and BP owners' net investment

Parent company service charges and corporate allocations

Historically, BP has provided services to and funded certain expenses for the Group. These services and expenses include finance, legal, information technology, human resources, safety and operations, procurement, global business service charges and share based compensation. These functional costs are allocated using a defined allocation methodology. The method applied depends on the nature of the cost—for example, many human resources costs are

allocated based on headcount, whilst procurement is allocated based on the percentage of third party spend a particular business unit contributes to the total spend.

Generally, such amounts have been deemed to have been paid by the Group in the year in which the costs are recorded. The financial information in these combined carve-out financial statements does not necessarily include all the expenses that would have been incurred had the Group been a separate, stand- alone group. As such, the financial information herein may not necessarily reflect the combined carve-out financial position, results of operations and cash flows of the Group in the future or what they would have been had the Group been a separate, stand-alone entity during the periods presented. Management believes that the methods used to allocate expenses to the Group are reasonable.

The following table sets out the expense included in the interim combined carve-out statement of income for service charges and corporate allocations.

	For the nine months ended 30 September	
	2020	2019
	$ million	$ million
Service charges and corporate allocations included in:		
Distribution and administrative expenses	57	47
Production and manufacturing expenses	20	12
	77	**59**

BP Owners' net investment

Net transfers to Owners are included within BP Owners' net investment on the combined carve-out statements of invested capital. The principal components of the net transfers to Owners as of 30 September 2020 and 31 December 2019 include movements in relation to cash pooling arrangements, intercompany dividends, shares issued, investment in BP group entities and Group reserve transfers. Transactions with owners net of tax reflect the fact that the Petrochemical business does not typically retain cash generated from operating activities and represent the cash outflow associated with repatriating such cash to BP, net of any movements in working capital, financing and investing activities.

In relation to cash pooling, BP uses a centralised approach to cash management and financing of its operations. The majority of the Group's cash is transferred to BP daily and BP funds the Group's operating and investing activities as needed. Cash transfers to and from BP's cash management accounts are reflected in "BP Owners' net investment."

Related party transactions

The following table sets out the total amount of trading and other transactions with other BP group entities included in the interim combined carve-out statement of income.

	For the nine months ended 30 September	
	2020	2019
	$ million	$ million
Sales to BP related parties	197	285
Purchases from BP related parties	366	285
Share of net gains on derivative contracts from BP related parties	4	20
Interest expense payable to BP related parties	16	21

The sales and purchases to and from BP group entities are made on terms equivalent to those that prevail in arm's length transactions.

The following table sets out the total amount of trading and other balances with BP group entities that are included in the interim combined carve-out balance sheet.

	30 September 2020	31 December 2019
	$ million	$ million
BP Group trade receivables*	27	91
BP Group trade and other payables*	69	61
BP Group related party finance debt**	585	580

* The amounts are classified as trade and other receivables and trade and other payables, respectively.

** The amounts are classified as finance debt.

Trade and other receivables are predominantly non-interest bearing. Materially all of the Group's trade and other payables have payment terms in the range of 30 to 60 days and give rise to operating cash flows. Trade and other payables are predominantly interest free.

Transactions and balances between the Group and its joint ventures are summarized below.

	For the nine months ended 30 September	
	2020	2019
	$ million	$ million
Sales to Joint Ventures	35	68
Purchases from Joint Ventures	153	207
Interest income from Joint Ventures	2	2

Dividends received from joint ventures are summarised below:

	For the nine months ended 30 September	
	2020	2019
	$ million	$ million
Atlas Methanol Company Unlimited	15	33
Other joint ventures	38	94
Less: Withholding tax on dividends	(4)	(8)
Total	**49**	**119**

Balances between the Group and its joint ventures are summarized below:

	30 September 2020	31 December 2019
	$ million	$ million
Loans made by Group company to joint venture that form part of the investment in the joint venture*	45	45
Trade receivables	1	6
Trade payables	52	69

* This relates to the net investment in Atlas Methanol Company Unlimited

The loans made to a joint venture are three fixed-interest unsecured loans with rates of 4.53%, 6.08% and 5.35%. The Group's expectation is that settlement of principal of these loans is not likely to occur in the foreseeable future.

6. Events after the reporting period

Brexit

Management have been assessing the potential impact of Brexit and the UK's future global relationships and have considered different outcomes but do not believe any of these outcomes pose a significant risk to the business. The BP group board's geopolitical committee continues to monitor these developments.

Balances with BP Group

As a consequence of the intended sale of the Petrochemicals business to Ineos Holdings AG, and the terms of the Sale and Purchase agreement some mutually agreed changes to the business financing are underway including a payment of up to $175m from BP Zhuhai Chemical Company Limited to BP Global Investments. In addition, under the terms of the Sale and Purchase agreement, the buyer and seller must agree a cash balance to remain by legal entity which the buyer will then reimburse to the seller. At the request of the buyer (Ineos Holdings AG), in Malaysia and Indonesia at

the point of the business divestment, minimal cash will be left in these legal entities and BP management understands that Ineos Holdings AG will have new financing arrangements in place to continue operating these entities after the divestment is complete. All other steps are expected to be non-cash transactions in the nature of distributions of receivable balances, capital reductions and in certain cases agreed novation of balances to Ineos Holdings AG (or another Ineos entity) as at the date of completion of the sale.

BP Petrochemicals Business
Combined Carve-out Financial Statements
For the years as at and ended 31 December 2018 and 2019

BP Petrochemicals Business

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Independent auditor's report to BP International Limited on the carve-out financial statements of the Petrochemicals Business

Opinion

In our opinion the carve-out financial statements of the Petrochemicals Business (as defined in note 1 to the carve- out financial statements) give a true and fair view of the state of the Group's affairs as at 31 December 2018 and 31 December 2019 and of its profit for each of the two years ended 31 December 2019 in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union as modified by the principles in the Annexure to SIR 2000—Investment Reporting Standards Applicable to Public Reporting Engagements on Historical Financial Information.

We have audited the carve-out financial statements of the Petrochemicals Business which comprise:

- the combined carve-out income statement;
- the combined carve-out statement of comprehensive income;
- the combined carve-out balance sheet;
- the combined carve-out statement of changes in invested equity;
- the combined carve-out cash flow statement; and
- the related notes 1 to 26.

The financial reporting framework that has been applied in their preparation is International Financial Reporting Standards (IFRSs) as adopted by the European Union as modified by the principles in the Annexure to SIR 2000—Investment Reporting Standards Applicable to Public Reporting Engagements on Historical Financial Information.

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 carve-out financial statements section of our report.

We are independent of the Petrochemical Business and BP International Limited in accordance with the ethical requirements that are relevant to our audit of the carve-out 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

We are required by ISAs (UK) to report in respect of the following matters where:

- management's use of the going concern basis of accounting in preparation of the carve-out financial statements is not appropriate; or
- management have not disclosed in the carve-out financial statements any identified material uncertainties that may cast significant doubt about the Group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the carve-out financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Responsibilities of the management of the Petrochemicals Business

The management of the Petrochemicals Business ("management") is responsible for the preparation of the carve- out financial statements and for being satisfied that they give a true and fair view, and for such internal control as

they determine is necessary to enable the preparation of carve-out financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the carve-out financial statements, management are responsible for assessing the ability of the Petrochemicals Business to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Petrochemicals Business or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the carve-out financial statements

Our objectives are to obtain reasonable assurance about whether the carve-out 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 carve-out financial statements.

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

Use of our report

This report is made solely to BP International Limited and solely for the purpose of assisting BP International Limited with its obligation under clause 22.5.1 of the Sale & Purchase Agreement dated 3 July 2020 to furnish annual audited carve-out financial statements of the Petrochemicals Business to Ineos Holdings AG. Our audit work has been undertaken so that we might state to BP International Limited 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 BP International Limited for our audit work, for this report, or for the opinions we have formed.



Deloitte LLP
London, United Kingdom
18 December 2020

BP Petrochemicals Business

Combined carve-out income statement

for the two years ended 31 December

	Notes	2019	2018
		$ million	$ million
Continuing operations			
Sales and other operating revenues	3	6,261	6,661
Earnings from joint ventures—after interest and tax	11	74	250
Interest and other income	8	68	53
Total revenues and other income		6,403	6,964
Purchases	13	4,774	5,072
Production and manufacturing expenses		813	826
Depreciation, depletion and amortization	10	193	173
Distribution and administration expenses		307	310
Profit before interest and taxation		316	583
Finance costs	7	32	38
Profit before tax		284	545
Taxation expense/(benefit)	9	62	(22)
Profit after tax for the year		**222**	**567**
Attributable to:			
BP owners		220	552
Non-controlling interest		2	15
		222	**567**

The notes on pages F-459 to F-502 form part of these combined carve-out financial statements.

BP Petrochemicals Business

Combined carve-out statement of comprehensive income

for the two years ended 31 December

	Notes	2019	2018
		$ million	$ million
Profit after tax for the year		222	567
Other comprehensive income			
Other comprehensive income that may be subsequently reclassified to profit or loss:			
Exchange gain / (loss) on translation of foreign operations		(56)	(10)
Net other comprehensive (loss) that may be reclassified to profit or loss in subsequent periods		(56)	(10)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Remeasurement gain/(loss) on defined benefit plans	18	1	(5)
Net other comprehensive (loss) that will not be reclassified to profit or loss in subsequent periods		1	(5)
Other comprehensive (loss) for the year, net of tax		(55)	(15)
Total comprehensive income for the year, net of tax		**167**	**552**
Attributable to:			
BP owners		165	537
Non-controlling interest		2	15
		167	**552**

The notes on pages F-459 to F-502 form part of these combined carve-out financial statements.

BP Petrochemicals Business

Combined carve-out balance sheet

at 31 December

	Notes	2019	2018
		$ million	$ million
Assets			
Non-current assets			
Property, plant and equipment	10	1,966	1,925
Investments in joint ventures	11	582	653
Other investments		8	8
Fixed assets		2,556	2,586
Prepayments		—	8
Deferred tax assets	9	73	109
Tax receivable		16	15
		89	132
Current assets			
Inventories	13	448	611
Trade and other receivables	12	460	583
Prepayments		24	15
Tax receivable		7	—
Cash and cash equivalents	14	401	409
		1,340	1,618
Total assets		**3,985**	**4,336**
Non-current liabilities			
Finance debt	20	600	613
Accruals		2	2
Lease liabilities	16	53	—
Deferred tax liabilities	9	126	124
Provisions	17	1	4
Defined benefit pension plan and other post-retirement benefit plan deficits	18	6	5
		788	748
Current liabilities			
Trade and other payables	15	586	776
Finance debt	20	9	57
Accruals		98	104
Lease liabilities	16	23	—
Current tax payable	1	1	
Provisions	17	2	1
		719	939
Total liabilities		**1,507**	**1,687**
Net assets		**2,478**	**2,649**
Invested equity			
BP owners net investment		1,984	2,102
Foreign currency translation reserve		487	543
Other comprehensive income		3	2
Invested equity attributable to BP owners		2,474	2,647
Non-controlling interests		4	2
Total invested equity		**2,478**	**2,649**
Total liabilities and invested equity		**3,985**	**4,336**

The notes on pages F-459 to F-502 are an integral part of these combined carve-out financial statements.

BP Petrochemicals Business

Combined carve-out statement of changes in invested equity

for the two years ended 31 December

	BP Owners net investment (Note 21)	Foreign currency translation reserve (Note 21)	Other comprehensive income (Note 21)	BP Owners equity	Non-controlling interest (Note 21)	Total invested equity
	$ million	$ million	$ million	$ million	$ million	$ million
At 1 January 2018	**1,448**	**553**	**7**	**2,008**	**(13)**	**1,995**
Profit for the year	552	—	—	552	15	567
Other comprehensive income	—	(10)	(5)	(15)	—	(15)
Total comprehensive income	552	(10)	(5)	537	15	552
Transactions with BP owners, net of tax	102	—	—	102	—	102
At 31 December 2018	**2,102**	**543**	**2**	**2,647**	**2**	**2,649**
IFRS 16 transition impact	(2)	—	—	(2)	—	(2)
At 1 January 2019	**2,100**	**543**	**2**	**2,645**	**2**	**2,647**
Profit for the year	220	—	—	220	2	222
Other comprehensive income	—	(56)	1	(55)	—	(55)
Total comprehensive income	220	(56)	1	165	2	167
Transactions with BP owners, net of tax	(336)	—	—	(336)	—	(336)
At 31 December 2019	**1,984**	**487**	**3**	**2,474**	**4**	**2,478**

The notes on pages F-459 to F-502 are an integral part of these combined carve-out financial statements.

BP Petrochemicals Business

Combined carve-out cash flow statement

for the two years ended 31 December

	Notes	2019	2018
		$ million	$ million
Operating activities			
Profit before tax		284	545
Adjustments to reconcile profit before taxation to net cash provided by operating activities:			
Depreciation, depletion and amortization	10	193	173
Earnings from joint ventures	11	(74)	(250)
Dividends received from joint ventures	11	133	94
Interest receivable		(8)	(4)
Interest received		8	4
Interest paid		(30)	(40)
Finance costs	7	32	38
Share-based payments	5	6	5
Net charge for provisions, less payments		(2)	(4)
Decrease/(Increase) in inventories		154	(98)
Decrease in other current and non-current assets		116	25
(Decrease)/Increase in other current and non-current liabilities		(257)	125
Income taxes paid		(19)	(21)
Net cash provided by operating activities		**536**	**592**
Investing activities			
Expenditure on property, plant and equipment		(122)	(96)
Investment in joint ventures		(7)	(1)
Expenditure on leases		(2)	—
Net cash used in investing activities		**(131)**	**(97)**
Financing activities			
Lease liability payments		(37)	—
Repayments of financing debt		(57)	(332)
Transactions with BP owners		(313)	38
Net cash used in financing activities		**(407)**	**(294)**
Currency translation differences relating to cash and cash equivalents		(6)	(16)
Increase/(Decrease) in cash and cash equivalents		(2)	201
Cash and cash equivalents at beginning of year		409	224
Cash and cash equivalents at end of year	14	**401**	**409**

The notes on pages F-459 to F-502 are an integral part of these financial statements.

BP Petrochemicals Business

Notes on the combined carve-out financial statements

1. Description of business and basis of preparation

1.1. Description of business

The accompanying combined carve-out financial statements include the historical accounts of the petrochemicals business ("Business," "we," "our," "Group" and "us") of BP p.l.c. ("BP"), which includes the petrochemical operations (petrochemical entities and the petrochemical business units) that have been carved out that relate to BP's petrochemicals business in the US, Europe and Asia.

