

LyondellBasell Industries N.V.
Financial Report
For the Year Ended 31 December 2021

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1. About LyondellBasell

LyondellBasell Industries N.V. is a global, independent chemical company and was incorporated, as a *Naamloze Vennootschap*, under Dutch law on 15 October 2009. Unless otherwise indicated, the "Company," "we," "our," "us" and "LyondellBasell" are used in this report to refer to the businesses of LyondellBasell Industries N.V. and its consolidated subsidiaries. We are one of the world's top independent chemical companies based on revenues.

We participate globally across the petrochemical value chain and are an industry leader in many of our product lines. Our chemicals businesses consist primarily of large processing plants that convert large volumes of liquid and gaseous hydrocarbon feedstocks into plastic resins and other chemicals. Our chemical products tend to be basic building blocks for other chemicals and plastics. Our plastic products are used in large volumes as well as smaller specialty applications. Our customers use our plastics and chemicals to manufacture a wide range of products that people use in their everyday lives including food packaging, home furnishings, automotive components, paints and coatings. Our refining business consists of our Houston refinery, which processes crude oil into refined products such as gasoline and distillates. We also develop and license chemical and polyolefin process technologies and manufacture and sell polyolefin catalysts.

Our financial performance is influenced by the supply and demand for our products, the cost and availability of feedstocks and commodity products, global and regional production capacity, our operational efficiency and our ability to control costs. We have a strong operational focus and, as a producer of large volume commodities, continuously strive to differentiate ourselves through safe, reliable and low-cost operations in all our businesses. We purchase large quantities of natural gas, electricity and steam which we use as energy to fuel our facilities and purchase large quantities of natural gas liquids and crude oil derivatives which we use as feedstocks. The relatively low cost of natural gas-derived raw materials in the U.S. versus the global cost of crude oil-derived raw materials has had a significant positive influence on the profitability of our North American operations.

We manage our operations through six operating segments. Our reportable segments are:

- *Olefins and Polyolefins-Americas* ("O&P—Americas"). Our O&P—Americas segment produces and markets olefins and co-products, polyethylene and polypropylene.
- *Olefins and Polyolefins-Europe, Asia, International* ("O&P—EAI"). Our O&P—EAI segment produces and markets olefins and co-products, polyethylene and polypropylene.
- *Intermediates and Derivatives* ("I&D"). Our I&D segment produces and markets propylene oxide and its derivatives, oxyfuels and related products, and intermediate chemicals; such as, styrene monomer, acetyls, ethylene oxide and ethylene glycol.
- *Advanced Polymer Solutions* ("APS"). Our APS segment produces and markets compounding and solutions, such as polypropylene compounds, engineered plastics, masterbatches, engineered composites, colors and powders, and advanced polymers, which includes *Catalloy* and polybutene-1.
- *Refining*. Our Refining segment refines heavy, high-sulfur crude oil and other crude oils of varied types and sources available on the U.S. Gulf Coast into refined products, including gasoline and distillates.
- *Technology*. Our Technology segment develops and licenses chemical and polyolefin process technologies and manufactures and sells polyolefin catalysts.

Financial information about our business segments and geographical areas can be found in Note 33 to the Consolidated Financial Statements.

2. Report of the Board of Directors

2.1 Operational and Financial Overview

This discussion should be read in conjunction with the information contained in our Consolidated Financial Statements and the accompanying notes elsewhere in this report.

Our 2021 results reflect robust demand for our products and tight market conditions. During 2021 relative to 2020, EBITDA increased largely due to margin improvements in our O&P—Americas, O&P—EAI and I&D segments.

Our 2021 cash generation allowed us to complete our goal of reducing long-term debt by \$4 billion during the year, demonstrating our commitment to a solid investment-grade credit rating. We do not plan to pursue further long-term debt reduction in 2022. During 2021, we repurchased 5.2 million shares and increased our annual dividend for the eleventh consecutive year.

During the second quarter of 2021, we invested \$104 million to purchase a 50% interest in a joint venture with the China Petroleum & Chemical Corporation ("Sinopec") which will commission a new propylene oxide and styrene monomer unit in China in 2022.

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The following selected financial data of the Company should be read in conjunction with the Consolidated Financial Statements and related notes thereto and the discussion and analysis of our results of operations below. The selected financial data of the Company is derived from its audited Consolidated Financial Statements.

Millions of U.S. Dollars (except for earnings per share amounts)	Year Ended 31 December	
	2021	2020
Results of Operations Data		
Revenue	\$ 47,203	\$ 28,165
Cost of Sales	36,686	24,820
Operating profit	8,774	1,456
Finance costs	831	410
Depreciation and amortization	1,901	1,792
Impairments	624	582
Share of profit of investments accounted for using the equity method	397	141
Income tax (benefit)/expense	1,533	(151)
Profit for the year	6,819	1,350
Earnings per share:		
Basic	\$ 20.37	\$ 4.02
Diluted	20.35	4.02
Balance Sheet Data		
Total equity	\$ 12,333	\$ 7,241
Borrowings	12,502	16,779
Lease Liabilities	2,141	1,579
Cash and cash equivalents	(1,626)	(1,933)
Net debt	13,017	16,425
Trade and other receivables	5,825	4,162
Inventories	6,161	3,878
Trade and other payables	(6,465)	(4,421)
Net working capital	\$ 5,521	\$ 3,619

Revenues—Revenues increased by \$19,038 million, or 68%, in 2021 compared to 2020. Average sales prices in 2021 were higher for many of our products as sales prices generally correlate with crude oil prices, which increased relative to 2020. These higher prices led to a 64% increase in revenue. Higher sales volumes, driven by increased demand, resulted in a revenue increase of 3%. Favorable foreign exchange impacts resulted in a revenue increase of 1%.

Cost of Sales—Cost of sales increased by \$11,866 million, or 48%, in 2021 compared to 2020. This increase primarily related to higher feedstock and energy costs. Fluctuations in our cost of sales are generally driven by changes in feedstock and energy costs. Feedstock and energy related costs generally represent approximately 70% to 80% of cost of sales, other variable costs account for approximately 10% of cost of sales on an annual basis and fixed operating costs, consisting primarily of expenses associated with employee compensation, depreciation and amortization, and maintenance, range from approximately 15% to 20% in each annual period.

Impairments—Results for our Refining segment include non-cash impairment charges of \$624 million and \$582 million recognized in 2021 and 2020, respectively. See Note 15 to the Consolidated Financial Statements for additional information regarding impairment charges.

Operating Profit—Operating profit increased by \$7,318 million in 2021 compared to 2020. In 2021, Operating profit increased for our O&P—Americas, O&P—EAI, I&D, Refining, Technology and APS segments by \$3,382 million, \$816 million, \$466 million, \$328 million, \$184 million and \$60 million, respectively. Results for each of our business segments are discussed further in the Segment Analysis section below.

Finance Costs—Finance costs increased \$421 million in 2021 compared to 2020 primarily due to \$387 million change on unrealized foreign exchange losses from the remeasurement of intercompany borrowings. These unrealized foreign exchange losses are partially offset by gains from changes in the fair value on financial derivatives recorded in Other (Income) Expense, Net. Refer to Notes 10 and 11 of the Consolidated Financial Statement.

Income Taxes—Our effective income tax rates of 18.4% in 2021 and (12.6%) in 2020 resulted in a tax provision of \$1,533 million and a tax benefit of (\$151) million, respectively.

Our effective income tax rate fluctuates based on, among other factors, changes in pre-tax income in countries with varying statutory tax rates, changes in unrecognized deferred tax assets, changes in foreign exchange gains/losses, the amount of exempt income, changes in unrecognized tax benefits associated with uncertain tax positions and changes in tax laws. We continue to maintain unrecognized deferred tax assets in various jurisdictions totaling to \$126 million as of 2021, which could impact our effective income tax rate in the future.

During 2021 and 2020, we recorded an overall tax benefit in relation to the CARES Act of approximately \$64 million and \$300 million, respectively due to our 2020 U.S. tax losses which we carried back to tax years with a higher tax rate. For additional information, see Note 12 to our Consolidated Financial Statements.

Compared to 2020, the 2021 effective income tax rate increased primarily due to increased exempt income coupled with the tax benefit recognized as result of the CARES Act in 2020.

2.1.1 Segment Analysis

Our continuing operations are managed through six reportable segments: O&P—Americas, O&P—EAI, I&D, APS, Refining and Technology. Each of the operating segments is managed by a senior executive reporting directly to our Chief Executive Officer ("CEO"), the chief operating decision maker. Discrete financial information is available for each of the segments, and our CEO uses the operating results of each of the operating segments for performance evaluation and resource allocation.

Accounting policies for internal reporting, which are based on accounting principles generally accepted in the United States of America ("U.S. GAAP"), are materially similar to those described in Summary of Significant Accounting Policies (see Note 2 of the Consolidated Financial Statements), except for:

- *Inventories*—The Company measures its inventories in accordance with the Last In, First Out ("LIFO") method, which is permitted under U.S. GAAP. According to International Accounting Standards ("IAS") 2, *Inventories*, the LIFO method is prohibited under IFRS. Therefore, inventories are measured using the First In, First Out ("FIFO") method for the Consolidated Financial Statements. This inventory measurement difference between the reportable segments and the consolidated information results in different cost of sales and net profit for the period.
- *Employee Benefits*—Under U.S. GAAP, ASC Topic 715, Compensation — Retirement Benefits ("ASC 715") requires the interest expense component of pension expense to be calculated as the product of the defined benefit liability and the discount rate. Such interest expense is netted against interest income resulting from the expected rate of return on plan assets applied to the market value of assets. The expected rate of return on plan assets is a longer term rate, and is expected to change less frequently than the discount rate, reflecting long-term market expectations, rather than current fluctuations in market conditions. Under IFRS, in accordance with IAS 19, *Employee Benefits*, the Company recognizes a net interest expense (income), which is the product of the net defined benefit liability (asset) and the discount rates, as a component of its pension expense on defined benefit plans. Under ASC 715, past service cost and actual return on plan assets in excess of expected return are initially recorded in other comprehensive income and subsequently recognized in earnings over the average remaining service period of the participants to the extent it exceeds the "corridor." The corridor is defined as the greater of 10 percent of the accumulated projected benefit obligation or the fair value of the plan assets as of the beginning of the year. Under IFRS, the Company immediately recognizes past service cost and net interest expense (income) as discussed above in the Consolidated Statement of Income. Actual return of plan assets in excess of recognized interest income is permanently recorded in other comprehensive income.
- *Other*—Amongst others, there are differences between IFRS and U.S. GAAP with respect to IFRS 11, *Joint Arrangements* as well as, leases, discontinued operations, the subsequent measurement of asset retirement obligations, cross-currency swaps, capitalization of development costs related to research and development and amortization of debt issuance costs. If material, these differences are separately disclosed in the Consolidated Financial Statements reconciliation.

We use earnings before interest, income taxes and depreciation and amortization ("EBITDA") as our measure of profitability for segment reporting purposes. This measure of segment operating results is used by our chief operating decision maker to assess the performance of and allocate resources to our operating segments. Intersegment eliminations and items that are not directly related or allocated to business operations, such as foreign exchange gains (losses) and components of pension and other post-retirement benefit costs other than service cost, are included in "Other." For additional information related to our operating segments, as well as a reconciliation of EBITDA to its nearest U.S. GAAP measure and to IFRS Operating profit, see Note 33 of the Consolidated Financial Statements.

