

INEOS
Inovyn

2023 Sustainability Progress Report

Summary



Building a stronger future

Geir Tuft, INEOS Inovyn CEO



2023 was a **story of two halves** for our business.

It started with momentum and a continuation of strong 2022 performance but was followed by a cyclical downturn across our industry, which saw margins rapidly erode and **demand for products fall to unprecedented low levels**.

Driven by higher interest rates and spiralling inflation, domestic European PVC demand reduced significantly while imports doubled. As a result, European producer operating run rates are now 20% lower.

Our industry needs to **address the competitiveness gap** with US and Asia, caused by high energy costs, access to raw material and a challenging regulatory landscape. To achieve the sustainable goals set forward by Europe, a strong and healthy European industry is required, that can shoulder the needed investments.

Continued investments in this transition will require regulators to develop a **global level playing field**.

Against this context we delivered resilient results and improved our safety record. INEOS Inovyn remains committed towards our sustainability goals and I am pleased to see us making good progress. Milestones include:

- Becoming Europe's first green hydrogen ISCC PLUS fully certificated producer
- Expanding our PVC product range by offering new solutions for carbon neutrality and circularity
- Advancing Project Circle which will strengthen Europe's PVC recycling

- Developing renewable energy access through green power deals in Norway and Belgium.

To drive long-term efficiencies and create a more sustainable business we also launched project FIT, which is helping us reduce our fixed costs, strengthen our organisation and secure jobs for the future. **Project FIT plays a vital role** in compensating for some of the lost competitiveness and will require a mindset shift across INEOS Inovyn.

Challenges bring us together and through mobilising our **core principles of grit, rigour and humour**, we will weather the storm and come through this stronger.

Our products are essential for modern life

Supporting the transition to a Net Zero and circular economy

PVC



Chlor-Alkali



2023 highlights and 2024 outlook

Despite tough markets we continue making strong progress

Strong safety performance

- Significant reduction of incident rate for contractors, reflected in OSHA recordable rate
- SHE&OCS day for hauliers across our European sites

- **OUTLOOK:** Safety remains our number 1 priority

Reducing carbon footprint

- Development of 90,000-panel solar farm in Belgium
- New long-term Norwegian power agreements
- Progress with Mechanical Vapor recompression for salt plant in Tavaux
- Energy efficiency improvements
- Strengthening our hydrogen business - demonstrating novel alkali water electrolysis in Runcorn

- **OUTLOOK:** Progress critical projects like Aquarius, Electra, and HyBay treatment & compression plant

Strengthening PVC recycling

- Addressing PVC waste that cannot be mechanically recycled – Project Circle
 - Technology development
 - Launch of 2 new consortia to accelerate the development of the dissolution technology

- **OUTLOOK:** Progress Project Circle to address PVC waste that cannot be mechanically recycled

Products and people

- NEOVYN™, a low carbon solution
- RECOVYN™, containing 100% recycled carbon content
- Europe's first fully ISCC PLUS certificated renewable energy derived hydrogen producer
- Gender equality certification - Rosignano
- Health & Safety award for Runcorn

- **OUTLOOK:** launch Ultra Low Carbon Chlor-Alkali. Launch and deploy our new people strategy