The Petrochemicals Business manufactures and markets three main product lines: purified terephthalic acid (PTA), paraxylene (PX) and acetic acid. These have a large range of uses including polyester fibre, food packaging and building materials. Along with the assets owned and operated, there are also investments in a number of joint arrangements in Asia and the US, where the partners are leading companies in their domestic market.

The Petrochemicals Business operates its business through two segments: Aromatics and Acetyls.

Aromatics

The Aromatics business is a leading player in the merchant PTA and PX markets. This business is organised around 3 regional businesses in the US, Europe and Asia with 5 BP operated sites and 1 joint venture site. In addition, the business sells licences for PTA and PX underpinned with advance technologies for both PTA and PX.

Acetyls

The Acetyls business is a leading player in Acetic Acid. This business is organised around 3 regional businesses in the US, Europe and Asia with 1 BP operated site, 5 non-operated joint venture businesses in Asia, a marketing and production sharing business in the US and a Methanol joint venture in Trinidad and Tobago.

1.2. Basis of preparation

The combined carve-out financial statements of the Group for the year ended 31 December 2019 and 2018 have been prepared on a carve-out basis from BP's consolidated financial statements using the historical income and expenses, assets and liabilities and cash flows attributable to the Group.

The combined carve-out financial statements do not necessarily reflect what the combined results of operations, and financial position would have been, had the Group existed as a separate independent legal group from 1 January 2018 and had it therefore presented stand-alone combined financial statements during the years 2018-2019. Further, these may not be indicative of the Group's future performance, financial position or cash flows.

The combined carve-out financial statements have been prepared on a going concern basis and under the historical cost convention, except as otherwise identified in relevant accounting policy in note 1.3.

The combined carve-out financial statements have been approved by management of the petrochemicals business on 18 December 2020.

This basis of preparation describes how the historical financial information has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"), except as described below. IFRS does not provide for the preparation of combined carve-out historical financial information, and accordingly in preparing the combined carve-out historical financial information certain accounting conventions commonly used for the preparation of historical financial information for inclusion in investment circulars as described in the Annexure to SIR 2000 ("Investment Reporting Standard applicable to public reporting engagements on historical financial information") issued by the UK Audit Practices Board have been applied.

The combined carve-out historical financial information is prepared on a combined basis, aggregating the results of the relevant petrochemical legal entities ("petrochemical entities") and business units ("petrochemicals business units") relating to BP's petrochemicals business in the US, Europe and Asia (the "petrochemicals business"). There is not

a common parent entity exercising control over all of the petrochemicals business, therefore there is not a parent company controlling the Group. This does not comply with the requirements of IFRS 10 "Consolidated Financial Statements" ("IFRS 10"). The financial information has therefore been prepared on a combined basis by applying the principles underlying the consolidation procedures of IFRS 10. The application of these conventions results in the following material departures from IFRS. In all other respects, IFRS has been applied.

- As explained above, the combined carve-out historical financial information is prepared on a combined basis and therefore does not comply with the requirements of IFRS 10 "Consolidated Financial Statements" ("IFRS 10"). The financial information has therefore been prepared on a combined basis by applying the principles underlying the consolidation procedures of IFRS 10.

- The combined carve-out historical financial information does not constitute general purpose financial statements under paragraph 7 of IAS 1 "Presentation of Financial Statements" ("IAS 1") and consequently the Group does not make an explicit and unreserved statement of compliance with IFRS as contemplated by paragraph 16 of IAS 1.

All intra-entity and intra-business unit transactions have been eliminated between those petrochemicals entities and petrochemicals business units within the Group. All intercompany trading and long-term financing transactions between the Group and BP and related entities have been included in these combined carve-out financial statements within related party trade receivables and payables or related party finance debt as appropriate. All intercompany balances related to cash pooling arrangements between the Group and BP and related entities have been included in these combined carve-out financial statements in the combined carve-out balance sheet as BP Owners net investment.

Going concern

Management consider it appropriate to adopt the going concern basis of accounting in preparing this financial information. The impact of COVID-19 and the current economic environment has been considered as part of the going concern assessment. The ongoing severe impacts of the COVID-19 pandemic continue to create a volatile and challenging trading environment.

Management of the Group have prepared detailed projections to support their assessment of the going concern basis of accounting, taking into account the key risks faced by the Group including the ongoing impact of the global COVID-19 pandemic on the Group's operations and financial results as described further in Note 26. Management's base case assessment was based on the latest budget and forecasts for 2020 and 2021 and a downside "bottom of cycle" sensitivity was also considered based on potential margin downsides in 2021. As at 31 December 2019, the Group held significant balances which were owed to or from the wider BP plc group, including $580m of finance debt, $2.0 billion of net investment recognised in equity, trade receivables of $91m and trade payables of $61m.

Prior to completion of the sale of the Petrochemicals business to Ineos Holdings AG, the Group has access to funding from the wider BP plc group. As a consequence of the intended sale of the Petrochemicals business to Ineos Holdings AG and the terms of the Sale and Purchase agreement some mutually agreed changes to the business financing are underway, including a partial repayment of up to $175m from BP Zhuhai Chemical Company Limited to BP Global Investments. In addition, under the terms of the Sale and Purchase agreement, the buyer and seller must agree a cash balance to remain by legal entity which the buyer will then reimburse to the seller. At the request of the buyer (Ineos Holdings AG), in Malaysia and Indonesia at the point of the business divestment, minimal cash will be left in these legal entities and BP management understands that Ineos Holdings AG will have new financing arrangements in place to continue operating these entities after the divestment is complete. All other steps are expected to be non-cash transactions in the nature of distributions of receivable balances, capital reductions and in certain cases agreed novation of balances to Ineos Holdings AG (or another Ineos entity) as at the date of completion of the sale. As a result of the above analysis, management of the Group are satisfied that, taking into consideration reasonably possible downside sensitivities, the Group has adequate resources to continue to operate and meet its liabilities as they fall due for the foreseeable future, a period considered to be twelve months from the date of signing these combined carve-out financial statements. For this reason, management consider it appropriate to adopt the going concern basis of accounting in preparing the combined carve-out financial statements.

Basis of combination

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non- controlling interests'

proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the BP owners of the Group and to the non-controlling interests. Total comprehensive income is attributed to the BP owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Allocation from owners

The combined carve-out financial statements include expense allocations for certain functions provided by BP and related entities, including, but not limited to, treasury, general corporate expenses related to finance, legal, tax, information technology, human resources, safety and operations, procurement, global business service charges and share based compensation. These costs have historically been allocated to the Group in all periods presented and are included in the combined carve-out financial statements.

These functional costs are allocated using a defined allocation methodology. The method applied depends on the nature of the cost—for example, many human resources costs are allocated based on headcount, whilst procurement is allocated based on the percentage of third party spend a particular business unit contributes to the total spend. During 2018 and 2019, the Group was allocated $96m and $108m, respectively, of general corporate expenses incurred by BP, which are included within Distribution and administration expenses and Production and manufacturing expenses in the combined carve-out statements of income. Both the Group and BP management consider the bases on which the expenses have been allocated to reasonably reflect the utilisation of services provided to or the benefit received by the Group during the periods presented.

The expenses allocated are not necessarily indicative of the expenses that would have been incurred had the Group performed these functions as a standalone Group, nor are they indicative of the expenses that will be charged or incurred in the future. It is not practicable to estimate the amount of expenses the Group would have incurred for the periods presented had it not been an affiliated entity of BP in each of these periods. Actual costs that may have been incurred if the Group had been a standalone Group would depend on a number of factors, including the organisational structure, what functions were outsourced or performed by employees and strategic decisions made in areas such as information technology and infrastructure.

As BP uses a centralised cash management system, allocated costs and expenses have generally been deemed to have been paid by the Group to BP and related entities in the year in which the costs were incurred.

Cash and cash equivalents and cash management

Cash and cash equivalents in the combined carve-out balance sheet are comprised of the cash and cash equivalents of the Group's businesses, held locally and specifically in relation to the operations of the Group.

Notes on the combined carve-out financial statements

Historically, BP has performed cash management functions on behalf of the Group. BP and related entities manage certain cash pooling activities among the Group's operating units, including the arrangement of borrowings from and loans to related parties and the transfer of cash balances to BP and related entities. None of BP's cash and cash equivalents has been allocated to the Group in the combined carve-out balance sheet. Transfers to and from BP and related entities are recorded as adjustments to BP Owner's net investment.

Income taxes

Income tax for the petrochemicals business has historically been included in the tax returns filed by the respective legal entities of which the petrochemicals business units are a part. Income tax expense and other income tax related information contained in this combined carve-out historical financial information is presented on a separate return basis as if the petrochemicals business filed its own tax returns. The separate return method applies the accounting guidance for income taxes to the standalone financial statements as if the petrochemicals business were a separate taxpayer and a standalone enterprise for the periods presented. Current income tax liabilities related to entities that file jointly with BP are based on the current tax expense (or benefit) calculated by the separate return method less cash paid

to the BP group in the year. Any remaining current income tax liabilities (or assets) are assumed to be immediately settled with BP and are relieved through the BP Owners net investment

Current tax receivable/payable and deferred tax assets and liabilities were determined based on the analysis of the petrochemicals business' current tax position and temporary differences at each period-end and assessment of how these relate directly or indirectly to the petrochemicals business. The impact on deferred taxes of changes in tax rates and laws, if any, applied to the years during which temporary differences are expected to be settled, are reflected in the combined carve-out financial statements in the period of substantive enactment.

Management believe the assumptions underlying the allocation of income taxes on a separate return basis are reasonable. However, the amounts allocated for income taxes in the combined carve-out financial statements are not necessarily indicative of the amount of income taxes that would have been recorded had the petrochemicals business been operated as a separate, stand-alone entity.

Presentation of combined carve-out financial statements

The combined carve-out financial statements are presented in millions of US Dollars, except when otherwise indicated. All figures presented have been rounded which may cause, for example, the sum of individual figures to deviate from the presented sum total.

Carve-out legal entities and business units

Historically, the Petrochemicals business has been operated from within separate legal entities and certain business units. Petrochemical entities relate to those legal entities identified as being related mainly to the operation of the petrochemicals business. Certain legal entities contain business units that relate to petrochemicals and non-petrochemicals business operations. The combined carve-out financial statements for the Petrochemicals Business include the financial information of the following legal entities ("petrochemicals entities") and the petrochemicals business units of the following legal entities ("petrochemicals business units") forming the Group:

Legal entities

- BP Amoco Chemical Company
- BP Amoco Chemical Holding Company
- BP Amoco Chemical Indonesia Limited
- BP Aromatics Holdings Limited
- BP Aromatics Limited
- BP Asia Limited
- BP Asia Pacific (Malaysia) Sdn. Bhd

Notes on the combined carve-out financial statements

- BP Chembel Holding LLC
- BP Chembel N.V.
- BP Chemicals (Korea) Limited
- BP Chemicals Investments Limited
- BP World-Wide Technical Services
- BP Zhuhai Chemical Company Limited
- Exploration Service Company Limited

- PT BP Petrochemicals Indonesia

Petrochemicals business unit(s) of legal entities

- BP (China) Holdings Limited
- BP Asia Pacific Holdings Limited
- BP Chemicals East China Investment
- BP Chemicals Limited
- BP Corporation North America Inc.
- BP Espana, S.A. Unipersonal
- BP Exploration (Alpha) Limited
- BP Global Investments Limited
- BP Holdings International B.V.
- BP International Limited
- BP Japan K.K.
- BP Korea Limited
- BP Oil UK Limited
- BP p.l.c.
- BP Petrochemicals India Investment
- BP Petrolleri Anonim Sirketi
- BP Pipelines (North America) Inc.
- BP Singapore Pte. Limited
- BP Taiwan Marketing Limited
- BP India Private Limited
- Amoco Chemicals Singapore Holding Co
- BP Energy Europe Ltd
- AmProperty Finance Co

The following section describes how the carve-out financial statements for the Group have been prepared.

1.3. Significant accounting policies

The accounting policies set out below have been applied consistently in all years presented, unless otherwise stated.

1.3.1. Revenue and other income

Revenue from contracts with customers is recognized when or as the Group satisfies a performance obligation by transferring control of a promised good or service to a customer. The transfer of control of chemical products and other items usually coincides with title passing to the customer and the customer taking physical possession. The Group principally satisfies its performance obligations at a point in time; the amounts of revenue recognized relating to performance obligations satisfied over time are not significant.

When, or as, a performance obligation is satisfied, the Group recognizes as revenue the amount of the transaction price that is allocated to that performance obligation. The transaction price is the amount of consideration to which the Group expects to be entitled. The transaction price is allocated to the performance obligations in the contract based on standalone selling prices of the goods or services promised. Contracts for the sale of chemical products are typically priced by reference to quoted prices.

Notes on the combined carve-out financial statements

The Group recognises revenue from the following major sources through the Aromatics and Acetyls segments:

- Contracts for the sale of chemical products
- Licence income

Contracts for the sale of chemical products

Revenue from term chemical products contracts is recognized at a point in time based on the contractual pricing provisions for each delivery. Certain of these contracts have pricing terms based on prices at a point in time after delivery has been made. Revenue from such contracts is initially recognized based on relevant prices at the time of delivery and subsequently adjusted as appropriate. All revenue from these contracts, both that recognized at the time of delivery and that from post-delivery price adjustments, is disclosed as revenue from contracts with customers in Sales and other operating revenues.

Licence income

Licence income (where licences are not distinct and the licence is combined with other goods and services in the contract) is recognized when the combined, single performance obligation is satisfied. All revenue from these contracts, is disclosed in Sales and other operating revenues.

For certain commercial arrangements, the Group acts as an agent for the sale of chemical products. When providing good or services to a customer, the Group determines whether they are acting as a principal or an agent for each specified good or service promised to the customer. The Group identifies the specified goods or services to be provided to the customer and assesses whether it controls each specified good or service before that good or service is transferred to the customer. The Group acts as an agent when its performance obligation is to arrange for the provision of the specified good or service by another party. Where the Group is acting as agent, revenue is recognised at the net amount that is retained for these arrangements.

Interest income is recognized as the interest accrues (using the effective interest rate, that is, the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

Dividend income from investments is recognized when the shareholders' right to receive the payment is established.

Contract asset and contract liability balances are included within amounts presented for trade receivables and other payables respectively.

1.3.2. Customs duties and sales taxes

Customs duties and sales taxes that are passed on or charged to customers are excluded from revenues and expenses. Assets and liabilities are recognized net of the amount of customs duties or sales tax except:

- Customs duties or sales taxes incurred on the purchase of goods and services which are not recoverable from the taxation authority are recognized as part of the cost of acquisition of the asset.

- Receivables and payables are stated with the amount of customs duty or sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included within receivables or payables in the balance sheet.