The following tables reflect selected financial information for our reportable segments.

<u>Millions of U.S. Dollars</u>	<u>Year Ended 31 December</u>	
	<u>2021</u>	<u>2020</u>
Sales and other operating revenues:		
O&P—Americas	\$ 15,002	\$ 7,275
O&P—EAI	13,490	8,367
I&D	10,180	6,269
APS	5,145	3,913
Refining	8,002	4,727
Technology	843	659
Other, including intersegment eliminations	(6,489)	(3,457)
Total	<u>\$ 46,173</u>	<u>\$ 27,753</u>
Share of profit of associates and joint ventures:		
O&P—Americas	\$ 115	\$ 45
O&P—EAI	313	186
I&D	34	26
APS	(1)	(1)
Total	<u>\$ 461</u>	<u>\$ 256</u>
EBITDA:		
O&P—Americas	\$ 5,273	\$ 1,810
O&P—EAI	1,749	826
I&D	1,378	833
APS	409	378
Refining	(624)	(871)
Technology	514	324
Other, including intersegment eliminations	(10)	(15)
Total	<u>\$ 8,689</u>	<u>\$ 3,285</u>

Olefins and Polyolefins—Americas Segment

Overview—EBITDA improved in 2021 relative to 2020 driven by olefin and combined polyolefin margin improvements.

In calculating the impact of margin and volume on EBITDA, consistent with industry practice, management offsets revenues and volumes related to ethylene co-products against the cost to produce ethylene. Volume and price impacts of ethylene co-products are reported in margin.

Ethylene Raw Materials—Ethylene and its co-products are produced from two major raw material groups:

- NGLs, principally ethane and propane, the prices of which are generally affected by natural gas prices; and
- crude oil-based liquids ("liquids" or "heavy liquids"), including naphtha, condensates, and gas oils, the prices of which are generally related to crude oil prices.

We have flexibility to vary the raw material mix and process conditions in our U.S. olefins plants in order to maximize profitability as market prices fluctuate for both feedstocks and products. Although prices of crude-based liquids and natural gas liquids are generally related to crude oil and natural gas prices, during specific periods the relationships among these materials and benchmarks may vary significantly. In 2021 and 2020, approximately 60% of the raw materials used in our North American crackers was ethane.

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The following table sets forth selected financial information for the O&P—Americas segment including Income from equity investments, which is a component of EBITDA.

<u>Millions of U.S. Dollars</u>	<u>Year Ended 31 December</u>	
	<u>2021</u>	<u>2020</u>
Sales and other operating revenues	\$ 15,002	\$ 7,275
Share of profit of associates and joint ventures	115	45
EBITDA	5,273	1,810

Revenues—Revenues increased by \$7,727 million, or 106%, in 2021 compared to 2020. Higher average sales prices resulted in a 92% increase in revenue in 2021, primarily driven by tight market conditions. Volume improvements resulted in a revenue increase of 14% primarily due to the 2020 acquisition of our 50% interest in the Louisiana Integrated PolyEthylene JV LLC ("Louisiana Joint Venture").

EBITDA—EBITDA increased by \$3,463 million, or 191%, in 2021 compared to 2020, largely driven by margin improvements. Olefins results led to a 109% increase in EBITDA driven by higher margins as sales prices outpaced higher feedstock and energy costs. Higher polyethylene and polypropylene results led to a 48% and 29% increase in EBITDA, respectively, primarily due to polyolefin sales price increases which outpaced higher feedstock costs.

Olefins and Polyolefins—Europe, Asia, International Segment

Overview—EBITDA increased in 2021 compared to 2020 mainly as a result of higher combined polyolefins margins due to strong demand and tight markets.

In calculating the impact of margin and volume on EBITDA, consistent with industry practice, management offsets revenues and volumes related to ethylene co-products against the cost to produce ethylene. Volume and price impacts of ethylene co-products are reported in margin.

Ethylene Raw Materials—In Europe, heavy liquids are the primary raw materials for our ethylene production and represent approximately two-thirds of the raw materials used in 2021 and 2020.

The following table sets forth selected financial information for the O&P—EAI segment including Share of profit of associates and joint ventures, which is a component of EBITDA.

<u>Millions of U.S. Dollars</u>	<u>Year Ended 31 December</u>	
	<u>2021</u>	<u>2020</u>
Sales and other operating revenues	\$ 13,490	\$ 8,367
Share of profit of associates and joint ventures	313	186
EBITDA	1,749	826

Revenues—Revenues increased by \$5,123 million, or 61%, in 2021 compared to 2020. Average sales prices in 2021 were higher across most products as sales prices generally correlate with crude oil prices, which on average, increased compared to 2020. These higher average sales prices were responsible for a 52% increase in revenue. Volume improvements resulted in a revenue increase of 6% primarily due to strong demand in combination with tight market supply. Favorable foreign exchange impacts resulted in a revenue increase of 3% in 2021.

EBITDA—EBITDA increased by \$923 million, or 112%, in 2021 compared to 2020. Polyethylene and polypropylene results improved resulting in an EBITDA increase of 55% and 46%, respectively. These improvements were driven by higher margins as price increases outpaced higher feedstock costs. Higher income from our equity investments led to an increase in EBITDA of 15%, mainly attributable to higher polyolefins margins associated with increased demand. Foreign exchange impacts, which on average were favorable, resulted in a EBITDA increase of 4%.

Intermediates and Derivatives Segment

Overview—EBITDA increased in 2021 compared to 2020, primarily driven by higher margins across most businesses due to tight market supply from industry outages coupled with strong demand.

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The following table sets forth selected financial information for the I&D segment including Share of profit of associates and joint ventures, which is a component of EBITDA.

<u>Millions of U.S. Dollars</u>	<u>Year Ended 31 December</u>	
	<u>2021</u>	<u>2020</u>
Sales and other operating revenues	\$ 10,180	\$ 6,269
Share of profit of associates and joint ventures	34	26
EBITDA	1,378	833

Revenues—Revenues increased by \$3,911 million, or 62%, in 2021 compared to 2020. Higher average sales prices resulted in a 64% increase in revenue in 2021 as sales prices generally correlate with crude oil prices, which on average, increased compared to 2020. Sales volumes declined in 2021 resulting in a 3% decrease in revenue due to the impact of unusually cold temperatures and associated electrical power outages that led to shutdowns of our manufacturing facilities in Texas in early 2021, coupled with unplanned maintenance activities in 2021. Favorable foreign exchange impacts resulted in a revenue increase of 1% in 2021.

EBITDA—EBITDA increased \$545 million, or 65%, in 2021 compared to 2020. Our propylene oxide and derivatives and intermediate chemicals results improved resulting in an EBITDA increase of 54% and 18%, respectively. These improvements were primarily a result of higher margins due to strong demand coupled with tight market supply resulting from industry outages. Higher oxyfuels and related products results led to a 6% increase in EBITDA primarily driven by margin improvement as a result of improved demand and higher gasoline prices. Results declined 4% as a result of site closure costs associated with the exit of our ethanol business.

Advanced Polymer Solutions Segment

Overview—EBITDA for our APS segment increased in 2021 compared to 2020, primarily due to higher advanced polymer margins.

The following table sets forth selected financial information for the APS segment.

<u>Millions of U.S. Dollars</u>	<u>Year Ended 31 December</u>	
	<u>2021</u>	<u>2020</u>
Sales and other operating revenues	\$ 5,145	\$ 3,913
Share of profit of associates and joint ventures	(1)	(1)
EBITDA	409	378

Revenues—Revenues increased in 2021 by \$1,232 million, or 31%, compared to 2020. Average sales price increased resulting in a 25% increase in revenue in 2021 as sales price generally correlate with raw material costs and product demand. Higher sales volumes resulted in a 3% increase in revenue stemming from higher demand. Foreign exchange impacts resulted in a revenue increase of 3% in 2021.

EBITDA—EBITDA increased in 2021 by \$31 million, or 8%, compared to 2020. Higher advanced polymers results led to an EBITDA increase of 13% driven by margin improvements resulting from increased construction demand. Results benefited 10% from the absence of integration costs incurred in 2020 associated with the acquisition of A. Schulman Inc. These EBITDA improvements were offset by LIFO inventory charges which resulted in a 12% reduction in EBITDA. Compounding and solutions results remained relatively unchanged during 2021.

Refining Segment

Overview—EBITDA for our Refining segment increased in 2021 relative to 2020 primarily due to higher margins.

The following table sets forth selected financial information and heavy crude oil processing rates for the Refining segment and the U.S. refining market margins for the applicable periods. “Brent” is a light sweet crude oil and is one of the main benchmark prices for purchases of oil worldwide. “Maya” is a heavy sour crude oil grade produced in Mexico that is a relevant benchmark for heavy sour crude oils in the U.S. Gulf Coast market. References to industry benchmarks for refining market margins are to industry prices reported by Platts, a division of S&P Global.

<u>Millions of U.S. Dollars</u>	<u>Year Ended 31 December</u>	
	<u>2021</u>	<u>2020</u>
Sales and other operating revenues	\$ 8,002	\$ 4,727
EBITDA	(624)	(871)
<u>Thousands of barrels per day</u>		
Heavy crude oil processing rates	231	223
<u>Market margins, dollars per barrel</u>		
Brent - 2-1-1	\$ 14.39	\$ 5.74
Brent - Maya differential	6.48	6.89
Total Maya 2-1-1	<u>\$ 20.87</u>	<u>\$ 12.63</u>

Revenues—Revenues increased by \$3,275 million, or 69%, in 2021 compared to 2020. Higher product prices led to a revenue increase of 71% in 2021, due to an average Brent crude oil price increase of approximately \$28 per barrel. Sales volume changes resulted in a 2% decline in revenues as higher run rates were offset by changes in product mix.

EBITDA—EBITDA increased by \$247 million or 28%, in 2021 compared to 2020. This increase was primarily driven by margin improvements due to an increase in the Maya 2-1-1 market margin resulting from higher demand for refined products. This was partially offset by margin declines driven by higher costs for Renewable Identification Numbers (“RINs”) of approximately \$1 per gallon.

During 2021 and 2020 we recognized non-cash impairment charges of \$624 million and \$582 million, respectively. For additional information see Note 15 to our Consolidated Financial Statements.

We are currently weighing strategic options for our Refining segment, including a potential sale of our Houston refinery. Any strategic option pursued for the Houston refinery remains subject to the approval of our Board of Directors and, assuming such approval is obtained, may require certain regulatory approvals or other closing conditions.

Technology Segment

Overview—The Technology segment recognizes revenues related to the sale of polyolefin catalysts and the licensing of chemical and polyolefin process technologies. These revenues are offset in part by the costs incurred in the production of catalysts, licensing and services activities and research and development (“R&D”) activities. In 2021 and 2020, our Technology segment incurred approximately half of all R&D costs. EBITDA for our Technology segment increased in 2021 compared to 2020 largely due to higher licensing revenues and catalyst volumes.

The following table sets forth selected financial information for the Technology segment.