Pillar 1: Responsible Production



Pillar 2: Carbon Neutrality



Pillar 3: Circularity



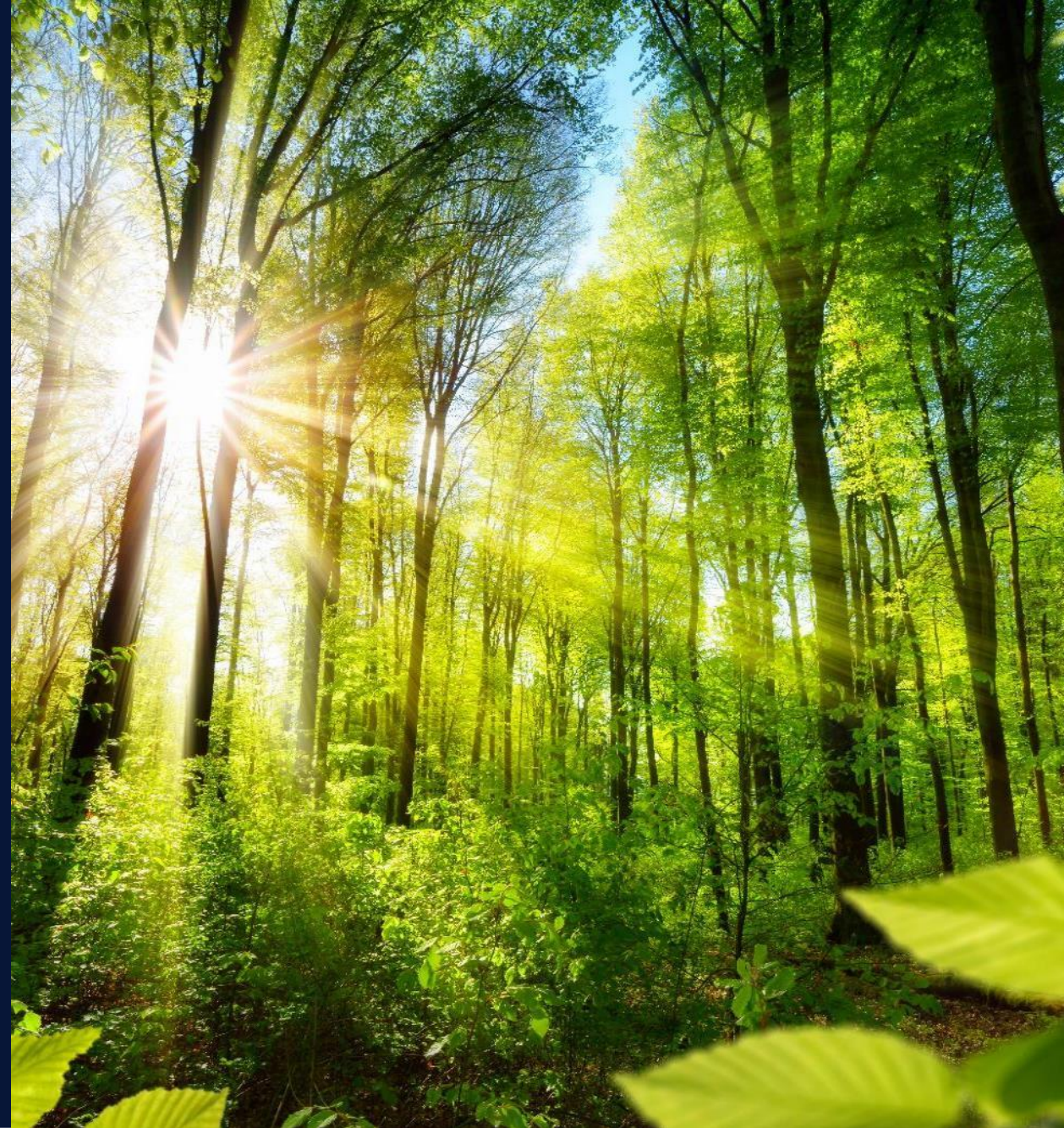
Pillar 4: Value to Society



Chlorovinyl industry is on a sustainable path

Our industry has transformed over the past decade

- **PVC production in Europe is safe and well controlled**, recognised in a recent ECHA investigation report on PVC and its additives
- Salt is the main raw material for the industry; as a result, **PVC resin has a low carbon content of 43%**
- Circularity is strongly embedded; **>8M tonnes of PVC waste recycled since 2000 in Europe.**



EU industry faces critical challenges

Import & production - 2019 and 2023

- High energy and feedstock cost in Europe
- Increased pressure from regulations
- PVC resin dumping
- Imports of finished PVC goods not adhering to the same product safety standards



80% up

PVC resin import
(350-625 KT)

50% up

PVC finished goods import
(320-490 KT)

20% down

EU PVC industry
production level

Call for global level playing field

- INEOS Inovyn is an industry leader and invested in Europe's growth - providing products that are essential for modern life
- We operate worldclass plants with ambitious, large-scale projects in the pipeline
- The widening competitiveness gap with the US and Asia results in unsustainable climate for the industry
- We call for a level playing field to enable industry growth and provide incentives to encourage investments in Europe to support the sustainability transition.