1.3.3. Finance cost

Finance costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets until such time as the assets are substantially ready for their intended use. All other finance costs are recognized in the income statement in the period in which they are incurred.

1.3.4. Income taxes

Income tax expense represents the sum of current tax and deferred tax.

Income tax is recognized in the combined carve-out income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity, in which case the related tax is recognized in other comprehensive income or directly in equity.

Current tax is based on the taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it is determined in accordance with the rules established by the applicable taxation authorities. It therefore excludes items of income or expense that are taxable or deductible in other periods as well as items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences except:

- Where the deferred tax liability arises on the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss.

- In respect of taxable temporary differences associated with interests in joint arrangements. where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilized, except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss. In respect of deductible temporary differences associated with interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

1. Description of business and basis of preparation

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable or increased to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset only when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred 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 current tax assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

Where tax treatments are uncertain, if it is considered probable that a taxation authority will accept the Group's proposed tax treatment, income taxes are recognized consistent with the Group's income tax filings. If it is not considered probable, the uncertainty is reflected within the carrying amount of the applicable tax asset or liability using either the most likely amount or an expected value, depending on which method better predicts the resolution of the uncertainty.

The computation of the Group's income tax expense and liability involves the interpretation of applicable tax laws and regulations in many jurisdictions throughout the world. The resolution of tax positions taken by the Group, through negotiations with relevant tax authorities or through litigation, can take several years to complete and in some cases it is difficult to predict the ultimate outcome. Therefore, judgement is required to determine whether provisions for income taxes are required and, if so, estimation is required of the amounts that could be payable. In addition, the Group has carry-forward tax losses and tax credits in certain taxing jurisdictions that are available to offset against future taxable profit. However, deferred tax assets are recognized only to the extent that it is probable that taxable profit will be available against which the unused tax losses or tax credits can be utilized. Management judgement is exercised in assessing whether this is the case and estimates are required to be made of the amount of future taxable profits that will be available.

Management do not assess there to be a significant risk of a material change to the Group's tax provisioning or recognition of deferred tax assets within the next financial year, however the tax position remains inherently uncertain and therefore subject to change. To the extent that actual outcomes differ from management's estimates, income tax charges or credits, and changes in current and deferred tax assets or liabilities, may arise in future periods. For more information see Note 9.

1.3.5. Foreign currency translation

In individual entities, business units and joint ventures, transactions in foreign currencies are initially recorded in the functional currency of those entities and business units at the spot exchange rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the spot exchange rate on the balance sheet date. Any resulting exchange differences are included in the income statement. Non-monetary assets and liabilities, other than those measured at fair value, are not retranslated subsequent to initial recognition.

In the combined carve-out financial statements, the assets and liabilities of non-US dollar functional currency foreign operations and joint ventures, are translated into US dollars at the spot exchange rate on the balance sheet date. The results and cash flows of non-US dollar functional currency foreign operations and joint ventures are translated into US dollars using average rates of exchange. In the combined carve-out financial statements, exchange adjustments arising when the opening net assets and the profits for the year retained by non-US dollar functional currency foreign operations and joint ventures are translated into US dollars are recognized in a separate component of equity and reported in other comprehensive income.

1.3.6. Property, plant and equipment

Property, plant and equipment owned by the Group is stated at cost, less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of any decommissioning obligation, if any, and, for assets that necessarily take a substantial period of time to get ready for their intended use, directly attributable general or specific finance costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

Expenditure on major maintenance refits or repairs comprises the cost of replacement assets or parts of assets, inspection costs and overhaul costs. Where an asset or part of an asset that was separately depreciated is replaced and it is probable that future economic benefits associated with the item will flow to the Group, the expenditure is capitalized and the carrying amount of the replaced asset is derecognized. Overhaul costs for major maintenance programmes, and all other maintenance costs are expensed as incurred.

Property, plant and equipment is depreciated on a straight-line basis over its expected useful life. The typical useful lives of the Group's property, plant and equipment are as follows:

	Years
Land improvements	15 to 25 years
Buildings	20 to 50 years
Petrochemicals plant and equipment	20 to 30 years
Office equipment	3 to 7 years
Fixtures and fittings	5 to 15 years
Transportation	3 to 4 years

The expected useful lives and depreciation method of property, plant and equipment are reviewed on an annual basis and, if necessary, changes in useful lives or the depreciation method are accounted for prospectively.

An item of property, plant and equipment is derecognized 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 derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period in which the item is derecognized.

Impairment of property, plant and equipment

The Group assesses assets or groups of assets, called cash-generating units (CGUs), for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or CGU may not be recoverable; for example, changes in the Group's business plans, changes in the Group's assumptions about commodity prices, low plant utilization, or evidence of physical damage. If any such indication of impairment exists, the Group makes an estimate of the asset's or CGU's recoverable amount. Individual assets are grouped into CGUs for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of the other groups of assets. A CGU's recoverable amount is the higher of its fair value less costs of disposal and its value in use. If it is probable that the value of the CGU will be primarily recovered through a disposal transaction, the expected disposal proceeds are considered in determining the recoverable amount. Where the carrying amount of a CGU exceeds its recoverable amount, the CGU is considered impaired and is written down to its recoverable amount.

The Group's business plans, which are approved on an annual basis by senior management, are the primary source of information for the determination of value in use. They contain forecasts for petrochemicals production, throughputs, sales volumes for petrochemicals products, various types of refined products (e.g. petrochemicals), revenues, costs and capital expenditure. As an initial step in the preparation of these plans, various assumptions regarding market conditions, such as oil prices, petrochemical product margins and cost inflation rates are set by senior management. These assumptions take account of existing prices, global supply-demand equilibrium for petrochemical products, other macroeconomic factors and historical trends and variability. In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the asset group that are not reflected in the discount rate and are discounted to their present value typically using a pre-tax discount rate that reflects current market assessments of the time value of money.

Fair value less costs of disposal is the price that would be received to sell the asset in an orderly transaction between market participants and does not reflect the effects of factors that may be specific to the Group and not applicable to entities in general. In limited circumstances where recent market transactions are not available for reference, discounted cash flow techniques are applied.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to the lower of its recoverable amount and the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Impairment reversals are recognized in profit or loss. After a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

1.3.7. Research and development expenditure

The Group undertakes research and development activities in relation to production process improvements and of new production technologies.

Expenditure on research activities shall be expensed as incurred.

Expenditure on development activities shall be expensed as incurred unless the Group can demonstrate all of the following, in which case it is recognised as an intangible asset and amortised over its useful life:

a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;

b) the intention and ability to complete, and use or sell, the intangible asset;

c) how the intangible asset will generate probable future economic benefits (e.g. if it is to be used internally, the usefulness of the intangible asset, or externally, the existence of a market);

d) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

e) the ability to measure reliably the expenditure attributable to the intangible asset during its development.

1.3.8. Investments in joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of joint ventures are incorporated in these financial statements using the equity method of accounting.

Under the equity method, an investment in a joint venture is recognised initially in the combined carve-out balance sheet at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a Group entity transacts with a joint venture of the Group, profits and losses resulting from the transactions with the joint venture are recognised in the Group's combined carve-out financial statements only to the extent of interests in the joint venture that are not related to the Group.

The Group applies IFRS 9, including the impairment requirements, to long-term interests in a joint venture to which the equity method is not applied and which form part of the net investment in the investee.

Furthermore, in applying IFRS 9 to long-term interests, the Group does not take into account adjustments to their carrying amount required by IAS 28 (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).

1.3.9. Financial instruments

Financial assets

Financial assets are recognized initially at fair value, normally being the transaction price. In the case of financial assets not measured at fair value through profit or loss, directly attributable transaction costs are also included in the carrying amount. The subsequent measurement of financial assets depends on their classification, as set out below. The Group derecognizes financial assets when the contractual rights to the cash flows expire or the rights to receive cash flows have been transferred to a third party along with either substantially all of the risks and rewards or control of the asset. This includes the derecognition of receivables for which discounting arrangements are entered into.

The Group classifies its financial asset debt instruments as measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss. The classification depends on the business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

Financial assets are classified as measured at amortized cost when they are held in a business model the objective of which is to collect contractual cash flows and the contractual cash flows represent solely payments of principal and interest. Such assets are carried at amortized cost using the effective interest method if the time value of money is significant. Gains and losses are recognized in profit or loss when the assets are derecognized or impaired and when interest is recognized using the effective interest method. This category of financial assets includes trade and other receivables.

Financial assets measured at fair value through other comprehensive income

Financial assets are classified as measured at fair value through other comprehensive income when they are held in a business model the objective of which is both to collect contractual cash flows and sell the financial assets, and the contractual cash flows represent solely payments of principal and interest. The Group does not have any financial assets classified in this category.

Financial assets measured at fair value through profit or loss

Financial assets are classified as measured at fair value through profit or loss when then asset does not meet the criteria to be measured at amortized cost or fair value through other comprehensive income. Such assets are carried on the combined carve-out balance sheet at fair value with gains or losses recognised in the income statement.

Investments in equity instruments

Investments in equity instruments are subsequently measured at fair value through profit or loss unless an election is made on an instrument- by-instrument basis to recognise fair value gains and losses in other comprehensive income. The Group does not have any investments for which this election has been made.

Cash and cash equivalents

Cash and short-term deposits in the combined carve-out balance sheet comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value as well as bank acceptances (relating to operations in China) which have a maturity profile of less than 90 days from the date of receipt (this is treated as part of cash and cash equivalents since these balances can be called on demand).

Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to insignificant risk of changes in value and generally have a maturity of three months or less from the date of acquisition. Cash equivalents are classified as financial assets measured at amortized cost or, in the case of certain money market funds, fair value through profit or loss.

For the purpose of the combined carve-out statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

Impairment of financial assets measured at amortized cost

The Group assesses, on a forward-looking basis, the expected credit losses associated with financial assets classified as measured at amortized cost at each balance sheet date. Expected credit losses are measured based on the maximum contractual period over which the Group is exposed to credit risk. As lifetime expected credit losses are recognized for trade receivables and the tenor of substantially all of the other in- scope financial assets is less than 12 months there is no significant difference between the measurement of 12-month and lifetime expected credit losses for the Group. The measurement of expected credit losses is a function of the probability of default, loss given default and exposure at default. The expected credit loss is estimated as the difference between the asset's carrying amount and the present value of the future cash flows the Group expects to receive discounted at the financial asset's original effective interest rate. The carrying amount of the asset is adjusted, with the amount of the impairment gain or loss recognized in the income statement.

A financial asset or group of financial assets classified as measured at amortized cost is considered to be credit-impaired if there is reasonable and supportable evidence that one or more events that have a detrimental impact on the estimated future cash flows of the financial asset (or group of financial assets) have occurred. Financial assets are written off where the Group has no reasonable expectation of recovering amounts due.

Financial liabilities

The measurement of financial liabilities depends on their classification, as follows:

Financial liabilities measured at fair value through profit or loss

Financial liabilities that meet the definition of held for trading are classified as measured at fair value through profit or loss. Such liabilities are carried on the balance sheet at fair value with gains or losses recognized in the combined carve-out income statement. The Group does not have any financial liabilities classified in this category.

Financial liabilities measured at amortized cost

All financial liabilities are initially recognized at fair value, net of directly attributable transaction costs. For interest-bearing loans and borrowings this is typically equivalent to the fair value of the proceeds received, net of issue costs associated with the borrowing.

After initial recognition, financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any issue costs and any discount or premium on settlement. Gains and losses arising on the repurchase, settlement or cancellation of liabilities are recognized in interest and other income and finance costs respectively.

This category of financial liabilities includes trade and other payables and finance debt.

The Group's trade payables include some supplier arrangements that utilize letter of credit facilities (see Note 19—Liquidity risk for further information). The Group assesses the payables subject to these arrangements to determine whether they should continue to be classified as trade payables and give rise to operating cash flows or finance debt and financing cash flows. The criteria used in making this assessment include the payment terms for the amount due relative to terms commonly seen in the markets in which the group operates. Liabilities subject to these arrangements with payment terms of up to approximately 60 days are generally considered to be trade payables and give rise to operating cash flows.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The Group categorizes assets and liabilities measured at fair value into one of three levels depending on the ability to observe inputs employed in their measurement. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs that are observable, either directly or indirectly, other than quoted prices included within Level 1 for the asset or liability. Level 3 inputs are unobservable inputs for the asset or liability reflecting significant modifications to observable related market data or the group assumptions about pricing by market participants.

The fair values of financial assets classified as fair value through profit or loss are determined using an estimate of discounted future cash flows that are expected to be received and is considered a Level 3 valuation under the fair value hierarchy. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these instruments.

1.3.10. Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined by the first-in first- out method and comprises direct purchase costs, cost of production, transportation and manufacturing expenses. Net realizable value is determined by reference to prices existing at the balance sheet date, adjusted where the sale of inventories after the reporting period gives evidence about their net realizable value at the end of the period.

Supplies are valued at the lower of cost on a weighted average basis and net realizable value.

1.3.11. Leases

Accounting policy from 1 January 2019

Agreements that convey the right to control the use of an identified asset for a period of time in exchange for consideration are accounted for as leases. The right to control is conveyed if the Group has both the right to obtain substantially all of the economic benefits from, and the right to direct the use of, the identified asset throughout the period of use. An asset is identified if it is explicitly or implicitly specified by the agreement and any substitution rights held by the lessor over the asset are not considered substantive.

A lease liability is recognized on the combined carve-out balance sheet on the lease commencement date at the present value of future lease payments over the lease term. The discount rate applied is the rate implicit in the lease if readily determinable, otherwise an incremental borrowing rate is used. The incremental borrowing rate is determined based on factors such as the group's cost of borrowing, lessee legal entity credit risk, currency and lease term. The lease term is the non-cancellable period of a lease together with any periods covered by an extension option that the Group is reasonably certain to exercise, or periods covered by a termination option that the group is reasonably certain not to exercise. The future lease payments included in the present value calculation are any fixed payments, payments that vary depending on an index or rate, payments due for the reasonably certain exercise of options and expected residual value guarantee payments.

Payments that vary based on factors other than an index or a rate such as usage, sales volumes or revenues are not included in the present value calculation and are recognized in the income statement. The lease liability is recognized on an amortized cost basis with interest expense recognized in the combined carve- out income statement over the lease term, except for where capitalized as development expenditure.

The right-of-use asset is recognized on the combined carve-out balance sheet as property, plant and equipment at a value equivalent to the initial measurement of the lease liability adjusted for lease prepayments, lease incentives, initial direct costs and any restoration obligations. The right-of-use asset is depreciated typically on a straight-line basis over the lease term. The depreciation charge is recognized in the income statement except for where capitalized as development expenditure. Right-of-use assets are assessed for impairment in line with the accounting policy for impairment of property, plant and equipment.