<u>Millions of U.S. Dollars</u>	<u>Year Ended 31 December</u>	
	<u>2021</u>	<u>2020</u>
Sales and other operating revenues	\$ 843	\$ 659
EBITDA	514	324

Revenues—Revenues increased by \$184 million, or 28%, in 2021 compared to 2020. Higher catalyst volumes resulted in a 10% increase in revenue in 2021, primarily driven by strong demand. Licensing revenues increased by 15% in 2021. Favorable foreign exchange impacts increased revenue by 3% in 2021.

EBITDA—EBITDA in 2021 increased by \$190 million, or 59%, compared to 2020. Higher licensing revenues led to an EBITDA improvement of 40% in 2021. Favorable foreign exchange impacts resulted in an EBITDA increase of 3% in 2021. The remaining increases was largely driven by higher catalyst sales volumes as a result of improved global demand.

2.1.2 Financial Condition

Operating, investing and financing activities of continuing operations, which are discussed below, are presented in the following table:

<u>Millions of U.S. Dollars</u>	<u>Year Ended 31 December</u>	
	<u>2021</u>	<u>2020</u>
Source (use) of cash:		
Operating activities	\$ 7,842	\$ 3,692
Investing activities	(1,390)	(4,786)
Financing activities	(6,664)	1,980

Operating Activities—Cash provided by operating activities of \$7,842 million in 2021 reflected earnings adjusted for non-cash items and cash used by the main components of working capital – Accounts receivable, Inventories and Accounts payable.

In 2021, the main components of working capital used \$2,587 million of cash driven by an increase in Inventories and Accounts receivable, partially offset by an increase in Accounts payable. The increase in Inventories was primarily due to an increase in raw material costs coupled with an increase in inventory to levels required to support improved demand and in anticipation of turnarounds in 2022. The increase in Accounts receivable was driven by higher revenues across most businesses primarily driven by higher average sales prices. The increase in Accounts payable was primarily driven by increased raw material and energy costs.

Other operating activities in 2021 includes an \$870 million tax refund received in the fourth quarter of 2021 and the effects of changes in income tax accruals primarily driven by increased pretax income. For additional information see Note 12 to our Consolidated Financial Statements.

Cash of \$3,692 million generated by operating activities in 2020 primarily reflected earnings adjusted for non-cash items and cash provided by the main components of working capital.

In 2020, the main components of working capital provided \$332 million of cash driven by a decrease in Inventories and an increase in Accounts payable, partially offset by an increase in Accounts receivable. The decrease in Inventory was primarily driven by company-wide inventory reduction initiatives to maximize liquidity. The increase in Accounts payable was primarily driven by increased raw material purchases during the fourth quarter of 2020. The increase in Accounts receivable was driven by higher sales in the fourth quarter 2020 for our O&P—Americas, O&P—EAI, and I&D segments resulting from demand recovery.

Investing Activities—Capital expenditures in 2021 totaled \$2,203 million compared to \$1,985 million in 2020. Approximately 60% of our capital spending in both periods was for profit-generating growth projects, primarily our Houston, Texas PO/TBA plant, with the remaining spending supporting sustaining maintenance. See Note 33 to the Consolidated Financial Statements for additional information regarding capital spending by segment.

We invest cash in investment-grade and other high-quality instruments that provide adequate flexibility to redeploy funds as needed to meet our cash flow requirements while maximizing yield.

We received proceeds of \$346 million and \$114 million in 2021 and 2020, respectively, upon the sale and maturity of certain of our marketable securities. Additionally, in 2021 and 2020, we received proceeds of \$335 million and \$313 million, respectively, from the sale or liquidation of our investment in equity securities.

In 2020, we invested \$270 million in marketable securities and \$608 million in investments in equity securities.

In 2021, we made an equity contribution of \$104 million to form Ningbo ZRCC LyondellBasell New Material Company Limited, a 50/50 joint venture with Sinopec. In 2020, we invested \$2,418 million in cash for 50% equity interests in the Bora LyondellBasell Petrochemical Co. Ltd joint venture and the Louisiana Joint Venture.

In 2021, foreign currency contracts with an aggregate notional value of €300 million expired. Upon settlement of these foreign currency contracts, we paid €300 million (\$355 million at the expiry spot rate) to our counterparties and received \$358 million from our counterparties.

Financing Activities—In 2021 and 2020, we made payments of \$463 million and \$4 million to acquire 5.2 million and 0.1 million, respectively, of our outstanding ordinary shares. We also made dividend payments totaling \$1,486 million and \$1,405 million in 2021 and 2020, respectively. For additional information related to our share repurchases and dividend payments, see Note 24 to the Consolidated Financial Statements.

During 2020, to bolster liquidity we issued long-term debt of \$6 billion which was partially offset by repayments of \$3 billion during the year. In 2021, we prioritized debt reduction resulting in a \$4 billion decrease in our outstanding long-term debt. For a detailed discussion of financing activities for 2021 and 2020, see Note 26 to the Consolidated Financial Statements.

In 2021 and 2020, we made net repayments of \$296 million and received net proceeds of \$239 million, respectively, through the issuance and repurchase of commercial paper instruments under our commercial paper program.

In November 2021, foreign currency contracts previously designated as cash flow hedges with an aggregate notional value of \$855 million expired. Upon settlement of these foreign currency contracts we paid €790 million (\$904 million at the expiry spot rate) to our counterparties and received \$855 million from our counterparties.

In May 2020, we terminated and cash settled \$2,000 million in notional value of our cross-currency interest rate swaps maturing in 2021 and 2024. Upon termination of the swaps, we received \$346 million from our counterparties.

In 2020, we posted collateral of \$238 million related to positions held with our counterparties for certain forward-starting interest rate swaps.

In November 2020, we paid \$882 million to our counterparties and received €750 million (\$887 million at the expiry spot rate) from our counterparties upon expiration and settlement of the foreign currency contracts entered to economically hedge the redemption of €750 million aggregate principal amount of our 1.875% guaranteed notes originally due in 2022.

For additional information related to our swaps and currency contracts, see Note 4 to the Consolidated Financial Statements.

Liquidity and Capital Resources

Overview

We plan to fund our ongoing working capital, capital expenditures, debt service, dividends and other cash requirements with our current available liquidity and cash from operations, which could be affected by general economic, financial, competitive, legislative, regulatory, business and other factors, many of which are beyond our control. Cash and cash equivalents, cash from our short-term investments, cash from operating activities, proceeds from the issuance of debt, or a combination thereof, may be used to fund the purchase of shares under our share repurchase authorization.

We intend to continue to declare and pay quarterly dividends, with the goal of increasing the dividend over time, after giving consideration to our cash balances and expected results from operations. Our focus on funding our dividends while remaining committed to a strong investment grade balance sheet continues to be the foundation of our capital allocation strategy.

Cash and Liquid Investments

As of 31 December 2021, we had Cash and cash equivalents and marketable securities classified as Short-term investments totaling \$1,626 million, which includes \$1,136 million in jurisdictions outside of the U.S., principally in the United Kingdom. There are currently no legal or economic restrictions that would materially impede our transfers of cash.

Credit Arrangements

At 31 December 2021, we had total debt, including current maturities, of \$12,502, and \$218 million of outstanding letters of credit, bank guarantees and surety bonds issued under uncommitted credit facilities.

We had total unused availability under our credit facilities of \$3,946 million at 31 December 2021, which included the following:

- \$3,046 million under our \$3,250 million Senior Revolving Credit Facility, which backs our \$2,500 million commercial paper program. In November 2021, we entered into a second amendment and restatement of our credit agreement to increase our availability under the Senior Revolving Credit Facility from \$2,500 million to \$3,250 million. See Note 26 to the Consolidated Financial Statements for additional detail. Availability under this facility is net of outstanding borrowings, outstanding letters of credit provided under the facility and notes issued under our commercial paper program. At 31 December 2021, we had \$204 million of outstanding commercial paper, net of discount, and no borrowings or letters of credit outstanding under this facility; and
- \$900 million under our \$900 million U.S. Receivables Facility. Availability under this facility is subject to a borrowing base of eligible receivables, which is reduced by outstanding borrowings and letters of credit, if any. At 31 December 2021 we had no borrowings or letters of credit outstanding under this facility. In June 2021, we extended the term of the facility to June 2024 in accordance with the terms of the agreement

At any time and from time to time, we may repay or redeem our outstanding debt, including purchases of our outstanding bonds in the open market, through privately negotiated transactions or a combination thereof, in each case using cash and cash equivalents, cash from our short-term investments, cash from operating activities, proceeds from the issuance of debt or proceeds from asset divestitures. Any repayment or redemption of our debt will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. In connection with such repurchases or redemptions, we may incur cash and non-cash charges, which could be material in the period in which they are incurred.

In accordance with our current interest rate risk management strategy and subject to management's evaluation of market conditions and the availability of favorable interest rates among other factors, we may from time to time enter into interest rate swap agreements to economically convert a portion of our fixed rate debt to variable rate debt or convert a portion of our variable rate debt to fixed rate debt.

Share Repurchases

In May 2021, our shareholders approved a proposal to authorize us to repurchase up to 34.0 million ordinary shares, through 28 November 2022 ("2021 Share Repurchase Authorization"), which superseded any prior repurchase authorizations. Our share repurchase authorization does not have a stated dollar amount, and purchases may be made through open market purchases, private market transactions or other structured transactions. Repurchased shares could be retired or used for general corporate purposes, including for various employee benefit and compensation plans. The maximum number of shares that may yet be purchased is not necessarily an indication of the number of shares that will ultimately be purchased. In 2021, we purchased 5.2 million shares under our share repurchase authorization for \$477 million.

As of 22 February 2022, we had approximately 27.2 million shares remaining under the current authorization. The timing and amounts of additional shares repurchased, if any, will be determined based on our evaluation of market conditions and other factors, including any additional authorizations approved by our shareholders. In addition, cash and cash equivalents, cash from our short-term investments, cash from operating activities, proceeds from the issuance of debt, or a combination thereof, may be used to fund the purchase of shares under our share repurchase authorization. For additional information related to our share repurchase authorization, see Note 24 to the Consolidated Financial Statements.

Capital Budget

In 2022, we are planning to invest approximately \$2.1 billion in capital expenditures, which includes approximately \$79 million for investments in our U.S. and European PO joint ventures and Louisiana joint venture. Approximately 40% of the 2022 budget is planned for profit-generating growth projects, primarily our PO/TBA plant, with the remaining budget supporting sustaining maintenance.

Cash Requirements from Contractual and Other Obligations

As part of our ongoing operations, we enter into contractual arrangements that may require us to make future cash payments under certain circumstances. Our cash requirements related to contractual and other obligations primarily consist of purchase obligations, principal and interest payments on outstanding debt, lease payments, pension and other post-retirement benefits and income taxes. For more information regarding our debt arrangements, lease obligations, pension and other post-retirement benefits and income taxes see Notes 4, 27 and 28 to the Consolidated Financial Statements, respectively.

We are party to obligations to purchase raw materials, utilities and industrial gases which are designed to ensure sources of supply and are not expected to be in excess of normal requirements. These purchase arrangements include provisions which state minimum purchase quantities; however, in the event we do not take the contractual minimum volumes, we are obligated to compensate the vendor only for any resulting economic losses they suffer. No material fees were paid to vendors for such losses in 2021. Assuming that contractual minimum volumes are purchased at contract prices as of 31 December 2021, these commitments represent approximately 25% of our annual Cost of sales with a weighted average remaining term of 7 years.