Agreements may include both lease and non-lease components. Payments for lease and non-lease components are allocated on a relative stand-alone selling price basis.

If the lease term at commencement of the agreement is less than 12 months, a lease liability and right-of- use asset are not recognized, and a lease expense is recognized in the income statement on a straight-line basis.

If a significant event or change in circumstances, within the control of the Group, arises that affects the reasonably certain lease term or there are changes to the lease payments, the present value of the lease liability is remeasured using the revised term and payments, with the right-of- use asset adjusted by an equivalent amount.

Modifications to a lease agreement beyond the original terms and conditions are accounted for as a re-measurement of the lease liability with a corresponding adjustment to the right-of-use asset. Any gain or loss on modification is recognized in the income statement. Modifications that increase the scope of the lease at a price commensurate with the stand-alone selling price are accounted for as a separate new lease.

As noted in 'Impact of new International Financial Reporting Standards—IFRS 16 "Leases" ("IFRS 16"), the Group elected to apply the 'modified retrospective' transition approach on adoption of IFRS 16. Under this approach, comparative periods' financial information is not restated. The accounting policy applicable for leases in the comparative period only is disclosed in the following paragraphs.

Accounting policy prior to 1 January 2019

Agreements under which payments are made to owners in return for the right to use a specific asset are accounted for as leases. Leases that transfer substantially all the risks and rewards of ownership are recognized as finance leases. All other leases are accounted for as operating leases.

Finance leases are capitalized at the commencement of the lease term at the fair value of the leased item or, if lower, at the present value of the minimum lease payments. Finance charges are allocated to each period so as to achieve a constant rate of interest on the remaining balance of the liability and are charged directly against income. Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term. Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

1.3.12. Provisions and contingencies

Provisions are recognized when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where appropriate, the future cash flow estimates are adjusted to reflect risks specific to the liability.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax risk- free rate that reflects current market assessments of the time value of money. Where discounting is used, the increase in the provision due to the passage of time is recognized within finance costs. Provisions are discounted using a nominal discount rate of 2.5% (2018: 3.0%). Provisions are split between amounts expected to be settled within 12 months of the balance sheet date (current) and amounts expected to be settled later (non-current)

Contingent liabilities are possible obligations whose existence will only be confirmed by future events not wholly within the control of the Group, or present obligations where it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are not recognized in the combined carve-out financial statements but are disclosed unless the possibility of an outflow of economic resources is considered remote.

Decommissioning

Liabilities for decommissioning costs are recognized when the Group has an obligation to dismantle and remove a facility or an item of plant and to restore the site on which it is located, and when a reliable estimate of that liability can be made. Where an obligation exists for a new facility or item of plant, such as transportation facilities, this liability will be recognized on construction or installation. An obligation for decommissioning may also crystallize during the period of operation of a facility or item of plant through a change in legislation or through a decision to terminate operations; an obligation may also arise in cases where an asset has been sold but the subsequent owner is no longer able to fulfil its decommissioning obligations, for example due to bankruptcy. The amount recognized is the present value of the estimated future expenditure determined in accordance with local conditions and requirements. The provision for the costs of decommissioning production facilities at the end of their economic lives is estimated using existing technology, at future prices, depending on the expected timing of the activity, and discounted using the nominal discount rate.

An amount equivalent to the decommissioning provision is recognized as part of the corresponding property, plant and equipment. The decommissioning portion of the property, plant and equipment is subsequently depreciated at the same rate as the rest of the asset. Other than the unwinding of discount on or utilisation of the provision, any change in the present value of the estimated expenditure is reflected as an adjustment to the provision and the corresponding asset where that asset is generating or is expected to generate future economic benefits.

Decommissioning provisions associated with petrochemicals facilities are generally not recognized, as the potential obligations cannot be measured, given their indeterminate settlement dates. The Group performs periodic reviews of its petrochemicals business long-lived assets for any changes in facts and circumstances that might require the recognition of a decommissioning provision.

Environmental expenditures and liabilities

Environmental expenditures that are required in order for the Group to obtain future economic benefits from its assets are capitalized as part of those assets. Expenditures that relate to an existing condition caused by past operations that do not contribute to future earnings are expensed.

Liabilities for environmental costs are recognized when a clean-up is probable and the associated costs can be reliably estimated. Generally, the timing of recognition of these provisions coincides with the commitment to a formal plan of action or, if earlier, on divestment or on closure of inactive sites.

1. Description of business and basis of preparation

The amount recognized is the best estimate of the expenditure required to settle the obligation. Provisions for environmental liabilities have been estimated using existing technology, at future prices and discounted using a nominal discount rate.

1.3.13. Government subsidies/grants

Government grants of a capital nature, paid by government agencies to provide incentives to develop certain industries/geographical areas, shall be recognised within income over the expected useful economic lives of the related assets. Where all or part of the grant received has been deferred the amount so deferred shall be treated as deferred income. The deferred income recognised in relation to the grant would then subsequently be released systematically to the income statement over the expected useful life of the related asset.

Grants of a revenue nature (e.g. employment grants to provide incentive to train personnel or employ them in an area of otherwise low employment) shall be allocated to the appropriate expense account. A government grant related to the Group's daily activities is recognized in other income based on the nature of economic activities; a government grant that is not related to the Group's daily activities is recognized in non-operating income and expenses.

1.3.14. Share-based payments

Equity-settled transactions

The cost of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments on the date on which they are granted and is recognized as an expense over the vesting period, which ends on the date on which the employees become fully entitled to the award.

A cost is attributed to the Group from the total cost of transactions to be settled in the shares of BP based on the grants made to individual employees of the Group in the accounting period. A corresponding credit is recognized within equity. Fair value is determined by using an appropriate, widely used, valuation model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of BP (market conditions). Non-vesting conditions, such as the condition that employees contribute to a savings-related plan, are taken into account in the grant-date fair value, and failure to meet a non-vesting condition, where this is within the control of the employee is treated as a cancellation and any remaining unrecognized cost is expensed.

For other equity-settled share-based payment transactions, the goods or services received and the corresponding increase in equity are measured at the fair value of the goods or services received unless their fair value cannot be reliably estimated. If the fair value of the goods and services received cannot be reliably estimated, the transaction is measured by reference to the fair value of the equity instruments granted.

1.3.15. Pensions and other post-retirement benefits

Only defined benefit plans where all or part of the assets and liabilities of the plan are to remain with the Group post carve-out are recognised and disclosed as a defined benefit plan under IAS 19 "Employee Benefits" ("IAS 19"). For defined benefit plans and other post-employment benefit plans not transferring but where a significant number of members are employed by the Group, an appropriate allocation of the cost for those employees has been recognised in the combined carve-out income statement as contributions to a defined contribution plan.

The cost of providing benefits under the Group's defined benefit plans is determined separately for each plan using the projected unit credit method, which attributes entitlement to benefits to the current period to determine current service cost and to the current and prior periods to determine the present value of the defined benefit obligation. Past service costs, resulting from either a plan amendment or a curtailment (a reduction in future obligations as a result of a material reduction in the plan membership), are recognized immediately when the Group becomes committed to a change.

Net interest expense relating to pensions and other post-retirement benefits, which is recognized in the combined carve-out income statement, represents the net change in present value of plan obligations and the value of plan assets resulting from the passage of time, and is determined by applying the discount rate to the present value of the

benefit obligation at the start of the year, and to the fair value of plan assets at the start of the year, taking into account expected changes in the obligation or plan assets during the year.

Remeasurements of the defined benefit liability and asset, comprising actuarial gains and losses, and the return on plan assets (excluding amounts included in net interest described above) are recognized within other comprehensive income in the period in which they occur and are not subsequently reclassified to profit or loss.

The defined benefit pension plan surplus or deficit recognized on the combined carve-out balance sheet for each plan comprises the difference between the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds) and the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and, in the case of quoted securities, is the published bid price. Defined benefit pension plan surpluses are only recognized to the extent they are recoverable, either by way of a refund from the plan or reductions in future contributions to the plan.

Contributions to defined contribution plans are recognized in the combined carve-out income statement in the period in which they become payable.

1.3.16. Related parties

All BP Group companies and affiliates outside of the perimeter of the transaction are considered to be related parties. Also, the following parties are related parties: key management of the Group. Transactions between the Group entities and the Group business units within the perimeter are eliminated in the combination.

1.3.17. Invested capital

Owners' net investment in the combined carve-out balance sheet represents BP's historical investment in the Group, the Group's accumulated net earnings after income taxes and the net effect of transactions with and allocations from BP in relation to cash pooling arrangements.

2. Significant accounting judgements, estimates and new and amended standards

Use of judgements and estimates

Inherent in the application of many of the accounting policies used in preparing the combined carve-out financial statements is the need for management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual outcomes could differ from the estimates and assumptions used. The accounting judgements and estimates that have a significant impact on the results of the Group are set out below and should be read in conjunction with the information provided in the Notes on the combined carve-out financial statements. The area requiring the most significant judgement in the preparation of the combined carve-out financial statements is the recoverability of asset carrying values. The area requiring the most significant estimates is the valuation of relevant pensions and other post-retirement benefits.

Significant judgements

Recoverability of asset carrying values

Determination as to whether there have been any indicators of impairment for an asset, CGU, or group of CGUs involves management judgement on highly uncertain matters such as the effects of inflation and deflation on operating expenses, discount rates, production profiles, resources, and future commodity prices, including the outlook for global or regional market supply-and-demand conditions for petrochemical products. Judgement is required when determining the appropriate grouping of assets into a CGU or the appropriate grouping of CGUs for impairment testing purposes, and to identify whether there have been any indicators of impairment for an asset. Alternative groupings of assets or CGUs may result in a different outcome from impairment testing.

As disclosed above, the recoverable amount of an asset is the higher of its value in use and its fair value less costs of disposal. Fair value less costs of disposal may be determined based on expected sales proceeds or similar recent market transaction data.

Details of the carrying amounts of relevant non-current assets are shown in Note 10. Management concluded that there were no indicators of impairment in either 2018 or 2019.

Significant estimates

Pensions and other post-retirement benefits

Accounting for defined benefit pensions and other post-retirement benefits involves making significant estimates when measuring the Group's pension plan surpluses and deficits. These estimates require assumptions to be made about many uncertainties.

Pensions and other post-retirement benefit assumptions are reviewed by management at the end of each year. These assumptions are used to determine the projected benefit obligation at the year end and hence the surpluses and deficits recorded on the Group's balance sheet, and pension and other post-retirement benefit expense for the following year.

The assumptions that are the most significant to the amounts reported are the discount rate, inflation rate, salary growth and mortality levels. Assumptions about these variables are based on the environment in each country. The assumptions used vary from year to year, with resultant effects on future net income and net assets. Changes to some of these assumptions, in particular the discount rate and inflation rate, could result in material changes to the carrying amounts of the Group's pension and other post-retirement benefit obligations within the next financial year, in particular for the Eurozone plans. Any differences between these assumptions and the actual outcome will also affect future net income and net assets.

The values ascribed to these assumptions and a sensitivity analysis of the impact of changes in the assumptions on the benefit expense and obligation used are provided in Note 18.

Impact of new International Financial Reporting Standards

The Group adopted IFRS 16 "Leases", which replaced IAS 17 "Leases" and IFRIC 4 "Determining whether an arrangement contains a lease", with effect from 1 January 2019. There are no other new or amended standards or interpretations adopted during 2018 or 2019 that have a significant impact on the combined carve-out financial statements.

IFRS 16 "Leases"

IFRS 16 provides a new model for lessee accounting in which the majority of leases will be accounted for by the recognition on the combined carve-out balance sheet of a right-of-use asset and a lease liability. The subsequent amortization of the right-of-use asset and the interest expense related to the lease liability is recognized in profit or loss over the lease term.

The Group elected to apply the modified retrospective transition approach in which the cumulative effect of initial application is recognized in opening retained earnings at the date of initial application with no restatement of comparative periods' financial information. Information in the 2018 Group combined carve-out balance sheet and Group combined carve-out cash flow statement has been presented to align with the 2019 presentation, showing lease liabilities and lease liability payments as separate line items. Amounts presented in these line items for the 2018 period relate to leases accounted for as finance leases under IAS 17. The Group does not consider any of the judgements or estimates made on transition to IFRS 16 to be significant.

IFRS 16 introduces a revised definition of a lease. As permitted by the standard, the Group elected not to reassess the existing population of leases under the new definition and only applies the new definition for the assessment of contracts entered into after the transition date. On transition the standard permitted, on a lease-by-lease basis, the right-of-use asset to be measured either at an amount equal to the lease liability (as adjusted for prepaid or accrued lease payments), or on a historical basis as if the standard had always applied. The Group elected to use the historical asset measurement for its more material leases and used the asset equals liability approach for the remainder of the population. In measuring the right-of-use asset, the Group applied the transition practical expedient to exclude initial direct costs. The Group also elected to adjust the carrying amounts of the right-of-use assets as at 1 January 2019 for onerous lease provisions that had been recognized on the Group combined carve-out balance sheet as at 31 December 2018, rather than performing impairment tests on transition.

The effect on the Group's combined carve-out balance sheet is set out further below. The presentation and timing of recognition of charges in the combined carve-out income statement has changed following the adoption of IFRS 16. The operating lease expense previously reported under IAS 17, typically on a straight-line basis, has been replaced by depreciation of the right-of-use asset and interest on the lease liability. In the combined carve-out cash flow statement, payments are now presented as financing cash flows, representing repayments of principal, and as operating cash flows, representing payments of interest. Variable lease payments that do not depend on an index or rate are not included in the lease liability and will continue to be presented as operating cash flows. In prior years, operating lease payments were principally presented within cash flows from operating activities.

The following table provides a reconciliation of the operating lease commitments as at 31 December 2018 to the total lease liability recognized on the Group combined carve-out balance sheet in accordance with IFRS 16 as at 1 January 2019, with explanations below.

	$ million
Operating lease commitments at 31 December 2018	105
Less	
Leases not yet commenced	4
Leases below materiality threshold	3
Short-term leases	2
Effect of discounting	13
Variable lease payments	1
Other	1
Total lease liabilities recognised on adoption of IFRS 16	**81**

Leases not yet commenced: The operating lease commitments disclosed as at 31 December 2018 include amounts relating to leases entered into by the Group that had not yet commenced as at 31 December 2018. In accordance with IFRS 16 assets and liabilities will not be recognized on the Group combined carve-out balance sheet in relation to these leases until the dates of commencement of the leases. Commitments for leases not yet commenced as at 31 December 2019 are disclosed in note 16.

Short-term leases and leases below materiality threshold ("low value assets"): As part of the transition to IFRS 16, the Group elected not to recognize assets and liabilities relating to short-term leases i.e. leases with a term of less than 12 months and also applied a materiality threshold for the recognition of assets and liabilities related to leases. The disclosed operating lease commitments as at 31 December 2018 include amounts related to such leases.

Effect of discounting: The amount of the lease liability recognized in accordance with IFRS 16 is on a discounted basis whereas the operating lease commitments information as at 31 December 2018 is presented on an undiscounted basis. The discount rates used on transition were incremental borrowing rates as appropriate for each lease based on factors such as the lessee legal entity or business unit, lease term and currency. The weighted average discount rate used on transition was around 2.38%, with a weighted average remaining lease term of around 5.41 years. For new leases commencing after 1 January 2019 the discount rate used will be the interest rate implicit in the lease, if this is readily determinable, or the incremental borrowing rate if the implicit rate cannot be readily determined.

Variable lease payments: Where there are lease payments that vary depending on an index or rate, the measurement of the operating lease commitments as at 31 December 2018 was based on the variable factor as at inception of the lease and was not updated to reflect subsequent changes in the variable factor. Such subsequent changes in the lease payments were treated as contingent rentals and charged to profit or loss as and when paid. Under IFRS 16 the lease liability is adjusted whenever the lease payments are changed in response to changes in the variable factor, and for transition the liability was measured on the basis of the prevailing variable factor on 1 January 2019.

Redetermination of lease term: Under the transition provisions of IFRS 16, the remaining terms of certain leases were redetermined with the benefit of hindsight, on the basis that BP was reasonably certain to exercise its option to terminate those leases before the full term.

Under IAS 17 finance leases were recognized on the combined carve-out balance sheet and continue to be recognized in accordance with IFRS 16.

In addition to the lease liability, other line items on the combined carve-out balance sheet adjusted on transition to IFRS 16 include property, plant and equipment for the right-of-use assets, lease related prepayments, trade and other payables, accruals and deferred tax balances, as set out below.

	31 December 2018	1 January 2019	Adjustment on adoption of IFRS 16
	$ million	$ million	$ million
Non-current assets			
Property, plant and equipment	1,925	2,010	85
Prepayments	8	—	(8)
Current liabilities			
Trade and other payables	776	775	1
Lease liabilities	—	38	(38)
Non-current liabilities			
Lease liabilities	—	43	(43)
Net deferred tax liabilities	15	14	1

	31 December 2018	1 January 2019	Adjustment on adoption of IFRS 16
	$ million	$ million	$ million
Net assets*	**2,649**	**2,647**	**(2)**
Invested Equity			
BP owners net investment	2,647	2,645	(2)
Non-controlling interests	2	2	—
	2,649	**2,647**	**(2)**

* Net assets include line items not affected by the transition to IFRS 16 that are not presented separately in the table.

New and amended standards not yet adopted

The following pronouncements from the IASB have not been adopted by the Group in these combined carve-out financial statements as they will only become effective for future financial reporting periods. There are no other standards, amendments or interpretations in issue but not yet adopted that the directors anticipate will have a material effect on the reported income or net assets of the Group.

IFRS 17 'Insurance Contracts'

IFRS 17 "Insurance Contracts" ("IFRS 17") provides a new general model for accounting for contracts where the issuer accepts significant insurance risk from another party and agrees to compensate that party if a future uncertain event adversely affects them. IFRS 17 replaces IFRS 4 "Insurance Contracts" and will be effective for the Group for the financial reporting period commencing 1 January 2023 subject to endorsement by the UK and the EU. The Group has commenced an assessment of the impact of IFRS 17 but it is not expected to have a significant effect on future financial reporting.

Interest Rate Benchmark Reform: Amendments to IFRS 9 "Financial Instruments"

Amendments to IFRS 9 were issued in September 2019 to provide temporary relief from applying specific hedge accounting requirements to hedging relationships directly affected by interest rate benchmark reforms. The reliefs have the effect that the uncertainty over the interest rate benchmark reforms should not generally result in discontinuation of hedge accounting. The IASB identified two groups of accounting issues that could impact financial reporting, Pre-replacement issues (Phase 1) and Replacement issues (Phase 2). The Phase 1amendments have been endorsed by the EU. The Group will adopt the Phase 1 IFRS 9 amendments in the financial reporting period commencing 1 January 2020. Phase 2 is expected to be adopted by the EU in December 2020 with an effective application date of 1 January 2021. This change is not expected to have a significant effect on future financial reporting of the Group as no hedge accounting relationships are in place.

Several other amendments and interpretations apply for the first time in 2020, but do not have an impact on the combined carve-out financial statements:

- Amendments to IFRS 3: Definition of a Business
- Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform
- Amendments to IAS 1 and IAS 8: Definition of Material
- Conceptual Framework for Financial Reporting issued on 29 March 2018
- Amendments to IFRS 16 Covid-19 Related Rent Concessions

3. Revenue from contracts with customers

Revenue from contracts with customers is recognized when or as the Group satisfies a performance obligation by transferring control of a promised good or service to a customer. The Group principally satisfies its performance obligations at a point in time; the amounts of revenue recognized relating to performance obligations satisfied over time are not significant. The amounts shown in the table below are included in Sales and other operating revenues in the combined carve-out income statement.

By product	2019	2018
	$ million	$ million
Aromatics products	5,321	5,591
Acetyls products	940	1,070
Revenue from contracts with customers by product	**6,261**	**6,661**

By geographical area	2019	2018
	$ million	$ million
Asia	2,837	3,082
US	2,000	1,752
Europe	1,424	1,827
Revenue from contracts with customers by geographical area	**6,261**	**6,661**

IFRS 8 “Operating Segments” does not apply to the combined carve-out financial statements for the petrochemicals business hence relevant segment information required by that standard is not presented.

4. Profit for the year

Profit for the year has been arrived at after charging/(crediting):

	2019	2018
	$ million	$ million
Net foreign exchange losses/(gains)	5	(1)
Research and development costs	11	12
Loss allowance on trade receivables	—	4

5. Employee costs

Employee costs	2019	2018
	$ million	$ million
Wages and salaries	192	204
Social security costs	19	21
Share-based payments	6	5
Pension and other post-retirement benefits	37	39
Termination (benefit)/costs	(1)	11
	253	**280**

6. Remuneration of senior management

Included in employee benefit expense is key management compensation as set out below.

	2019	2018

	$ million	$ million
Total for all senior management		
Short-term employee benefits	4	5
Pensions and other post-retirement benefits	1	1
Share-based payments	4	3
Total	**9**	**9**

Senior management comprises members of the Petrochemicals leadership team.

Short-term employee benefits

These amounts comprise salary, benefits and cash bonuses for senior management. Deferred annual bonus awards, to be settled in shares, are included in share-based payments.

Pensions and other post-retirement benefits

The amounts represent the estimated cost to the Group of providing pensions and other post-retirement benefits to senior management in respect of the current year of service measured in accordance with IAS 19 "Employee Benefits".

Share-based payments

This is the cost to the Group of senior management's participation in share-based payment plans, as measured by the fair value of options and shares granted, accounted for in accordance with IFRS 2 "Share-based Payments".

7. Finance costs

	2019	2018
	$ million	$ million
Finance costs payable on loans from BP Group undertakings	27	33
Finance costs on debt and borrowings	3	4
Finance costs payable under lease arrangements	2	—
Other finance costs	—	1
Total finance cost	**32**	**38**

8. Interest and other income

	2019	2018
	$ million	$ million
Interest income		
Interest income from loans to joint ventures	3	3
Other interest income	5	1
Other income		
Dividend income	10	—
Other income*	50	49
	68	**53**

* Other income includes government subsidies, cost recoveries, income from emission sales, and settlements from legal and insurance claims.

Notes on the combined carve-out financial statements

9. Taxation

Tax on profit

	2019	2018
	$ million	$ million
Current tax		
Charge for the year	31	22
Adjustment in respect of prior years	(10)	(1)
	21	21
Deferred tax		
Origination and reversal of temporary differences in the current year	22	(49)
Adjustment in respect of prior years—deferred tax	19	7
Impact of change in tax rates	—	(1)
	41	(43)
Tax charge/(benefit) on profit	**62**	**(22)**

In 2019, the total tax credit recognized within other comprehensive income was $1 million (2018 $3 million credit).

The total tax charge recognized directly in equity was $nil (2018 $nil).

Reconciliation of the effective tax rate

The following table provides a reconciliation of the Group weighted average statutory corporate income tax rate to the effective tax rate of the Group on profit before taxation.

	2019	2018
	$ million	$ million
Profit before taxation	284	545
Tax rate computed at the weighted average statutory rate	68	121
Increase (decrease) resulting from		
Tax reported in equity-accounted joint ventures	(29)	(82)
(Benefit) from previously unrecognised tax losses	—	(90)
De-recognition of deferred tax assets	5	1
Items not deductible for tax purposes	4	12
Impact of tax rate changes	—	(1)
Adjustments in respect of previous periods	9	6
Other	5	11
Total tax charge/(benefit) on profit	**62**	**(22)**

Deferred tax

Analysis of movements during the year in the net deferred tax liability	2019	2018
	$ million	$ million
Deferred tax liability at 31 December	15	62
Adjustment on adoption of IFRS 16	(1)	—
Opening deferred tax liability—at 1 January	14	62
Impact of change in tax rates	—	(1)
Exchange adjustments	(1)	—
Charge/(credit) for the year in the combined carve-out income statement	41	(43)
Charge/(credit) for the year in combined carve-out other comprehensive income	(1)	(3)
Closing deferred tax liability at 31 December	**53**	**15**

The following table provides an analysis of deferred tax in the combined carve-out income statement and the combined carve-out balance sheet by category of temporary difference:

	Income statement		Balance sheet	
	2019	2018	2019	2018
	$ million	$ million	$ million	$ million
Deferred tax liability				
Depreciation	14	13	179	163
Other taxable temporary differences	—	1	1	1
	14	**14**	**180**	**164**
Deferred tax asset				
Depreciation	13	3	(36)	(52)
Lease liabilities	(3)	—	(12)	—
Tax credits	—	—	(1)	(1)
Loss carry forward	24	(55)	(34)	(54)
Other deductible temporary differences	(7)	(5)	(44)	(42)
	27	**(57)**	**(127)**	**(149)**
Net deferred tax charge/(credit) and net deferred tax liability	41	(43)	53	15
Of which—deferred tax liabilities			180	164
—deferred tax assets			(127)	(149)
Reflected in the balance sheet as follows*:				
Deferred tax liability			126	124
Deferred tax asset			(73)	(109)
			53	**15**

* *The deferred tax assets and the deferred tax liabilities are offset as it relates to income taxes levied by the same taxation authority on the same taxable entity.*

A summary of temporary differences, unused tax credits and unused tax losses for which deferred tax has not been recognized is shown in the table below.

	2019	2018
	$ million	$ million
At 31 December		
Unused tax losses	88	87
Deductible temporary differences	25	30
	113	**117**

For 2019 the majority of the unused tax losses expire in the period 2020 to 2023. Tax losses will only be recognised if sufficient taxable profits are probable.

	2019	2018
	$ million	$ million
Impact of previously unrecognized deferred tax or write-down of deferred tax assets in tax charge		
Current tax benefit relating to the utilization of previously unrecognized deferred tax assets	—	27
Deferred tax benefit relating to the recognition of previously unrecognized deferred tax assets	—	61
Deferred tax benefit (expense) arising from the write-down of a previously recognized deferred tax asset	(4)	—

The Group offsets tax assets and tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

10. Property, plant and equipment

	Land and buildings	Plant, machinery and equipment	Right-of-use assets*	Total
	$ million	$ million	$ million	$ million
Cost—Property, plant and equipment				
At 31 December 2018	91	5,380	4	5,475

IFRS 16 implementation	—	—	85	85
At 1 January 2019	91	5,380	89	5,560
Exchange adjustments	—	(24)	—	(24)
Additions	1	129	34	164
Deletions	(9)	(54)	—	(63)
At 31 December 2019	83	5,431	123	5,637
Depreciation—PP&E				
At 1 January 2019	(41)	(3,505)	(4)	(3,550)
Exchange adjustments	—	10	—	10
Charge for the year	(1)	(155)	(37)	(193)
Deletions	8	54	—	62
At 31 December 2019	(34)	(3,596)	(41)	(3,671)
Total PP&E—net book amount at 31 December 2019	**49**	**1,835**	**82**	**1,966**
*Assets under construction included above***				
At 31 December 2019	—	111	—	111

	Land and buildings	Plant, machinery and equipment	Right-of-use assets*	Total
	$ million	$ million	$ million	$ million
Cost				
At 1 January 2018	91	5,792	5	5,888
Exchange adjustments	—	(164)	—	(164)
Additions	—	92	—	92
Deletions	—	(340)	(1)	(341)
At 31 December 2018	91	5,380	4	5,475
Depreciation				
At 1 January 2018	(41)	(3,774)	(5)	(3,820)
Exchange adjustments	—	102	—	102
Charge for the year	—	(173)	—	(173)
Deletions	—	340	1	341
At 31 December 2018	(41)	(3,505)	(4)	(3,550)
Net book amount at 31 December 2018	**50**	**1,875**	**—**	**1,925**
*Assets under construction included above***				
At 31 December 2018	—	85	—	85

* Leases previously classified as finance leases are included within right-of-use assets following the implementation of IFRS 16 ‘Leases’; see Note 1 for further information.

** Assets under construction are not depreciated until they are complete and ready for intended use.

The Group leases many assets including land and buildings, storage and transportation infrastructure, machinery and equipment which are classified as right-of-use assets.

More information regarding the right-of-use assets is presented below.

	Land and buildings	Plant, machinery and equipment	Transportation	Other	Total
	$ million	$ million	$ million	$ million	$ million
Cost					
At 1 January 2019	10	31	33	15	89
Additions	—	4	18	12	34
At 31 December 2019	10	35	51	27	123
Depreciation					
At 1 January 2019	—	(4)	—	—	(4)
Charge for the year	(1)	(10)	(11)	(15)	(37)
At 31 December 2019	(1)	(14)	(11)	(15)	(41)
Net book amount at 31 December 2019	**9**	**21**	**40**	**12**	**82**

11. Investments in joint ventures

Details of joint ventures

Details of each of the Group's joint ventures are as follows:

Name of joint venture	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest held by the Group*	
			2019	2018
China American Petrochemical Company, Ltd. (CAPCO)	Manufacturing and sale of PTA	Taiwan	61%	61%
LOTTE BP Chemical Co., Ltd	Production of acetic acid and VAM	South Korea	51%	51%
BP YPC Acetyls Company (Nanjing) Limited	Manufacturing of industrial organic chemicals	China	50%	50%
Yangtze River Acetyls Co., Ltd	Manufacturing of industrial organic chemicals	China	51%	51%
Tricoya Ventures UK Limited	Tricoya wood elements acetylation plant	UK	30%	30%
Formosa BP Chemicals Corporation	Acetic acid plant	Taiwan	50%	50%
BP PETRONAS Acetyls Sdn. Bhd.	Manufacturer of acetic acid	Malaysia	70%	70%
Atlas Methanol Company Unlimited	Single-train methanol plant	Trinidad and Tobago	37%	37%

* All decisions about the relevant activities require unanimous consent of the parties, resulting in joint control.