2.1.3 Outlook

We achieved record profitability in 2021 supported by robust demand, tight markets and the company's recent growth investments. Our Olefins & Polyolefins Americas and Technology segments both posted record annual EBITDA. Profit margins reached all-time highs across many of our businesses despite global supply chain disruptions and the spread of new COVID variants. Our substantial cash generation also allowed us to complete our goal of reducing long-term debt by \$4 billion during 2021. We do not plan to pursue further debt reduction in 2022. At the same time, we repurchased 5.2 million shares and increased our annual dividend for the eleventh consecutive year. We are continuing to pursue a highly disciplined capital allocation strategy that aims to provide returns for shareholders.

In addition to our financial performance, we remained focused on substantive and ambitious goals to help address the opportunities from circularity and the challenges of climate change. During 2021, we stepped up our circularity and climate commitments with the launch of our Circulen portfolio of products and by accelerating the cadence of our carbon reduction plans with the establishment of a 2050 net zero target.

We expect continued strength in demand for our products in 2022. Supply chain disruptions and virus surges have been restraining pent-up consumer demand across the global economy. As vaccinations facilitate a more sustainable global reopening and supply chains normalize, our businesses should benefit from increased demand for both goods and services. We are closely monitoring rising feedstock and energy costs, particularly at our European operations. Elevated levels of ethylene industry maintenance activities scheduled for the first half of 2022 are likely to constrain supply. We expect tight markets for acetyls and propylene oxide will continue to drive strong profitability within our I&D segment. In January 2022, our Advanced Polymers Solutions segment benefited from increased order volumes for our products used in automotive production.

As a result of Russia's military action in Ukraine, on March 3, we announced that effective immediately, LyondellBasell will not enter into any new business transactions or relationships with Russian state-owned entities; and also that we intend to discontinue business relationships with Russian state-owned entities to the extent legally possible. We are in the process of assessing how this will affect our operations. Based on our assessment at the time of issuance of these Consolidated Financial Statements, we do not expect these measures will have a material impact in our operations or financial position.

While there is an elevated level of uncertainty around the impact of the war in Ukraine, COVID variants and continued supply chain constraints, we expect our 2022 earnings and cash flows to step up from levels seen over the last decade. We are expanding our production with the commissioning of new facilities in China and the U.S. during 2022. We also announced that we are accelerating our commitments to help address climate change. With our new CEO Peter Vanacker joining the company in the second quarter, we are well poised to continue delivering on our track record of substantial cash generation and strong returns for our shareholders.

2.2 Risk Factors

The factors described below represent the principal risks to an investment in LyondellBasell. Any of these factors, taken alone or in combination, could adversely affect our business, operating results and financial condition, as well as the value of an investment in our securities and our ability to execute our strategy.

Risks Related to our Business and Industry

The cyclical and volatility of the industries in which we participate may cause significant fluctuations in our operating results.

Our business operations are subject to the cyclical and volatile nature of the supply-demand balance in the chemical and refining industries. Our future operating results are expected to continue to be affected by this cyclical and volatility. The chemical and refining industries historically have experienced alternating periods of capacity shortages, causing prices and profit margins to increase, followed by periods of excess capacity, resulting in oversupply, declining capacity utilization rates and declining prices and profit margins.

In addition to changes in the supply and demand for products, changes in energy prices and other worldwide economic conditions can cause volatility. These factors result in significant fluctuations in profits and cash flow from period to period and over business cycles.

New capacity additions around the world may lead to periods of oversupply and lower profitability. The timing and extent of any changes to currently prevailing market conditions are uncertain and supply and demand may be unbalanced at any time. As a consequence, we are unable to accurately predict the extent or duration of future industry cycles or their effect on our business, financial condition or results of operations.

A sustained decrease in the price of crude oil may adversely impact the results of our operations, primarily in North America.

Energy costs generally follow price trends of crude oil and natural gas. These price trends may be highly volatile and cyclical. In the past, raw material and energy costs have experienced significant fluctuations that adversely affected our business segments' results of operations. For example, we have benefited from the favorable ratio of U.S. crude oil prices to natural gas prices in the past. If the price of crude oil remains lower relative to U.S. natural gas prices or if the demand for natural gas and NGLs increases, this may have a negative impact on our results of operations.

Costs and limitations on supply of raw materials and energy may result in increased operating expenses.

The costs of raw materials and energy represent a substantial portion of our operating expenses. Due to the significant competition we face and the commodity nature of many of our products we are not always able to pass on raw material and energy cost increases to our customers. When we do have the ability to pass on the cost increases, we are not always able to do so quickly enough to avoid adverse impacts on our results of operations.

Cost increases for raw materials, energy, or broad-based price inflation, also may increase working capital needs, which could reduce our liquidity and cash flow. Even if we are able to increase our sales prices to reflect these increases, demand for products may decrease as consumers and customers reduce their consumption or use substitute products, which may have an adverse impact on our results of operations. In addition, producers in natural gas cost-advantaged regions, such as the Middle East and North America, benefit from the lower prices of natural gas and NGLs. Competition from producers in these regions may cause us to reduce exports from Europe and elsewhere. Any such reductions may increase competition for product sales within Europe and other markets, which can result in lower margins in those regions.

For some of our raw materials and utilities there are a limited number of suppliers and, in some cases, the supplies are specific to the particular geographic region in which a facility is located. It is also common in the chemical and refining industries for a facility to have a sole, dedicated source for its utilities, such as steam, electricity and gas. Having a sole or limited number of suppliers may limit our negotiating power, particularly in the case of rising raw material costs. Any new supply agreements we enter into may not have terms as favorable as those contained in our current supply agreements.

Additionally, there is growing concern over the reliability of water sources, including around the U.S. Gulf Coast where several of our facilities are located. The decreased availability or less favorable pricing for water as a result of population growth, drought or regulation could negatively impact our operations, including by impacting our ability to produce or transport our products.

If our raw material or utility supplies were disrupted, our businesses may incur increased costs to procure alternative supplies or incur excessive downtime, which would have a negative impact on plant operations. Disruptions of supplies may occur as a result of transportation issues resulting from natural disasters, water levels, and interruptions in marine water routes, among other causes, that can affect the operations of vessels, barges, rails, trucks and pipeline traffic. These risks are particularly prevalent in the U.S. Gulf Coast area. Additionally, increasing exports of NGLs and crude oil from the U.S. or greater restrictions on hydraulic fracturing could restrict the availability of our raw materials, thereby increasing our costs.

With increased volatility in raw material costs, our suppliers could impose more onerous terms on us, resulting in shorter payment cycles and increasing our working capital requirements.

Our ability to source raw materials may be adversely affected by political instability, civil disturbances or other governmental actions.

We obtain a portion of our principal raw materials from sources in the Middle East and Central and South America that may be less politically stable than other areas in which we conduct business. Political instability, civil disturbances and actions by governments in these areas are more likely to substantially increase the price and decrease the supply of raw materials necessary for our operations, which could have a material adverse effect on our results of operations.

Incidents of civil unrest, including terrorist attacks and demonstrations that have been marked by violence, have occurred in a number of countries in the Middle East and South America. Some political regimes in these countries are threatened or have changed as a result of such unrest. Political instability and civil unrest could continue to spread in the region and involve other areas. Such unrest, if it continues to spread or grow in intensity, could lead to civil wars, regional conflicts or

regime changes resulting in governments that are hostile to countries in which we conduct substantial business, such as in the U.S., Europe or their respective trading partners.

Our business is capital intensive and we rely on cash generated from operations and external financing to fund our growth and ongoing capital needs. Limitations on access to external financing could adversely affect our operating results.

We require significant capital to operate our current business and fund our growth strategy. Moreover, interest payments, dividends, capital requirements of our joint ventures, the expansion of our current business or other business opportunities may require significant amounts of capital. If we need external financing, our access to credit markets and pricing of our capital is dependent upon maintaining sufficient credit ratings from credit rating agencies and the state of the capital markets generally. There can be no assurances that we would be able to incur indebtedness on terms we deem acceptable, and it is possible that the cost of any financings could increase significantly, thereby increasing our expenses and decreasing our net income. If we are unable to generate sufficient cash flow or raise adequate external financing, including as a result of significant disruptions in the global credit markets, we could be forced to restrict our operations and growth opportunities, which could adversely affect our operating results.

We may use our \$3,250 million revolving credit facility, which backs our commercial paper program, to meet our cash needs, to the extent available. As of 31 December 2021, we had no borrowings or letters of credit outstanding under the facility and \$204 million, net of discount, outstanding under our commercial paper program, leaving an unused and available credit capacity of \$3,046 million. We may also meet our cash needs by selling receivables under our \$900 million U.S. Receivables Facility. As of 31 December 2021, we had availability of \$900 million under this facility. In the event of a default under our credit facilities or any of our senior notes, we could be required to immediately repay all outstanding borrowings and make cash deposits as collateral for all obligations the facility supports, which we may not be able to do. Any default under any of our credit arrangements could cause a default under many of our other credit agreements and debt instruments. Without waivers from lenders party to those agreements, any such default could have a material adverse effect on our ability to continue to operate.

Risks Related to our Operations

Our operations are subject to risks inherent in chemical and refining businesses, and we could be subject to liabilities for which we are not fully insured or that are not otherwise mitigated.

We maintain property, business interruption, product, general liability, casualty and other types of insurance that we believe are appropriate for our business and operations as well as in line with industry practices. However, we are not fully insured against all potential hazards incident to our business, including losses resulting from natural disasters or climate-related exposures, wars or terrorist acts. Changes in insurance market conditions have caused, and may in the future cause, premiums and deductibles for certain insurance policies to increase substantially and, in some instances, for certain insurance to become unavailable or available only for reduced amounts of coverage. If we were to incur a significant liability for which we were not fully insured, we might not be able to finance the amount of the uninsured liability on terms acceptable to us or at all, and might be obligated to divert a significant portion of our cash flow from normal business operations.

Our business, including our results of operations and reputation, could be adversely affected by safety or product liability issues.

Failure to appropriately manage safety, human health, product liability and environmental risks associated with our products, product life cycles and production processes could adversely impact employees, communities, stakeholders, our reputation and our results of operations. Public perception of the risks associated with our products and production processes could impact product acceptance and influence the regulatory environment in which we operate. While we have procedures and controls to manage safety risks, issues could be created by events outside of our control, including natural disasters, severe weather events and acts of sabotage.

Further, because a part of our business involves licensing polyolefin process technology, our licensees are exposed to similar risks involved in the manufacture and marketing of polyolefins. Hazardous incidents involving our licensees, if they do result or are perceived to result from use of our technologies, may harm our reputation, threaten our relationships with other licensees and/or lead to customer attrition and financial losses. Our policy of covering these risks through contractual limitations of liability and indemnities and through insurance may not always be effective. As a result, our financial condition and results of operation would be adversely affected, and other companies with competing technologies may have the opportunity to secure a competitive advantage.

Interruptions of operations at our facilities may result in increased liabilities or lower operating results.