All of the above joint ventures are accounted for using the equity method in these combined carve-out financial statements as set out in the Group's accounting policies in note 1.

Summarised financial information in respect of the Group's joint ventures is set out below. The summarised financial information below represents amounts in the joint ventures' financial statements prepared in accordance with IFRS.

	2019		2018	
	Atlas Methanol Company Unlimited	Other joint ventures	Atlas Methanol Company Unlimited	Other joint ventures
	$ million	$ million	$ million	$ million
Non-current assets	261	1,013	268	945

Current assets	167	590	176	801
Total assets	428	1,603	444	1,746
Current liabilities	(39)	(343)	(39)	(363)
Non-current liabilities	(177)	(229)	(185)	(206)
Total liabilities	(216)	(572)	(224)	(569)
Net assets	**212**	**1,031**	**220**	**1,177**

The above amounts of assets and liabilities include the following:

	2019		2018	
	Atlas Methanol Company Unlimited	Other joint ventures	Atlas Methanol Company Unlimited	Other joint ventures
	$ million	$ million	$ million	$ million
Cash and cash equivalents	50	75	9	130
Current financial liabilities (excluding trade and other payables and provisions)	(6)	(152)	(6)	(111)
Non-current financial liabilities (excluding trade and other payables and provisions)	(141)	(175)	(145)	(146)

	2019		2018	
	Atlas Methanol Company Unlimited	Other joint ventures	Atlas Methanol Company Unlimited	Other joint ventures
	$ million	$ million	$ million	$ million
Sales and other operating revenues	374	1,639	510	2,299
Profit before interest and taxation	133	92	208	481
Finance costs	(7)	(8)	(9)	(10)
Finance income	—	4	—	4
Profit before taxation	126	88	199	475
Taxation	(44)	(21)	(70)	(101)
Profit for the year	82	67	129	374
Other comprehensive income	—	—	—	—
Total comprehensive income	**82**	**67**	**129**	**374**
The above profit/ (loss) for the year includes the following:				
Depreciation and amortisation	(35)	(86)	(35)	(84)

The Group's interest in the earnings from joint ventures are set out below:

	2019		2018	
	Atlas Methanol Company Unlimited	Other joint ventures	Atlas Methanol Company Unlimited	Other joint ventures
	$ million	$ million	$ million	$ million
Earnings from joint ventures—after interest and tax	30	44	48	202

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the combined carve-out financial statements:

	2019		2018	
	Atlas Methanol Company Unlimited	Other joint ventures	Atlas Methanol Company Unlimited	Other joint ventures
	$ million	$ million	$ million	$ million
Net assets				
Group investment in joint ventures				
Group share of net assets	79	458	81	527
Loans made by Group company to joint venture	45	—	45	—

Carrying amount of the Group's interest in the joint venture	**124**	**458**	**126**	**527**

The loans made to a joint venture are three fixed-interest unsecured loans with rates of 4,53%, 6.08% and 5.35%. The Group's expectation is that settlement of principal of these loans is not likely to occur in the foreseeable future.

The equity accounted investment in China American Petrochemical Company, Ltd ('CAPCO') was fully impaired in 2014 resulting in a write down of $147m and is recorded at $nil in both 2018 and 2019. Relevant summarised financial information for this investment is included in the tables above.

The dividends received from joint ventures are set out in the table below:

	2019	2018
	$ million	$ million
Atlas Methanol Company Unlimited	33	37
Other joint ventures	109	63
Less: Withholding tax on dividends	(9)	(6)
Total	**133**	**94**

Transactions between the Group and its joint ventures are summarized below:

Sales to and amounts receivable from joint ventures

Product	Sales	2019 Amount receivable at 31 December	Sales	2018 Amount receivable at 31 December
		$ million		$ million
Aromatics products	58	4	91	5
Acetyls products	34	2	28	5
Total	**92**	**6**	**119**	**10**

Purchases from and amounts payable to joint ventures

	Purchases	2019 Amount payable at 31 December	Purchases	2018 Amount payable at 31 December
		$ million		$ million
Product				
Aromatics products	63	14	4	—
Acetyls products	217	55	362	83
Total	**280**	**69**	**366**	**83**

The terms of the outstanding trade balances receivable from joint ventures are typically 30 to 45 days. The balances are unsecured and will be settled in cash. There are no significant provisions for doubtful debts relating to these balances and no significant expense recognized in the combined carve-out income statement in respect of bad or doubtful debts.

12. Trade and other receivables

	2019 Current	2018 Current
	$ million	$ million
Financial assets		
Trade receivables	315	449
Amounts receivable from joint ventures (Note 11)	6	10
Other receivables	27	44
	348	503
Non-financial assets		
Sales taxes and production taxes	21	17
BP Group receivables		
Trade receivables	91	63
Total trade and other receivables	**460**	**583**

Trade and other receivables are predominantly non-interest bearing. See Note 19 for further information.

13. Inventories

	2019	2018
	$ million	$ million
Raw materials	104	136
Finished goods	211	328
Supplies	87	102
Catalysts	46	45
Total	**448**	**611**
Cost of inventories expensed in the income statement	4,774	5,072

The inventory valuation at 31 December 2019 is stated net of a provision of $1.6 million (2018 $nil) to write down inventories to their net realizable value.

14. Cash and cash equivalents

	2019	2018
	$ million	$ million
Cash	294	272
Cash equivalents (excluding term bank deposits)	107	137
	401	409

Cash and cash equivalents comprise cash in hand; current balances with banks and similar institutions; term deposits of three months or less with banks and similar institutions; and bank acceptances (relating to operations in China) which have a maturity profile of less than 90 days from the date of receipt (this is treated as part of cash and cash equivalents since these balances can be called on demand). The carrying amounts of cash and term bank deposits approximate their fair values.

15. Trade and other payables

	2019 Current	2018 Current
	$ million	$ million
Financial liabilities		
Trade payables	409	595
Amounts payable to joint ventures (Note 11)	69	83
Payables for capital expenditure	14	6
Other payables	24	25
	516	709
Non-financial payables		

Sales taxes, custom duties, production taxes and social security	9	9
BP Group payables		
Trade and other payables	61	58
Total trade and other payables	**586**	**776**

Materially all of the Group's trade and other payables have payment terms in the range of 30 to 60 days and give rise to operating cash flows. Trade and other payables are predominantly interest free. See Note 19 for further information.

16. Leases

The Group leases a number of assets as part of its activities. This primarily includes storage tanks, office accommodation, vessel charters and plant & machinery. The weighted-average remaining lease term for the total lease portfolio is around 5.41 years. Some leases will have payments that vary with market interest or inflation rates. Certain leases contain residual value guarantees, which may be triggered in certain circumstances such as if market values have significantly declined at the conclusion of the lease.

The table below shows the timing of the undiscounted cash outflows for the lease liabilities included on the balance sheet.

	2019
	$ million
Undiscounted lease liability cash flows due:	
Within 1 year	26
1 to 2 years	19
2 to 3 years	11
3 to 4 years	5
4 to 5 years	4
5 to 10 years	10
Over 10 years	13
	88
Impact of discounting	(12)
Lease liabilities at 31 December	76
Of which—current	23
—non-current	53

The Group may enter into lease arrangements a number of years before taking control of the underlying asset due to construction lead times or to secure future operational requirements. The total undiscounted amount for future commitments for leases not yet commenced as at 31 December 2019 is $nil.

	2019
	$ million
Total cash outflow for amounts included in lease liabilities	39
Additions to right-of-use assets in the period	34
Expense and cash outflow for variable payments not included in the lease liability	5
Low-value lease expense and cash outflow	2

Operating leases—*Group as lessee for the year ending 31 December 2018*

The cost recognized in relation to minimum lease payments for the year was $57 million.

The future minimum lease payments at 31 December 2018 are shown in the table below. This does not include future contingent rentals. Where the lease rentals are dependent on a variable factor, the future minimum lease payments are based on the factor as at inception of the lease.

				2018
	Plant, machinery and equipment	Transportation (excl. shipping)	Other	Total
	$ million	$ million	$ million	$ million
Future minimum lease payments Payable within				

1 year	9	10	12	31
2-5 years	13	26	9	48
Thereafter	14	11	1	26
	36	47	22	105

Typical durations of operating leases are up to ten years for leases of plant and machinery, up to fifteen years for leases of ships and commercial vehicles and up to forty years for leases of land and buildings.

The Group routinely enters into bareboat charters, time-charters and voyage-charters for ships on standard industry terms. Commercial vehicles hired under operating leases are primarily railcars.

The 'other' category includes shipping, storage tanks and land and buildings. Office accommodation is the main item included in land and buildings.

The terms and conditions of these operating leases do not impose any significant financial restrictions on the Group. Some of the leases of ships and buildings allow for renewals at the Group's option, and some of the Group's operating leases contain escalation clauses.

The Group adopted IFRS 16 'Leases' in the financial reporting period commencing 1 January 2019. Refer to Note 1 for further details.

17. Provisions

	Restructuring
	$ million
At 1 January 2019	5
Additions	1
Write-back of unused provisions	(2)
Utilization	(1)
At 31 December 2019	**3**
Of which—current	2
—non-current	1
At 1 January 2018	9
Additions	3
Write-back of unused provisions	(2)
Utilization	(5)
At 31 December 2018	**5**
Of which—current	1
—non-current	4

Provisions contain liabilities related to restructuring programmes including severance pay.

18. Pensions and other post-retirement benefits

Certain petrochemicals entities and petrochemicals business units participate in the BP Group pension plans, the forms and benefits of which vary with conditions and practices in the countries concerned. Pension benefits may be provided through defined contribution plans (money purchase schemes) or defined benefit plans (final salary and other types of schemes with committed pension benefit payments). For defined contribution plans, retirement benefits are determined by the value of funds arising from contributions paid in respect of each employee. The costs of contribution to the Group schemes attributable to petrochemicals employees are recharged to the business and expensed in the period in which they are incurred.

For defined benefit plans, retirement benefits are based on such factors as an employee's pensionable salary and length of service. Defined benefit plans may be funded or unfunded. The assets of funded plans are generally held in separately administered trusts.

The level of contributions to funded defined benefit plans is the amount needed to provide adequate funds to meet pension obligations as they fall due. During 2019 the aggregate level of contributions related to Petrochemicals employees was $2 million (2018 $3 million). The aggregate level of contributions in 2020 is expected to be

approximately $3 million and includes contributions in all countries that management expect to be required to make contributions by law or under contractual agreements, as well as an allowance for discretionary funding.

The primary UK and US defined benefit retirement plans have Petrochemicals employees as members, but the plans are not transferring to Ineos Holdings AG as part of the carve-out Group. These plans have been accounted for as if they were multi-employer plans. The related benefit costs are allocated to the petrochemicals business under an agreed Group accounting methodology and have been included in the these combined carve out financial statements.

BP Chembel and BP Aromatic (the Belgian petrochemicals business entities) are participating employers in the BP Basic Scheme, ex-BP Basic Scheme and the ex-BP Supplementary Scheme, the BP Supplementary Scheme-Chemical sector and the BP Welcome Structure Scheme; all held within the BP Group's Organisation for Financing Pensions BP Pensioenfonds (OFP), which is a cross-border pension plan. In addition, BP Petrochemicals Indonesia is a participating employer in a local BP Group defined benefit plan.

The respective portion of the plan liabilities, plan assets, interest and service costs attributed to the employees of BP Chembel, BP Aromatics and BP Petrochemicals Indonesia are allocated to the petrochemicals business and have been included in these combined carve-out financial statements.

The combined carve-out balance sheet includes pension deficit related to these schemes of $3m as at 31 December 2019 (2018: $2m), mainly in respect of the Belgium defined benefit pension plan. Relevant disclosures in relation to the Belgian plan are included below. Employees in other business units of the Group participate in defined benefit plans with a combined deficit liability value of $3m (2018 $3m) which are not individually material.

Belgium defined benefit pension plan

The BP plans within the OFP are all separately funded. The main BP Basic Scheme provides benefits that are computed based on an employee's years of service and final pensionable salary. The BP Supplementary Scheme provides benefits that are computed based on a percentage of the employee's monthly salary, which the company guarantees a minimum capital balance and interest return. The OFP is governed by the General Assembly and the Board of Directors, with a Local Country Management Committee. The 2-tiered governance structure is required by law to act in the best interests of the plan participants and is responsible for setting certain policies, such as investment policies of the plan.

The surplus as at 31 December 2018 relating to the plan is recognized on the balance sheet on the basis that the companies (BP Chembel and BP Aromatics) are entitled to a refund of any remaining assets once all members have left the plans.

The obligation and cost of providing pensions and other post-retirement benefits is assessed annually using the projected unit credit method. The date of the most recent actuarial review was 31 December 2019. The plan is subject to a formal actuarial valuation every year.

The material financial assumptions used to estimate the benefit obligations of the plan are set out below. The assumptions are reviewed by management at the end of each year and are used to evaluate the accrued benefit obligation at 31 December and pension expense for the following year.

	2019	2018
	%	%
Financial assumptions used to determine benefit obligation		
Discount rate for plan liabilities	1.10%	1.70%
Rate of increase in salaries	3.20%	3.20%
Rate of increase for pensions in payment	0.00%	0.00%
Rate of increase in deferred pensions	0.00%	0.00%
Inflation for plan liabilities	1.70%	1.70%

	2019	2018
	%	%
Financial assumptions used to determine benefit expense		
Discount rate for plan service cost	2.00%	1.90%
Discount rate for plan other finance expense	1.70%	1.80%
Inflation for past service cost	1.70%	1.60%

The discount rate assumptions are based on third-party AA corporate bond indices and management use yields that reflect the maturity profile of the expected benefit payments. The inflation rate assumptions is based on the difference between the yields on index-linked and fixed-interest long-term government bonds. The inflation assumption is used to determine the rate of increases for pensions in payment and the rate of increase in deferred pensions where there is such an increase.