We own and operate large-scale facilities. Our operating results are dependent on the continued operation of our various production facilities and the ability to complete construction and maintenance projects on schedule. Interruptions at our facilities may materially reduce the productivity and profitability of a particular manufacturing facility, or our business as a whole, during and after the period of such operational difficulties. In recent years, we have had to shut down plants on the U.S. Gulf Coast, including the temporary shutdown of a portion of our Houston refinery, as a result of various hurricanes striking Texas and Louisiana. In addition, because the Houston refinery is our only refining operation, an outage at the refinery could have a particularly negative impact on our operating results as we do not have the ability to increase refining production elsewhere.

Although we take precautions to enhance the safety of our operations and minimize the risk of disruptions, our operations are subject to hazards inherent in chemical manufacturing and refining and the related storage and transportation of raw materials, products and wastes. These potential hazards include:

- pipeline leaks and ruptures;
- explosions;
- fires;
- severe weather and natural disasters;
- mechanical failure;
- unscheduled downtimes;
- supplier disruptions;
- labor shortages or other labor difficulties;
- transportation interruptions;
- remediation complications;
- increased restrictions on, or the unavailability of, water for use at our manufacturing sites or for the transport of our products or raw materials;
- chemical and oil spills;
- discharges or releases of toxic or hazardous substances or gases;
- shipment of incorrect or off-specification product to customers;
- storage tank leaks;
- other environmental risks; and
- cyber attack or other terrorist acts.

Some of these hazards may cause severe damage to or destruction of property and equipment or personal injury and loss of life and may result in suspension of operations or the shutdown of affected facilities.

Large capital projects can take many years to complete, and market conditions could deteriorate significantly between the project approval date and the project startup date, negatively impacting project returns. If we are unable to complete capital projects at their expected costs and in a timely manner, or if the market conditions assumed in our project economics deteriorate, our business, financial condition, results of operations and cash flows could be materially and adversely affected.

Delays or cost increases related to capital spending programs involving engineering, procurement and construction of facilities could materially adversely affect our ability to achieve forecasted internal rates of return and operating results. For example, higher costs arising from the delayed construction of our world-scale PO/TBA plant in Houston due to COVID-19, more extensive civil construction, and unexpected tariffs on materials are expected to add approximately 40 to 50% to our original cost estimate for the project, impacting our projected rate of return on the project. Delays in making required changes or upgrades to our facilities could subject us to fines or penalties as well as affect our ability to contract with our customers and supply certain products we produce. Such delays or cost increases may arise as a result of unpredictable factors, many of which are beyond our control, including:

- denial of or delay in receiving requisite regulatory approvals and/or permits; unplanned increases in the cost of construction materials or labor;

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- disruptions in transportation of components or construction materials;
- adverse weather conditions, natural disasters or other events (such as equipment malfunctions, explosions, fires or spills) affecting our facilities, or those of vendors or suppliers;
- shortages of sufficiently skilled labor, or labor disagreements resulting in unplanned work stoppages; and
- nonperformance by, or disputes with, vendors, suppliers, contractors or subcontractors.

Any one or more of these factors could have a significant impact on our ongoing capital projects. If we were unable to make up the delays associated with such factors or to recover the related costs, or if market conditions change, it could materially and adversely affect our business, financial condition, results of operations and cash flows.

Shared control or lack of control of joint ventures may delay decisions or actions regarding our joint ventures.

A portion of our operations are conducted through joint ventures, where control may be exercised by or shared with unaffiliated third parties. We cannot control the actions or ownership of our joint venture partners, including any nonperformance, default or bankruptcy of joint venture partners. The joint ventures that we do not control may also lack financial reporting systems to provide adequate and timely information for our reporting purposes.

Our joint venture partners may have different interests or goals than we do and may take actions contrary to our requests, policies or objectives. Differences in views among the joint venture participants also may result in delayed decisions or in failures to agree on major matters, potentially adversely affecting the business and operations of the joint ventures and in turn our business and operations. We may develop a dispute with any of our partners over decisions affecting the venture that may result in litigation, arbitration or some other form of dispute resolution. If a joint venture participant acts contrary to our interest, it could harm our brand, business, results of operations and financial condition.

We may be required to record material charges against our earnings due to any number of events that could cause impairments to our assets.

We may be required to reduce production or idle facilities for extended periods of time or exit certain businesses as a result of the cyclical nature of our industry. Specifically, oversupplies of or lack of demand for particular products or high raw material prices may cause us to reduce production. We may choose to reduce production at certain facilities because we have off-take arrangements at other facilities, which make any reductions or idling unavailable at those facilities. Any decision to permanently close facilities or exit a business would likely result in impairment and other charges to earnings. For example, in the fourth quarter of 2021, our Refining segment recognized a non-cash impairment charge of \$624 million related to our Houston refinery driven by our ongoing evaluation of strategic options for the Houston refinery.

Temporary outages at our facilities can last for several quarters and sometimes longer. These outages could cause us to incur significant costs, including the expenses of maintaining and restarting these facilities. In addition, we have significant obligations under take-or-pay agreements. Even though we may reduce production at facilities, we may be required to continue to purchase or pay for utilities or raw materials under these arrangements.

Integration of acquisitions could disrupt our business and harm our financial condition and stock price.

We have made and may continue to make acquisitions in order to enhance our business. Acquisitions involve numerous risks, including meeting our standards for compliance, problems combining the purchased operations, technologies or products, unanticipated costs and liabilities, diversion of management's attention from our core businesses, and potential loss of key employees.

There can be no assurance that we will be able to integrate successfully any businesses, products, technologies, or personnel that we might acquire. The integration of businesses that we may acquire is likely to be a complex, time-consuming, and expensive process and we may not realize the anticipated revenues, synergies, or other benefits associated with our acquisitions if we do not manage and operate the acquired business up to our expectations. If we are unable to efficiently operate as a combined organization utilizing common information and communication systems, operating procedures, financial controls, and human resources practices, our business, financial condition, and results of operations may be adversely affected.

Risks related to the Global Economy and Multinational Operations

Economic disruptions and downturns in general, and particularly continued global economic uncertainty or economic turmoil in emerging markets, could have a material adverse effect on our business, prospects, operating results, financial condition and cash flows.

Our results of operations can be materially affected by adverse conditions in the financial markets and depressed economic conditions generally. Economic downturns in the businesses and geographic areas in which we sell our products could substantially reduce demand for our products and result in decreased sales volumes and increased credit risk. Recessionary environments adversely affect our business because demand for our products is reduced, particularly from our customers in industrial markets generally and the automotive and housing industries specifically, and may result in higher costs of capital. A significant portion of our revenues and earnings are derived from our business in Europe. In addition, most of our European transactions and assets, including cash reserves and receivables, are denominated in euros.

We also derive significant revenues from our business in emerging markets, particularly the emerging markets in Asia and South America. Any broad-based downturn in these emerging markets, or in a key market such as China, could require us to reduce export volumes into these markets and could also require us to divert product sales to less profitable markets. Any of these conditions could ultimately harm our overall business, prospects, operating results, financial condition and cash flows.

We sell products in highly competitive global markets and face significant price pressures.

We sell our products in highly competitive global markets. Due to the commodity nature of many of our products, competition in these markets is based primarily on price and, to a lesser extent, on product performance, product quality, product deliverability, reliability of supply and customer service. Often, we are not able to protect our market position for these products by product differentiation and may not be able to pass on cost increases to our customers due to the significant competition in our business.

In addition, we face increased competition from companies that may have greater financial resources and different cost structures or strategic goals than us. These include large integrated oil companies (some of which also have chemical businesses), government-owned businesses, and companies that receive subsidies or other government incentives to produce certain products in a specified geographic region. Continuing competition from these companies, especially in our olefin and refining businesses, could limit our ability to increase product sales prices in response to raw material and other cost increases, or could cause us to reduce product sales prices to compete effectively, which would reduce our profitability. Competitors with different cost structures or strategic goals than we have may be able to invest significant capital into their businesses, including expenditures for research and development. In addition, specialty products we produce may become commoditized over time. Increased competition could result in lower prices or lower sales volumes, which would have a negative impact on our results of operations.

We operate internationally and are subject to exchange rate fluctuations, exchange controls, political risks and other risks relating to international operations.

We operate internationally and are subject to the risks of doing business on a global level. These risks include fluctuations in currency exchange rates, economic instability and disruptions, restrictions on the transfer of funds and the imposition of trade restrictions or duties and tariffs, and complex regulations concerning privacy and data security. Additional risks from our multinational business include transportation delays and interruptions, war, terrorist activities, epidemics, pandemics, political instability, import and export controls, sanctions, changes in governmental policies, labor unrest and current and changing regulatory environments.

We generate revenues from export sales and operations that may be denominated in currencies other than the relevant functional currency. Exchange rates between these currencies and functional currencies in recent years have fluctuated significantly and may do so in the future. It is possible that fluctuations in exchange rates will result in reduced operating results. Additionally, we operate with the objective of having our worldwide cash available in the locations where it is needed, including the United Kingdom for our parent company's significant cash obligations as a result of dividend payments. It is possible that we may not always be able to provide cash to other jurisdictions when needed or that such transfers of cash could be subject to additional taxes, including withholding taxes.

Our operating results could be negatively affected by the laws, rules and regulations, as well as political environments, in the jurisdictions in which we operate. There could be reduced demand for our products, decreases in the prices at which we can sell our products and disruptions of production or other operations. Trade protection measures such as quotas, duties, tariffs, safeguard measures or anti-dumping duties imposed in the countries in which we operate could negatively impact our business. Additionally, there may be substantial capital and other costs to comply with regulations and/or increased security costs or insurance premiums, any of which could reduce our operating results.

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We obtain a portion of our principal raw materials from international sources that are subject to these same risks. Our compliance with applicable customs, currency exchange control regulations, transfer pricing regulations or any other laws or regulations to which we may be subject could be challenged. Furthermore, these laws may be modified, the result of which may be to prevent or limit subsidiaries from transferring cash to us.

Furthermore, we are subject to certain existing, and may be subject to possible future, laws that limit or may limit our activities while some of our competitors may not be subject to such laws, which may adversely affect our competitiveness.

Changes in tax laws and regulations could affect our tax rate and our results of operations.

We are a tax resident in the United Kingdom and are subject to the United Kingdom corporate income tax system. LyondellBasell Industries N.V. has little or no taxable income of its own because, as a holding company, it does not conduct any operations. Through our subsidiaries, we have substantial operations world-wide. Taxes are primarily paid on the earnings generated in various jurisdictions where our subsidiaries operate, including the U.S., The Netherlands, Germany, France and Italy.

There continues to be increased attention to the tax practices of multinational companies, including U.S tax reform proposals, European Union's state aid investigations, Pillar One and Two proposals by the Organization for Economic Cooperation and Development ("OECD") with respect to base erosion and profit shifting, and European Union tax directives and their implementation. Although certain actions have occurred, there continues to be uncertainty as to the enactment and implementation of U.S. tax reform proposals and the OECD's Pillars One and Two. We continue to monitor these and other proposed tax law changes as they could increase our tax liabilities in the future, if enacted.

Risks Related to Health, Safety, and the Environment

We cannot predict with certainty the extent of future costs under environmental, health and safety and other laws and regulations, and cannot guarantee they will not be material.

We may face liability arising out of the normal course of business, including alleged personal injury or property damage due to exposure to chemicals or other hazardous substances at our current or former facilities or chemicals that we manufacture, handle or own. In addition, because our products are components of a variety of other end-use products, we, along with other members of the chemical industry, are subject to potential claims related to those end-use products. Any substantial increase in the success of these types of claims could negatively affect our operating results.

We are subject to extensive national, regional, state and local environmental laws, regulations, directives, rules and ordinances concerning:

- emissions to the air;
- discharges onto land or surface waters or into groundwater; and
- the generation, handling, storage, transportation, treatment, disposal and remediation of hazardous substances and waste materials.

Many of these laws and regulations provide for substantial fines and potential criminal sanctions for violations. Some of these laws and regulations are subject to varying and conflicting interpretations. In addition, some of these laws and regulations require us to meet specific financial responsibility requirements. Any substantial liability for environmental damage could have a material adverse effect on our financial condition, results of operations and cash flows.

Although we have compliance programs and other processes intended to ensure compliance with all such regulations, we are subject to the risk that our compliance with such regulations could be challenged. Non-compliance with certain of these regulations could result in the incurrence of additional costs, penalties or assessments that could be material.

Our industry is subject to extensive government regulation, and existing, or future regulations may restrict our operations, increase our costs of operations or require us to make additional capital expenditures.

Compliance with regulatory requirements will result in higher operating costs, such as regulatory requirements relating to emissions, the security of our facilities, and the transportation, export or registration of our products. We generally expect that regulatory controls worldwide will become increasingly more demanding, but cannot accurately predict future developments.

Increasingly strict environmental laws and inspection and enforcement policies, could affect the handling, manufacture, use, emission or disposal of products, other materials or hazardous and non-hazardous waste. Stricter environmental, safety and health laws, regulations and enforcement policies could result in increased operating costs or capital expenditures to comply with such laws and regulations. Additionally, we are required to have permits for our businesses and are subject to licensing regulations. These permits and licenses are subject to renewal, modification and in some circumstances, revocation. Further, the permits and licenses are often difficult, time consuming and costly to obtain and could contain conditions that limit our operations.

We may incur substantial costs to comply with climate change legislation and related regulatory initiatives.

There has been a broad range of proposed or promulgated international, national and state laws focusing on greenhouse gas (“GHG”) reduction. These proposed or promulgated laws apply or could apply in countries where we have interests or may have interests in the future. Laws and regulations in this field continue to evolve and, while they are likely to be increasingly widespread and stringent, at this stage it is not possible to accurately estimate either a timetable for implementation or our future compliance costs relating to implementation. Under the 2015 Paris Agreement, parties to the United Nations Framework Convention on Climate Change agreed to undertake ambitious efforts to reduce GHG emissions and strengthen adaptation to the effects of climate change. In February 2021, the U.S. recommitted to the Paris Agreement after having withdrawn in August 2017. Other regions in which we operate, including, in particular, the European Union, are preparing national legislation and protection plans to implement their emission reduction commitments under the Agreement. In December 2019, the European Union member countries endorsed the objective to make the European Union climate-neutral by 2050 and a year later agreed to cut GHG emissions by at least 55% by 2030 (compared with 1990). Both commitments were enshrined in June 2021 in the European Union Climate Law. In addition, Non-Governmental Organizations have been active in filing lawsuits against governments and private parties in various jurisdictions around the world seeking enforcement of existing laws and new requirements to reduce GHG emissions. In one case decided in the Netherlands in May 2021, plaintiffs obtained a ruling ordering Royal Dutch Shell to reduce its Scope 1, 2 and 3 CO₂ emissions by 45% by 2030. These types of laws, regulations, and litigation results could increase the cost of purchased energy and increase costs of compliance in various locations.

Our operations in Europe participate in the European Union Emissions Trading System (“ETS”) and we purchase annual emission allowances to meet our obligations. Following the adoption of the Climate Law, additional legislation is proposed to meet the new 2030 goals. In light of these changes resulting from the commencement of ETS Phase IV in 2021, we expect to incur additional costs in relation to future carbon or GHG emission trading schemes.

In the U.S., the EPA promulgated federal GHG regulations under the Clean Air Act affecting certain sources. The EPA issued mandatory GHG reporting requirements, requirements to obtain GHG permits for certain industrial plants and GHG performance standards for some facilities. Addressing climate change is a stated priority of President Biden and as such additional regulations and legislation are likely to be forthcoming at the U.S. federal or state level that could result in increased operating costs for compliance, or required acquisition or trading of emission allowances. Additionally, demand for the products we produce may be reduced.

Compliance with these regulations may result in increased permitting necessary for the operation of our business or for any of our growth plans. Difficulties in obtaining such permits could have an adverse effect on our future growth. Therefore, any future potential regulations, legislation, or litigation results could impose additional operating restrictions or delays in implementing growth projects or other capital investments, require us to incur increased costs, and could have a material adverse effect on our business and results of operations.

Legislation and regulatory initiatives could lead to a decrease in demand for our products.

New or revised governmental regulations and independent studies relating to the effect of our products on health, safety and the environment may affect demand for our products and the cost of producing our products. Initiatives by governments and private interest groups will potentially require increased toxicological testing and risk assessments of a wide variety of chemicals, including chemicals used or produced by us. For example, in the United States, the National Toxicology Program (“NTP”) is a federal interagency program that seeks to identify and select for study chemicals and other substances to evaluate potential human health hazards. In the European Union, the Regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals (“REACH”) is regulation designed to identify the intrinsic properties of chemical substances, assess hazards and risks of the substances, and identify and implement the risk management measures to protect humans and the environment. In October 2020, the European Commission published a Chemicals Strategy for Sustainability, which set forth plans for introducing significant changes to REACH that could result in additional restrictions on chemicals used or produced by us.

Assessments under NTP, REACH or similar programs or regulations in other jurisdictions may result in heightened concerns about the chemicals we use or produce and may result in additional requirements being placed on the production,

handling, labeling or use of those chemicals. Such concerns and additional requirements could also increase the cost incurred by our customers to use our chemical products and otherwise limit the use of these products, which could lead to a decrease in demand for these products. Such a decrease in demand could have an adverse impact on our business and results of operations.

The physical impacts of climate change can negatively impact our facilities and operations.

Potential physical impacts of climate change include increased frequency and severity of hurricanes and floods as well as freezing conditions, tornadoes, and global sea level rise. Although we have preparedness plans in place designed to minimize impacts and enhance safety, should an event occur, it could have the potential to disrupt our supply chain and operations. A number of our facilities are located on the U.S. Gulf Coast, which has been impacted by hurricanes that have required us to temporarily shut down operations at those sites. Our sites rely on rivers for transportation that may experience restrictions in times of drought or other unseasonal weather variation. In addition, scarcity of water and drought conditions due to climate change could reduce the availability of fresh water needed to produce our products which could increase our costs of operations.

Increased regulation or deselection of plastic could lead to a decrease in demand growth for some of our products.

There is a growing concern with the accumulation of plastic, including microplastics, and other packaging waste in the environment. Additionally, plastics have recently faced increased public backlash and scrutiny. Policy measures to address this concern are being discussed or implemented by governments at all levels. In 2019, the international treaty governing transboundary shipments of waste, the Basel Convention, was amended to clarify its applicability to plastic waste. The European Commission has been undertaking a series of actions under its Strategy for Plastics in a Circular Economy, including adoption of the Single Use Plastics Directive in 2019, which introduced policy measures for single use plastics including bans, product design requirements, extended producer responsibility obligations, and labeling requirements. Member states were required to transpose these measures into national law by July 2021. In addition, a host of single-use plastic bans and taxes have been passed by countries around the world and counties and municipalities throughout the U.S. Increased regulation of, or prohibition on, the use of certain plastic products could increase the costs incurred by our customers to use such products or otherwise limit the use of these products, and could lead to a decrease in demand for PE, PP, and other products we make. Such a decrease in demand could adversely affect our business, operating results, and financial condition.

Failure to effectively and timely achieve our climate-related goals could have an adverse effect on the demand for our products.

In September 2021, we set new sustainability goals for the future, including with respect to circularity and GHG emissions reduction. Our ability to achieve these goals depends on many factors, including our ability to reduce emissions from our operations through modernization and innovation, reduce the emissions intensity of the electricity we buy, and invest in renewables and low carbon energy. In addition, any future decarbonization technologies may increase our costs, or we may be limited in our ability to apply them to commercial scale. We may also not timely adapt to changes or methods in carbon pricing that could increase our costs and reduce our competitiveness. The cost associated with our GHG emissions reduction goals could be significant. Failure to achieve our emissions targets could result in reputational harm, changing investor sentiment regarding investment in LyondellBasell or a negative impact on access to and cost of capital.

General Risk Factors

The COVID-19 pandemic could continue to materially adversely affect our financial condition and results of operations.

In early 2020, the COVID-19 pandemic spread to countries worldwide and resulted in governments and other authorities implementing numerous measures to try to contain the disease, such as travel bans and restrictions, social distancing, quarantines, shelter-in-place orders and business shutdowns, among others. These measures caused significant economic disruption and adversely impacted the global economy, leading to reduced consumer spending and volatility in the global financial and commodities markets. A return to more ordinary course of economic activity is dependent on the duration and severity of the COVID-19 pandemic, including the severity and transmission rate of the virus, the extent and effectiveness of containment efforts, including the spread of virus variants such as Delta and Omicron, the availability and effectiveness of vaccines and treatments, and future policy decisions made by governments across the globe as they react to evolving local and global conditions.

While we continue to work with our stakeholders (including customers, employees, suppliers, business partners, and local communities) to attempt to mitigate the impact of the global pandemic on our business, we cannot assure that these mitigation efforts will continue to be effective or successful. An extended period of global supply chain and economic disruption as a result of the COVID-19 pandemic could have a material negative impact on our business, results of operations, access to sources of liquidity and financial condition.

Increased IT and cybersecurity threats and more sophisticated and targeted computer crime could pose a risk to our systems, networks, data, products, facilities and services.

Increased global information cybersecurity threats and more sophisticated, targeted computer crime pose a risk to the confidentiality, availability and integrity of our data, operations and infrastructure. While we attempt to mitigate these risks by employing a number of measures, including security measures, employee training, comprehensive monitoring of our networks and systems, and maintenance of backup and protective systems, our employees, systems, networks, products, facilities and services remain potentially vulnerable to ransomware, sophisticated espionage or cyber-assault. Depending on their nature and scope, such threats could potentially lead to the compromise of confidential information, improper use of our systems and networks, manipulation and destruction of data, defective products, production downtimes and operational disruptions, which in turn could adversely affect our reputation, competitiveness and results of operations.

Many of our businesses depend on our intellectual property. Our future success will depend in part on our ability to protect our intellectual property rights, and our inability to do so could reduce our ability to maintain our competitiveness and margins.

We have a significant worldwide patent portfolio of issued and pending patents. These patents and patent applications, together with proprietary technical know-how, are significant to our competitive position, particularly with regard to PO, intermediate chemicals, polyolefins, licensing and catalysts. We rely on the patent, copyright and trade secret laws of the countries in which we operate to protect our investment in research and development, manufacturing and marketing. We operate plants, sell catalysts and products, participate in joint ventures, and license our process technology in many foreign jurisdictions, including those having heightened risks for intellectual property. In some of these instances, we must disclose at least a portion of our technology to third parties or regulatory bodies. In these cases, we rely primarily on contracts and trade secret laws to protect the associated trade secrets. However, we may be unable to prevent third parties from using our intellectual property without authorization. Proceedings to protect these rights could be costly, and we may not prevail.