The assumptions for the rate of increase in salaries are based on the inflation assumption plus an allowance for expected long-term real salary growth. These include an allowance for promotion-related salary growth, of up to 0.8% depending on country. In addition to the financial assumptions, management regularly review the demographic and mortality assumptions. The mortality assumptions reflect best practice in Belgium, with an extrapolation of past longevity improvements into the future. The mortality assumptions are as follows:

	2019	2018
	Years	Years
Mortality assumptions		
Life expectancy at age 60 for a male currently aged 60	84.0	84.0
Life expectancy at age 60 for a male currently aged 40	84.0	84.0
Life expectancy at age 60 for a female currently aged 60	88.9	88.9
Life expectancy at age 60 for a female currently aged 40	88.9	88.9

Pension plan assets are generally held in trusts, the primary objective of which is to accumulate assets sufficient to meet the obligations of the plans. The assets of the trusts are invested in a manner consistent with fiduciary obligations and principles that reflect current practices in portfolio management.

A significant proportion of the assets are held in equities, which are expected to generate a higher level of return over the long term, with an acceptable level of risk. In order to provide reasonable assurance that no single security or type of security has an unwarranted impact on the total portfolio, the investment portfolios are highly diversified.

There have been no plan amendments, curtailments and settlements in the last 2 years.

The current asset allocation policy for the major plans at 31 December 2019 was as follows:

Asset category	%
Total equity (including private equity)	40%
Bonds/cash (including LDI)	55%
Property/real estate	5%

The plan does not use derivative financial instruments. The plan does not invest directly in either securities or property/real estate of the company or of any subsidiary.

The fair values of the various categories of assets held by the plan allocated to the Belgian business at 31 December are presented in the table below. Movements in the fair value of plan assets during the year are shown in detail in the table on the following page.

	2019	2018
	$ million	$ million
Fair value of pension plan assets at 31 December		
Listed equities—developed markets	21	18
—emerging markets	3	3
Government issued nominal bonds	17	14
Corporate bonds	15	13
Property	3	3
	59	**51**

	2019	2018
	$ million	$ million
Analysis of the amount charged to profit and loss		
Current service cost	4	3
Operating charge relating to defined benefit plans	4	3
Interest income on plan assets	(1)	(1)

Interest on plan liabilities	1	1
Other finance (income)/expense	—	—
Analysis of the amount recognized in other comprehensive income		
Actual asset return less interest income on plan assets	7	2
Change in financial assumptions underlying the present value of the plan liabilities	(3)	(1)
Experience gains and losses arising on the plan liabilities	(3)	(6)
	1	(5)

	2019	2018
	$ million	$ million
Movements in benefit obligation during the year		
Benefit obligation at 1 January	53	46
Exchange adjustments	(1)	(2)
Operating charge relating to defined benefit plans	4	3
Interest cost	1	1
Benefit payments (funded plans)	(1)	(2)
Remeasurements	6	7
Benefit obligation at 31 December	**62**	**53**

18. Pensions and other post-retirement benefits

	2019	2018
	$ million	$ million
Movements in fair value of plan assets during the year		
Fair value of plan assets at 1 January	51	49
Exchange adjustments	(1)	(2)
Interest income on plan assets	1	1
Contributions by employers (funded plans)	2	3
Benefit payments (funded plans)	(1)	(2)
Remeasurements	7	2
Fair value of plan assets at 31 December	59	51
Surplus/(deficit) at 31 December	**(3)**	**(2)**
Represented by		
Asset recognized	—	—
Liability recognized	3	2
	(3)	**(2)**
The surplus/(deficit) may be analysed between funded and unfunded plans as follows		
Funded	(3)	(2)
The defined benefit obligation may be analysed between funded and unfunded plans		
Funded	62	53

Sensitivity analysis

The discount rate, inflation, salary growth and the mortality assumptions all have a significant effect on the amounts reported. A one-percentage point change, in isolation, in certain assumptions as at 31 December 2019 for the plan values allocated to the Belgian Petrochemicals business would have had the effects shown in the tables below. The effects shown for the expense in 2020 comprise the total of current service cost and net finance income or expense.

	Increase	Decrease
	$ million	$ million
Discount rate		
Effect on expense in 2020	(0.7)	0.8
Effect on obligation at 31 December 2019	(6)	9
Inflation rate		
Effect on expense in 2020	0.9	(0.6)
Effect on obligation at 31 December 2019	6	(5)
Salary growth		
Effect on expense in 2020	1	(1)
Effect on obligation at 31 December 2019	8	(6)

	One year increase
	$ million
Longevity	
Effect on expense in 2020	—
Effect on obligation at 31 December 2019	0.2

Estimated future benefit payments and the weighted average duration of defined benefit obligations

The expected benefit payments for the Belgium petrochemicals business, which reflect expected future service, as appropriate, but exclude plan expenses, up until 2029 and the weighted average duration of the defined benefit obligations at 31 December 2019 are as follows:

	Total
	$ million
Estimated future benefit payments	

2020	2
2021	1
2022	3
2023	3
2024	3
2025-2029	18
Years Weighted average duration	10

19. Financial instruments and financial risk factors

The accounting classification of each category of financial instruments and their carrying amounts are set out below.

	Note	Measured at amortized cost	Mandatorily measured at fair value through profit or loss	Total carrying amount
		$ million	$ million	$ million
At 31 December 2019				
Financial assets				
Other investments		—	8	8
Loans made by Group company to joint venture	11	45	—	45
Trade and other receivables	12	439	—	439
Cash and cash equivalents	14	401	—	401
Less: Financial liabilities				
Trade and other payables	15	577	—	577
Accruals		100	—	100
Lease liabilities	16	76	—	76
Finance debt	20	609	—	609
		(477)	**8**	**(469)**

	Note	Measured at amortized cost	Mandatorily measured at fair value through profit or loss	Total carrying amount
		$ million	$ million	$ million
At 31 December 2018				
Financial assets				
Other investments		—	8	8
Loans made by Group company to joint venture	11	45	—	45
Trade and other receivables	12	566	—	566
Cash and cash equivalents	14	409	—	409
Less: Financial liabilities				
Trade and other payables	15	767	—	767
Accruals		106	—	106
Finance debt	20	670	—	670
		(523)	**8**	**(515)**

Finance debt includes an amount of $580 million (2018: $631 million) relating to loans payable to BP Group related parties.

The fair value of short-term finance debt is $9 million (2018 $57 million) and long-term finance debt is $605 million (2018: $621 million). For all other financial instruments within the scope of IFRS 9, the fair value is the carrying amount, or the carrying amount approximates the fair value.

The following table shows the weighted average interest rates of finance debt.

	Fixed rate debt	Floating rate debt

	Weighted average interest rate	Weighted average time for which rate is fixed	Amount	Weighted average interest rate	Amount	Total Amount 2019
	%	years	$ million	%	$ million	$ million
US dollar			—	3	380	380
Other currencies	6	4	229		—	229
			229		**380**	**609**

						2018
US dollar			—	4	380	380
Other currencies	6	4	290		—	290
			290		380	670

Fair value gains and losses related to assets classified as measured at fair value through profit or loss totalled $nil (2018 $nil).

Dividend income of $10 million (2018 $nil) from investments in equity instruments classified as measured at fair value through profit or loss is presented within other income—see Note 8.

Interest and other income and finance expenses arising on financial instruments are disclosed in Notes 7 and 8.

The expected credit loss allowance comprises $8 million (2018 $12 million) relating to trade and other receivables. There were no significant changes to the gross carrying amounts of trade and other receivables during the year that affected the estimation of the loss allowance at 31 December 2019 or 31 December 2018.

Financial risk factors

The Group is exposed to a number of different financial risks arising from natural business exposures as well as its use of financial instruments including market risks relating to foreign currency exchange rates and interest rates; credit risk; and liquidity risk.

As the Group's financial risks are centrally managed at the BP group level the following reflects the financial risk management for the BP group that is also applicable to the Group. The BP group financial risk committee (GFRC) advises the BP group chief financial officer (CFO) who oversees the management of these risks. The GFRC is chaired by the CFO and consists of a group of BP senior managers including the BP group treasurer and the BP heads of the group finance, tax and the integrated supply and trading functions. The purpose of the committee is to advise on financial risks and the appropriate financial risk governance framework for BP. The committee provides assurance that the financial risk taken is governed by appropriate policies and procedures and that financial risks are identified and managed in accordance with the policies and risk appetite of BP of which the Group has historically been a part..

The Group does not use derivative financial instruments in either year.

The risk management control framework is described in detail below:

(a) Market risk

Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of a business.

The major components of market risk are foreign currency exchange risk and interest rate risk, each of which is discussed below.

(i) Foreign currency exchange risk

The Group is exposed to foreign exchange risk due to cash held in foreign currency, loans with BP group related parties in foreign currency and certain trade payables and receivables in foreign currency. Until 31 December 2019, the Group did not separately manage these risks as all exposures were managed centrally by BP on a net BP group basis. BP's foreign currency exchange management policy is to limit economic and material transactional exposures arising from currency movements against the US dollar. BP co- ordinated the handling of foreign currency exchange risks

centrally, by netting off naturally occurring opposite exposures wherever possible and then managing any material residual foreign currency exchange risks.

The Group's earnings are sensitive to changes in foreign currency exchange rate used to translate the financial instruments held in foreign currency. If the foreign currency exchange rates were applicable to translate the foreign currency balances were to have changed by ten percentage points on 1 January 2020, it is estimated that the Group's profit/(loss) and equity for 2019 would change by approximately $61 million (2018 $61 million).

(ii) Interest rate risk

The Group is also exposed to interest rate risk from the possibility that changes in interest rates will affect future cash flows or the fair values of equity investments and finance debt. These risks were not separately managed by the Group and were managed centrally by BP.

The Group's earnings are sensitive to changes in interest rates on the floating rate element of the finance debt with floating rate interest terms. If the interest rates applicable to floating rate liabilities were to have changed by one percentage point on 1 January 2020, it is estimated that the Group's finance costs for 2019 would change by approximately $3.9 million (2018 $3.9 million).

(b) Credit risk

Credit risk is the risk that a customer or counterparty to a financial instrument will fail to perform or fail to pay amounts due causing financial loss to the Group and arises from cash and cash equivalents and deposits with financial institutions and principally from credit exposures to customers relating to outstanding receivables.

BP has a credit policy, approved by the CFO that is designed to ensure that consistent processes are in place to measure and control credit risk. On entering into any business contract, the extent to which the arrangement exposes the Group to credit risk is considered. Key requirements of the policy include segregation of credit approval authorities from any sales, marketing or trading teams authorized to incur credit risk; the establishment of credit systems and processes to ensure that all counterparty exposure is rated and that all counterparty exposure and limits can be monitored and reported; and the timely identification and reporting of any non-approved credit exposures and credit losses. The Group is mandated to follow the policy and has developed a framework and procedures to ensure compliance.

For the purposes of financial reporting, BP group calculates expected loss allowances based on the maximum contractual period over which it is exposed to credit risk. Lifetime expected credit losses are recognized for trade receivables and the credit risk associated with the significant majority of financial assets measured at amortized cost is considered to be low. Since the tenor of substantially all of BP group's in- scope financial assets is less than 12 months there is no significant difference between the measurement of 12-month and lifetime expected credit losses. The Group's data is incorporated in BP's calculation and thus would have similar results. Financial assets are considered to be credit-impaired when there is reasonable and supportable evidence that one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. This includes observable data concerning significant financial difficulty of the counterparty; a breach of contract; concession being granted to the counterparty for economic or contractual reasons relating to the counterparty's financial difficulty, that would not otherwise be considered; it becoming probable that the counterparty will enter bankruptcy or other financial re-organization or an active market for the financial asset disappearing because of financial difficulties. Where contractual payments are more than 30 days past due there is a rebuttable presumption that an asset is credit impaired unless reasonable and supportable evidence exists that it is not. Where the Group has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof, for example where all legal avenues for collection of amounts due have been exhausted, the financial asset (or relevant portion) is written off.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss after recovery if there is a default) and the exposure at default (i.e. the asset's carrying amount). A credit risk rating is allocated to exposures based on data that is determined to be predictive of the risk of loss, including but not limited to external ratings. Probabilities of default derived from historical, current and future-looking market data are assigned by credit risk rating with a loss given default based on historical experience and relevant market and academic research applied by exposure type. Experienced credit judgement is applied to ensure probabilities of default are reflective of the credit risk associated with the Group's exposures. Credit enhancements that would reduce the Group's credit losses in the event of default are reflected in the calculation when they are considered integral to the related asset. The Group's data is included in BP's calculation as this was previously managed at BP group level. Thus, the results for the Group would remain similar to BP.

The maximum credit exposure associated with financial assets is equal to the carrying amount. The Group, does not aim to remove credit risk entirely but expects to experience a certain level of credit losses. As at 31 December 2019, the Group had in place credit enhancements designed to mitigate approximately $280 million (2018: $314 million) of credit risk. Credit enhancements include standby and documentary letters of credit, bank guarantees, insurance and liens which are typically taken out with financial institutions who have investment grade credit ratings or are liens over assets held by the counterparty of the related receivables.

Management information used to monitor credit risk for the Group, which reflects the impact of credit enhancements, indicates that the risk profile of trade receivables which are subject to review for impairment under IFRS 9 is as set out below.

	2019	2018
	%	%
As at 31 December		
AAA to AA−	0.1	0.1
A+ to A−	11.7	8.7
BBB+ to BBB−	33.0	27.6
BB+ to BB−	32.9	53.4
B+ to B−	19.0	7.5
CCC+ and below	3.3	2.7

The cash and cash equivalent balances are generally held with investment grade banks. Additionally, no ECL adjustment has been identified for the joint venture shareholder loan.

(c) Liquidity risk

Liquidity risk is the risk that suitable sources of funding for the Group's business activities may not be available. The Group's liquidity has been managed centrally by BP with business units forecasting their cash and currency requirements to the central BP group treasury function and treasury funding the business units, which include the business units within the Group, through in-house banking.

The Group's primary sources of liquidity are cash generated from operations and inter-group funding provided by BP, with some exceptions where local cash and cash equivalents and external debt financing is utilised. For further discussion of the Group's liquidity refer to the going concern section in note 1.2.

The Group benefits from open credit provided by suppliers who generally sell on five to 60-day payment terms in accordance with industry norms. The Group utilizes various arrangements in order to manage its working capital and reduce volatility in cash flow. This includes discounting of receivables, managing inventory and supplier payment terms within a maximum of 60 days.

It is normal practice for customers and suppliers to utilise letter of credit (LC) facilities to mitigate credit and non-performance risk. Consequently, LCs facilitate active trading in a global market where credit and performance risk can be significant. In common with the industry, the Group routinely provides LCs to some of its suppliers.

The Group used BP LC facilities as liquidity risk was managed centrally until 31 December 2019. BP has committed LC facilities totalling $12,175 billion (2018 $12,175 billion), allowing LCs to be issued for a maximum 24-month duration. There were also uncommitted secured LC facilities in place at 31 December 2019 for $4,440 billion (2018 $4,190 billion), which are secured against inventories or receivables when utilized. The facilities are held with over 25 banks. The uncommitted secured LC facilities can only be terminated by either party giving a stipulated termination notice to the other. Standard & Poor's Ratings long-term credit rating for BP is A- (positive outlook) and Moody's Investors Service rating is A1 (stable outlook).