The failure of our patents or confidentiality agreements to protect our processes, apparatuses, technology, trade secrets or proprietary know-how could result in significantly lower revenues, reduced profit margins and cash flows and/or loss of market share. We also may be subject to claims that our technology, patents or other intellectual property infringes on a third party's intellectual property rights. Unfavorable resolution of these claims could result in restrictions on our ability to deliver the related service or in a settlement that could be material to us.

Adverse results of legal proceedings could materially adversely affect us.

We are subject to and may in the future be subject to a variety of legal proceedings and claims that arise out of the ordinary conduct of our business. Results of legal proceedings cannot be predicted with certainty. Irrespective of its merits, litigation may be both lengthy and disruptive to our operations and may cause significant expenditure and diversion of management attention. We may be faced with significant monetary damages or injunctive relief against us that could have an adverse impact on our business and results of operations should we fail to prevail in certain matters.

If we lose key employees or are unable to attract and retain the employees we need, our business and operating results could be adversely affected.

Our success depends on our ability to attract and retain key personnel, and we rely heavily on our management team. The inability to recruit and retain key personnel or the unexpected loss of key personnel may adversely affect our operations. In addition, because of the reliance on our management team, our future success depends in part on our ability to identify and develop talent to succeed senior management. The retention of key personnel and appropriate senior management succession planning will continue to be critically important to the successful implementation of our strategies.

There is substantial and continuous competition for diverse, talented engineering, manufacturing, and operations employees. We may not be successful in attracting and retaining such personnel, and we may experience increased compensation and training costs that may not be offset by either improved productivity or higher sales. We have from time to time experienced, and we may continue to experience, difficulty in hiring and retaining employees with appropriate qualifications, and may not be able to fill positions in desired geographic areas or at all.

Significant changes in pension fund investment performance or assumptions relating to pension costs may adversely affect the valuation of pension obligations, the funded status of pension plans, and our pension cost.

Our pension cost is materially affected by the discount rates used to measure pension obligations, the level of plan assets available to fund those obligations at the measurement date and the expected long-term rates of return on plan assets. Significant changes in investment performance or a change in the portfolio mix of invested assets may result in corresponding increases and decreases in the value of plan assets, particularly equity securities, or in a change of the

expected rate of return on plan assets. Any changes in key actuarial assumptions, such as the discount rate or mortality 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.

Nearly all of our current pension plans have projected benefit obligations that exceed the fair value of the plan assets. As of 31 December 2021, the aggregate deficit was \$1,015 million. Any declines in the fair values of the pension plans' assets could require additional payments by us in order to maintain specified funding levels.

Our pension plans are subject to legislative and regulatory requirements of applicable jurisdictions, which could include, under certain circumstances, local governmental authority to terminate the plan.

See Note 28 to the Consolidated Financial Statements for additional information regarding pensions and other post-retirement benefits.

2.3 Our Strategy

We work every day to be the best operated, most respected company in our industry. We strive to consistently outperform the competition by safely and reliably delivering high quality products to customers; being the company of choice for employees and shareholders; and being a responsible, good neighbor in the communities where we operate.

We are progressing this vision based on a foundation of operational excellence, cost discipline, and prudent financial stewardship. We intend to extend our reach and apply these foundational strengths across a larger set of assets.

- **Operational excellence and reliability:** The Company continues to benefit from strong operational reliability and efficiency grounded in differential industrial and process safety performance, environmental stewardship, and disciplined investments. We continue to realize volume improvements from several recent olefins and polyolefin capacity expansions in the U.S. driven by the ongoing feedstock advantage from shale gas and oil production.
- **Advancing organic projects:** Our current project pipeline includes a world-scale PO/TBA plant in the Houston, Texas area. This strategic investment incorporates our low-cost, next generation PO/TBA technology and is expected to start operations in late 2022. In January 2021, we entered into an agreement to form a 50/50 joint venture with China Petroleum & Chemical Corporation (Sinopec) which will produce propylene oxide (PO) and styrene monomer (SM) in China's domestic market. The joint venture started operations in early 2022. In 2020, we established a 50/50 China joint venture with Liaoning Bora Enterprise Group as well as a 50/50 Louisiana Integrated PE JV with Sasol. Taken together, the Bora and Louisiana joint ventures are the equivalent of a new world-scale integrated cracker complex. We continue to evaluate potential new projects to support further organic growth.
- **Enhanced abilities to evaluate and execute inorganic growth opportunities:** LyondellBasell's free cash flow and balance sheet provide a strong basis for generating additional value through acquisitions. We will focus on where we can extend our strengths and skills to other assets and businesses, both in our current business lines and in areas that overlap, extend, or sit adjacent to our existing petrochemical and polymer footprint. We continue to actively manage our business portfolio while we evaluate new opportunities.
- **Stepping up Circularity and Climate ambitions:** See discussion in section 2.4 below.

Our Board is responsible for overseeing the overall course of our business and achievement of our strategy. Each year, the Company's management develops both an annual financial operating plan and a multi-year strategic business plan, each of which are reviewed by the Board. Members of the Board are updated regularly by our management regarding the Company's progress in achieving its financial and strategic goals.

2.4 Sustainability

LyondellBasell is taking action to help tackle the global challenges of eliminating plastic waste, addressing climate change, and supporting a thriving society. Our sustainability strategy identifies five pillars that frame our response to these challenges: end plastic waste in the environment; advance the circular economy; address climate change; grow sustainable solutions; and enhance our workplace, operations and communities.

In 2020, we announced our ambition to produce and market two million metric tons of recycled and renewable-based polymers annually by 2030. We are pursuing this goal by focusing on mechanical recycling, advanced (or molecular) recycling, and increased use of renewable feedstocks. In furtherance of this goal, in April 2021, the Company launched a new suite of products under the name *Circulen*, primarily enabling brand owners to improve the sustainability of consumer

products. The LyondellBasell *Circulen* product family supports the reduction of plastic waste through the use of recycled content, and a lower carbon footprint through the use of renewable-based content as compared to feedstock from fossil-based sources, and includes: *CirculenRecover* (polymers made from plastic waste through a mechanical recycling process), *CirculenRevive* (polymers made using an advanced or molecular recycling process to convert plastic waste into feedstock to produce new polymers) and *CirculenRenew* (polymers made from renewable-based feedstock derived from bio-based wastes and residual oils, such as used cooking oils).

In September 2021 we announced our ambition of, and approach to, achieving net zero scope 1 and 2 emissions from global operations by 2050. As an interim step toward 2050, we also announced a strategy to achieve an absolute reduction of 30 percent in scope 1 and scope 2 emissions by 2030. These targets are consistent with efforts to support the Paris Agreement's goal of limiting climate change by achieving net zero for global greenhouse gas emissions by mid-century. Our approach to achieve our 2030 goals include reducing flare emissions, optimizing the use of energy in our operations, increasing our use of lower carbon intensive fuels and a minimum of 50 percent of electricity procured from renewable sources. Our ambition to achieve net zero by 2050 will also need to be enabled by the development and deployment of new technology, including those related to cracker electrification, the use of hydrogen, carbon capture and storage and carbon utilization, across the company's manufacturing footprint.

To achieve our targets, we expect capital spending in the future will include investments to support lowering emissions in our operations. We also anticipate incurring costs for environmental compliance, including compliance with potential legislation and potential regulation related to climate change. These projects are currently at various stages of evaluation or progress. We do not expect capital spending to support these ambitions over the next two years will represent a significant amount of total capital expenditures.

We publish an annual Sustainability Report further describing our sustainability goals, actions, initiatives, and strategies. In 2021, we published our first index mapping our sustainability disclosures to Task Force for Climate-Related Financial Disclosures ("TCFD") guidelines. Information contained in the Sustainability Report and the TCFD index are available in our website and are not incorporated by reference into, and do not constitute a part of, this Financial Report for the year ended December 31, 2021.

Building on adoption of our Supplier Code of Conduct in July 2020, the Company advanced its sustainable procurement programs during 2021. We engaged EcoVadis, a leading global corporate social responsibility and sustainability company, to help us establish and enhance processes supporting strong environmental, social, and governance ("ESG") practices throughout our supply chain. We use the EcoVadis platform to assess suppliers' sustainability practices, and have adopted a goal of assessing performance of least 70% of key suppliers, representing approximately 90% of our procurement spend, by 2025.

2.5 Human Capital

Our success as a company is tied to the passion, knowledge and talent of our global team. We focus on creating a work environment that is safe, respectful, inclusive and inspires employees to strive for excellence. We recognize that individuals cannot succeed alone; we believe in the power of many, placing emphasis on teamwork.

We reward performance based on personal, team and company results. We engage in open and ongoing dialogue with employees and their representatives to ensure a proper balance between the best interests of the Company and its employees. We provide all workers with fair wages and uphold all applicable fair wage laws, wherever we work. We never use child, forced, bonded or involuntary labor, and we do not knowingly work with subcontractors or suppliers who use child or forced labor or engage in human trafficking practices. In several of our locations, we partner with employee representatives on initiatives such as health and safety.

Our Code of Conduct sets out our expectations on topics such as respecting fellow employees, anti-corruption, conflicts of interest, trade compliance, anti-trust and competition law, insider trading, sanctions, misconduct and political donations. It is available in eighteen languages on our company website. New employees are trained on the Code and all employees receive annual refresher training. Our Supplier Code of Conduct expresses our expectations to our suppliers that they also comply with similar standards for conducting business ethically, providing for the safety of employees, and operating in an environmentally responsible manner. We also have a human rights policy that establishes our standards for workforce health and safety; prevention of discrimination, harassment and retaliation; diversity and inclusion; workplace security; working conditions and fair wages; freedom of association; freely chosen employment; and child labor protections.

Safety, Employee Health and Well-Being

We are committed to providing a safe workplace, free from recognized hazards, and we comply with all applicable health and safety laws and recognized standards. GoalZERO is our commitment to operating safely and with a goal of zero incidents, zero injuries and zero accidents. We cultivate a GoalZERO mindset with clear standards, regular communication, training, and targeted campaigns and events, including our annual Global Safety Day.

As the COVID-19 pandemic persisted for a second year, we continued to operate with three key objectives: protecting the health and safety of our people; ensuring the safety and security of our work locations; and maintaining business continuity with our customers and suppliers. In 2021, we supported employees in several ways. We expanded our global Employee Assistance Program, introduced US caregiver support services and provided a cash award for over 10,000 manufacturing employees globally recognizing their efforts on the front lines to keep our plants running safely and reliably throughout the challenges of the pandemic. We also launched an Advancing Immunity Campaign and incentives to maximize voluntary employee vaccinations. Further, we implemented new global flexible work policies.