19. Financial instruments and financial risk factors

The table below shows the timing of cash outflows relating to finance debt, trade and other payables and accruals.

	Trade and other payables	Accruals	Finance debt	2019 Interest on finance debt	Trade and other payables	Accruals	Finance debt	2018 Interest on finance debt
	$ million	$ million	$ million	$ million	$ million	$ million	$ million	$ million
Within one year	577	98	9	28	767	104	57	29
1 to 2 years	—	—	160	28	—	—	10	20
2 to 3 years	—	—	10	22	—	—	160	20
3 to 4 years	—	—	57	21	—	—	10	15
4 to 5 years	—	—	373	17	—	—	58	13
5 to 10 years	—	1	—	—	—	1	375	9
Over 10 years	—	1	—	—	—	1	—	—
	577	**100**	**609**	**116**	**767**	**106**	**670**	**106**

20. Capital disclosures and debt

An analysis of changes in liabilities arising from financing activities is provided below:

	Finance debt (External debt)	Finance debt (Related party debt)	Lease liabilities	Total liabilities arising from financing activities
	$ million	$ million	$ million	$ million
At 1 January 2019	39	631	—	670
Adjustment on adoption of IFRS 16	—	—	81	81
Exchange adjustments	—	(4)	1	(3)
Repayments	(10)	(47)	(39)	(96)
Additions	—	—	33	33
At 31 December 2019	**29**	**580**	**76**	**685**
At 1 January 2018	114	918	—	1,032
Exchange adjustments	(3)	(27)	—	(30)
Repayments	(72)	(260)	—	(332)
At 31 December 2018	**39**	**631**	**—**	**670**

21. Invested equity and reserves

Share capital and number of shares

As the combined carve-out financial statements are prepared in accordance with the principles described in note 1, no share capital is presented separately.

BP Owner's net investment

As the Petrochemical business is not a separate legal group and has not previously prepared standalone financial statements, it is not meaningful to disclose share capital or an analysis of reserves. The net assets of the Petrochemical business are represented by the cumulative investment of BP in the Petrochemical business and disclosed as net parent (deficit)/investment.

Non-controlling interest

Non-controlling interest relates to 3rd party interest of 8.1% in BP Zhuhai Chemical Company Limited. During October 2018 there was a decrease from 15% to 8.1% as a result of an increase in the Group's share of equity. This was achieved with a capital injection of $394m which is reflected in net transfers to owners.

Foreign currency translation reserve

This relates to the translation of foreign operations included within the combined carve-out financial statements.

Accumulated other comprehensive income

This reserve is used to recognise the value of the cumulative actuarial gains/losses in relation to the pension schemes.

22. Contingent liabilities

The Board of Inland Revenue (BIR) of Trinidad and Tobago issued assessments against Atlas Methanol Company Unlimited ("Atlas", a joint venture between Canada's Methanex and Exploration Service Company Ltd) in respect of the 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012 and 2013 financial years. All subsequent tax years remain open to assessment. The assessments relate to the pricing arrangements of certain long-term fixed-price sales contracts related to methanol produced by Atlas that extend to 2014 and 2019.

Atlas has lodged objections to the assessments. Based on the merits of the case and legal interpretation, management believes its position should be sustained. Contingencies inherently involve the exercise of significant judgment, and as such the outcomes of these assessments and the financial impact could be material to the Group.

23. Commitments

Authorized future capital expenditure for property, plant and equipment (excluding right-of-use assets) by the Group for which contracts had been signed at 31 December 2019 amounted to $44 million (2018: $24 million).

24. Share-based payments

Equity-settled share option plan

The Group does not have its own share or share option plans. However, BP operates share and share option plans for directors and certain employees to obtain ordinary shares and American Depository Shares ("ADSs") in BP. The shares are settled with the Group's employees by BP.

The Group has been attributed a share of the resulting charge for relevant directors and employees. The allocation of share-based payment expense to petrochemical business units is made on a named individual basis, with relevant charges being allocated to the petrochemical business unit to which an employee belongs.

The information below is a summary of the BP share-based payment plans, along with the relevant share option details that have been used to compute the BP group share-based payment expenses which are subsequently allocated to the Group.

The share plans that operated during the year are as follows:

Share Value Plan (SVP)

The number of units granted is related to the level of seniority of employees and country of operation. The number of units converted to shares is determined by reference to performance measures (at BP Group level) over the three-year performance period. Performance measures used include BP's total shareholder return (TSR) compared with the other oil majors, balanced scorecard and individual rating. The relative weighting of these different measures is related to the level of seniority of the employee.

Restricted share unit plans (RSP)

Share unit grants under the Restricted Share Plan (RSP) are used in special circumstances such as recruitment and retention of senior employees. Grants are made each quarter with vesting periods varying, but usually 2-3 years, no performance conditions apply to this plan.

BP ShareMatchPlan

These matching share plans give all employees the opportunity to buy ordinary shares in BP p.l.c. and receive free matching shares in BP p.l.c., up to a predetermined limit. The plans are run in the UK and in more than 50 other countries. They are known as ShareMatch UK in the UK, and as ShareMatch Global in other countries.

The share option plans that operated during the year are as follows:

BP ShareSave Plans

This plan is open to all eligible UK employees. Participants can contribute up to a maximum of £250 per month from their net salary to a savings account over a three- or five-year contractual savings period. At the end of the savings period, they are entitled to purchase shares in BP p.l.c. at a preset price determined on the date when the invitations are sent to eligible employees. This price is usually set at a discount to the market price of a share of up to 20%. The plan is shareholder approved and is settled using Treasury shares.

Details of the share options outstanding during the year are as follows:

	2019		2018	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
Outstanding at the beginning of the year	712,214	$4.32	948,410	$4.22
Granted during the year	230,043	$5.72	70,981	$5.89
Exercised during the year	261,991	$3.91	297,605	$4.70
Expired or lapsed during the year	15,794	$5.86	9,572	$4.67
Outstanding at the end of the year	**664,472**	**$4.93**	**712,214**	**$4.18**
Exercisable at the end of the year	**43,253**	**$3.83**	**10,394**	**$4.69**

The weighted average BP share price at the date of exercise for share options exercised during the period was $3.91 per ordinary share.

In 2019 and 2018 options were granted on 1 September. Details of the exercise price ranges and weighted average remaining contractual lives for options outstanding at 31 December 2019 and 31 December 2018 are as follows:

	2019			2018		
Exercise price ranges	Number of options	Weighted average remaining life, years	Weighted average exercise price	Number of options	Weighted average remaining life, years	Weighted average exercise price
$3.51-$4.5	208,317	1.76	$3.8	447,486	1.91	$3.68
$4.51-$5.5	171,575	1.65	$4.86	195,686	2.43	$4.73
$5.51-$6.5	284,580	3.21	$5.79	69,042	3.72	$5.89
	664,472	**2.35**	**$4.93**	**712,214**	**2.23**	**$4.18**

The inputs into the Monte Carlo model in relation to BP are as follows:

	2019	2019	2018	2018
	3 years	5 years	3 years	5 years
Strike price ($)	5.31	5.31	8.63	8.63
Weighted average exercise price ($)	6.49	5.29	5.45	5.42
Expected volatility	22.2%	22.3%	22.8%	22.8%
Expected life (years)	3.5	5.5	3.5	5.5
Risk-free rate (%)	0.341%	0.329%	0.780%	1.039%
Expected dividend yields	6.35%	6.35%	5.42%	5.42%

Expected volatility was determined by calculating the historical volatility of the BP group's share price over the previous 3-5 years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

25. Related party transactions and BP Owners net investment

Parent company service charges and corporate allocations

Historically, BP has provided services to and funded certain expenses for the Group. These services and expenses include finance, legal, information technology, human resources, safety and operations, procurement, global business service charges and share based compensation. These functional costs are allocated using a defined allocation methodology. The method applied depends on the nature of the cost—for example, many human resources costs are allocated based on headcount, whilst procurement is allocated based on the percentage of third party spend a particular business unit contributes to the total spend. Generally, such amounts have been deemed to have been paid by the Group in the year in which the costs are recorded. The financial information in these combined carve-out financial statements does not necessarily include all the expenses that would have been incurred had the Group been a separate, stand- alone group. As such, the financial information herein may not necessarily reflect the combined carve-out financial position, results of operations and cash flows of the Group in the future or what they would have been had the Group been a separate, stand-alone entity during the periods presented. Management believes that the methods used to allocate expenses to the Group are reasonable.

The following table sets out the expense included in the combined carve-out statement of income for service charges and corporate allocations.

	2019	2018
	$ million	$ million
Service charges and corporate allocations included in:		
Distribution and administrative expenses	89	82
Production and manufacturing expenses	19	14
	108	**96**

BP Owners net investment

Net transfers to Owners are included within BP Owners net investment in the combined carve-out statement of changes in invested capital. The principal components of the net transfers to Owners as of 31 December 2019 and 2018 include movements in relation to cash pooling arrangements, intercompany dividends, shares issued, investment in BP group entities and Group reserve transfers. Transactions with owners net of tax reflect the fact that the petrochemicals business does not typically retain cash generated from operating activities and represent the cash outflow associated with repatriating such cash to BP, net of any movements in working capital, financing and investing activities.

In relation to cash pooling, the BP Group uses a centralised approach to cash management and financing of its operations. The majority of the Group's cash is transferred to BP daily and BP funds the Group's operating and investing activities as needed. Cash transfers to and from BP's cash management accounts are reflected in "BP Owners net investment."

Related party transactions

The following table sets out the total amount of trading transactions with other BP group related parties included in the combined carve-out statement of income.

	2019	2018
	$ million	$ million
Sales to BP related parties	471	222
Purchases from BP related parties	404	454
Share of net gains/(losses) on derivative contracts from BP related parties	25	(7)

The sales and purchases to and from related parties are made on terms equivalent to those that prevail in arm's length transactions. Refer to notes 12 and 15 for amounts receivable and payable from/to BP group related parties and note 20 for finance debt due to BP group related parties.

26. Events after the reporting period

In June 2020 BP announced the sale of its petrochemicals business to Ineos Holdings AG for a total consideration of $5 billion. The transaction is expected to complete before the end of 2020.

COVID-19 (Coronavirus)

Since 31 December 2019, the spread of COVID-19 has severely impacted many local economies around the world. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. The softening of demand for Petrochemical products that emerged in 2019, has been exacerbated by the COVID-19 impact on their construction, automotive and apparel sectors, reducing demand further for Group products and driving utilisation down. Margins have been compressed by rising feedstock costs driven by a recovery of crude price and demand for transportation fuels.

Management have continued to assess the potential impact of COVID-19 on the staff and operations and have instigated appropriate mitigation plans.

In the Aromatics business, the demand in China has recovered relatively quickly, whilst Europe having a higher proportion of Polyethylene Terephthalate (PET) customers, responded to an increase in demand for plastic packaging during the pandemic. The operations in the US and Indonesia have seen the most severe and prolonged impacts on sales volumes from COVID-19, due to a higher exposure to fibre demand.

In the Acetyls business, the demand in China has recovered as expected, with the rest of Asia experiencing a slower recovery due to a prolonged lockdown in India. Although the operations in the US and Europe had a smaller COVID-19 impact than expected, margins have been under pressure.

The Group has responded to this global pandemic through the optimising global sales revenue across the business, increasing exports whilst also optimising run rates and controlling costs.

The Group has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of the operations as of and for the year ended 31 December 2019 have not been adjusted to reflect their impact. The duration and impact of COVID-19 currently remains unclear and hence it is not possible to reliably estimate the severity of these consequences and their impact on the financial position and results of the Group for future periods.

Brexit

Management have been assessing the potential impact of Brexit and the UK's future global relationships and have considered different outcomes but do not believe any of these outcomes pose a significant risk to the business. The BP group board's geopolitical committee continues to monitor these developments.

Balances with BP Group

As a consequence of the intended sale of the Petrochemicals business to Ineos Holdings AG and the terms of the Sale and Purchase agreement some mutually agreed changes to the business financing are underway including a partial loan repayment of up to $175m from BP Zhuhai Chemical Company Limited to BP Global Investments. In addition, under the terms of the Sale and Purchase agreement, the buyer and seller must agree a cash balance to remain by legal entity which the buyer will then reimburse to the seller. At the request of the buyer (Ineos Holdings AG), in Malaysia and Indonesia at the point of the business divestment, minimal cash will be left in these legal entities and BP management understands that Ineos Holdings AG will have new financing arrangements in place to continue operating these entities after the divestment is complete. All other steps are expected to be non-cash transactions in the nature of distributions of receivable balances, capital reductions and in certain cases agreed novation of balances to Ineos Holdings AG (or another Ineos entity) as at the date of completion of the sale.

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for Parent and its consolidated subsidiaries and INOVYN and its consolidated subsidiaries for each of the years ended December 31, 2017 and 2018
PricewaterhouseCoopers LLP
Central Square South
Orchard Street
Newcastle upon Tyne NE1 3AZ
United Kingdom

PricewaterhouseCoopers LLP
No 1 Hardman Square,
Manchester M3 3EB
United Kingdom

for Parent and its consolidated subsidiaries for the year ended December 31, 2019, for INOVYN and its consolidated subsidiaries for the year ended December 31, 2019 and for BP Petrochemicals for each of the years ended December 31, 2019 and 2018
Deloitte LLP
2 New Street Square
London EC4A 3BZ
United Kingdom



INEOS Quattro Finance 2 Plc

€800,000,000 2½% Senior Secured Notes due 2026
$500,000,000 3⅜% Senior Secured Notes due 2026

INEOS Quattro Finance 1 Plc

€500,000,000 3¾% Senior Notes due 2026

OFFERING MEMORANDUM

Joint Global Coordinators

Barclays	BNP Paribas	Citigroup	Goldman Sachs Bank Europe SE	HSBC	J.P. Morgan
(Euro Notes Joint Physical Bookrunner)		*(Dollar Notes Sole Physical Bookrunner)*		*(Euro Notes Joint Physical Bookrunner)*	*(Euro Notes Joint Physical Bookrunner)*

Joint Bookrunners

ABN AMRO	BofA Securities	COMMERZBANK	Crédit Agricole CIB	Credit Suisse	Deutsche Bank

Fifth Third Securities	ICBC	ING	IMI—Intesa Sanpaolo	Lloyds Bank Corporate Markets	Mizuho Securities
Morgan Stanley			NatWest Markets	Santander	

Co-Managers

KBC Bank NV	MUFG

March 10, 2021