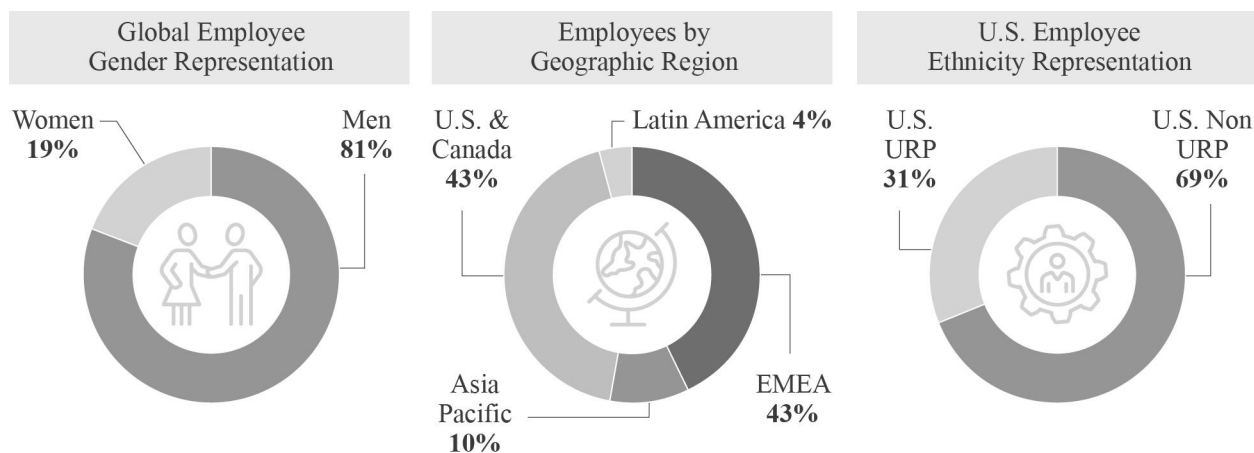
Talent Development and Engagement

Employee growth and development are key elements supporting our vision of superior performance. We provide development opportunities for our employees through on-the-job experiences, learning from others, and in-class and online learning. In 2021, completion of e-learning training by employees increased by 33%. We continued our investment in developing future leaders through regular talent reviews, robust succession planning, and leadership development programs; including accelerated development academies and career planning targeted at our high potential leaders. We encourage high performance and alignment with business goals through our performance management program which includes annual goal setting, performance conversations throughout the year, and a year-end process to measure performance against goals. Employees are measured not only on results delivered, but how they are delivered based on established enterprise-wide competencies.

We regularly collect employee feedback to improve the employee experience and strengthen our culture. In 2021, both enterprise-wide and leader action plans were implemented with focus on improving diversity and flexible work practices. A pulse survey was completed to monitor progress.

Demographics

As of 31 December 2021 we had 19,100 employees. Our employee demographics, excluding temporary employees, consisted of the following:



U.S. underrepresented ("URP") includes employees who self-identify as Hispanic or Latino, Black or African American Indian or Alaskan Native, Native Hawaiian or other Pacific Islander, or two or more races. Employees who self-identify as White or Caucasian are considered U.S. non-underrepresented.

Diversity, Equity, Inclusion ("DEI")

DEI is a key driver to achieving our business and sustainability ambitions. We are committed to increasing diversity and fostering an inclusive work environment that supports our global workforce and the communities we serve. Our strategic DEI efforts are personally overseen by the executive leadership team and directed by the Chief Talent & DEI Officer and a Leadership Council comprised of seventeen senior leaders representing businesses, functions and regions across the globe.

In 2021, we advanced our DEI efforts significantly by launching several new talent programs. To attract and advance diverse talent, we focused on mentoring and talent moves, sourced more diverse candidates externally, increased internal job posting transparency and expanded diverse interview panel practices.

We implemented an annual equity audit of pay and performance practices to minimize any unintended bias in our rewards programs and performance evaluations and promote a sense of fairness for all employees.

As part of our work on building an inclusive culture, 9,500 employees completed required diversity training in 2021. Also during 2021, we launched four new employee networks representative of the Company's diverse workforce. These networks are organized around diverse groups including women, black employees, LGBTQ+ employees, and early career professionals. Senior leaders serve as executive sponsors for each network. In 2021, our global employee participation rate in the employee networks was seventeen percent.

Our Board has adopted gender diversity targets for senior management and its own membership. At the Board level, we target at least one-third female and male directors by 2023, provided that no current director will be required to resign to achieve this goal. For senior management, we target increasing the number of women in senior leadership positions by 50% in the next five years and achieving gender parity by 2032. We will begin reporting our progress and efforts to achieve these goals in our 2022 Dutch Annual Report and otherwise in accordance with Dutch reporting requirements.

2.6 Research and Development

Our research and development ("R&D") activities are designed to improve our existing products and processes, and discover and commercialize new materials, catalysts and processes. These activities focus on product and application development, process development, catalyst development and fundamental polyolefin-focused research.

In 2021 and 2020, our R&D expenditures were \$110 million and \$101 million, respectively. A portion of these expenses are related to technical support and customer service and are allocated to the other business segments. In both 2021 and 2020, approximately 45% of all R&D costs were allocated to business segments other than Technology.

2.7 Governance Report of the Board of Directors

Our Board of Directors is responsible for overseeing the overall course of our business and strategy. Members of the Board are annually elected by shareholders and include our CEO and independent non-executives. Our Board and its committees oversee:

- Management's identification, measurement, monitoring, and control of our Company's material risks, including operational, credit, market, liquidity, compliance, strategic, and reputational risks;
- The Company's maintenance of high ethical standards and effective policies and practices to protect our reputation, assets, and business;
- Management's development and implementation of an annual financial operating plan and a multi-year strategic business plan, and our progress meeting these financial and strategic plans;
- The assessment of operational performance, the importance of environmental health and safety programs and the Company's performance with respect to key technologies;
- The corporate audit function, our independent registered public accounting firm, and the integrity of our consolidated financial statements; and
- The establishment, maintenance, and administration of appropriately designed compensation programs and plans.

The Board is also responsible for:

- Reviewing, monitoring, and approving succession plans for the Board, our CEO and other key executives to promote senior management continuity;
- Conducting an annual self-evaluation of the Board and its committees;
- Identifying and evaluating director candidates and nominating qualified individuals for election to serve on our Board; and
- Reviewing our CEO's performance and approving the compensation for our CEO and other executive officers.

Our Board currently has twelve members. Our Articles of Association provide that the Board will consist of at least nine members, including at least one executive director who will be the CEO. The Rules for the Board provide that the Board, in its sole discretion, will determine the size of the Board in accordance with our Articles of Association, our nomination agreement with Access Industries and applicable law or regulation, including the listing standards of the New York Stock Exchange ("NYSE"), provided that the Board will have no more than twelve members. All directors are elected annually in accordance with our Articles of Association.

The members of the Board are elected by the general meeting of shareholders from a list of nominees that is selected and approved by the Board. Pursuant to our Articles of Association, the nominations are binding but may be overridden by two-thirds of the votes cast at the meeting if those two-thirds votes constitute more than one-half of the issued share capital of the Company.

Our goal is to have a Board that provides effective oversight of the Company through the appropriate balance of experience, expertise, skills, specialized knowledge, and other qualifications and attributes. Director candidates also must be willing and able to devote the time and attention necessary to engage in relevant, informed discussion and decision-making. Our Nominating and Governance Committee focuses on Board succession planning and refreshment and is responsible for recruiting and recommending nominees to the full Board for election. The Committee considers the qualifications, contributions, and outside commitments of each current director in determining whether he or she should be nominated for reelection. Many of our directors serve on the boards and board committees of other companies, and the Committee believes this service provides additional experience and knowledge that improve the functioning of our own Board.

Our Board considers diversity a priority and seeks representation across a range of attributes, including race, gender, ethnicity, and nationality. Our Board is committed to increasing the representation of women in its membership and targets at least one-third female directors by 2023, alongside continued focus on increasing the racial and ethnic diversity of the Board and provided that no current director will be required to resign to achieve this target. In accordance with our Corporate Governance Guidelines, the Committee and any outside consultants engaged to assist in identifying potential director candidates include women and minority candidates in each pool from which a director candidate is selected. These recruitment efforts are evidenced by our current Board composition and the qualities and qualifications of each of our nominees.

Below shows information for each member of our Board as of 4 April 2022.

Jacques Aigrain, French-Swiss, 67, Chair of the Board of Directors, Non-Executive Director since 2011, Chair since 2018

Mr. Aigrain is our Chair of the Board and a retired Senior Advisor and Partner of Warburg Pincus, a global private equity firm. Prior to joining Warburg Pincus in 2013, Mr. Aigrain served as Chief Executive Officer of Swiss Re, a publicly traded insurance company, and was Co-Global Head of M&A and Head of Financial Institutions at J.P. Morgan. He also has many years of experience as a director of public and multinational organizations, including The London Stock Exchange Group plc and WPP plc, a multinational advertising and public relations company. Mr. Aigrain's more than 30 years of financial services and management experience provide him with expertise in all areas of strategy, mergers and acquisitions, finance, and capital markets. Additionally, he brings substantial knowledge of board- and governance-related matters. Mr. Aigrain also serves as a director of Clearwater Analytics Holdings Inc.

Lincoln Benet, American-British, 58, Non-Executive Director since 2015

Mr. Benet has served as Chief Executive Officer of Access Industries, a privately held industrial group with world-wide holdings, since 2006. Prior to joining Access, he spent 17 years at Morgan Stanley, including as Managing Director. Mr. Benet also has experience serving on the boards of several privately held companies, including those in the investment, music and publishing, oil and gas pipes and tubing, cement, sports media, and petrochemicals industries. As a result of this background, he brings to our board a working knowledge of global markets, mergers and acquisitions, executive management, strategic planning, and corporate strategy, as well as experience with international finance, including corporate finance matters such as treasury, insurance, and tax. Mr. Benet also serves as a director of Warner Music Group Corp.

Jagjeet Bindra, American, 74, Non-Executive Director since 2011

Mr. Bindra is a retired executive of Chevron, a multinational energy corporation, where he spent 32 years in senior leadership positions and retired as President of the company's worldwide manufacturing operations. Mr. Bindra holds a degree in chemical engineering, as well as business administration, and started his career at Chevron as a research engineer before progressing to increasingly senior positions, including the roles of Manager of Strategic Planning and Group Manager of Projects & Engineering Technology. His education and background provide him with extensive knowledge of global manufacturing, capital project management, engineering technology, strategic business planning, and health, safety, and environmental and operations matters. Mr. Bindra has served as a director of multiple private and publicly traded companies, including Edison International and its subsidiary, Southern California Edison, WorleyParsons, and Transocean Ltd., and he has broad knowledge of board and governance matters. Mr. Bindra currently serves as a member of the board of HPCL-Mittal Energy Limited (India).

Robin Buchanan, British, 70, Non-Executive Director since 2011

Mr. Buchanan has previously served as Dean and President of London Business School, the Chairman of PageGroup plc, a global specialist recruitment company, a director of Schroders plc, a global asset management firm, a director of Cicap Ltd, a global private equity firm, and a director of Bain & Company Inc., a global business consulting firm. As the former UK Senior Partner, he continues to serve in an advisory role to Bain. Mr. Buchanan also serves as an advisor to Access Industries and Non-Executive Chairman of its Advisory Board, which advises on portfolio strategy. Mr. Buchanan's experience as a board member of publicly traded, private, and charitable companies, Dean of a leading Business School, and long tenure with Bain provide him with deep experience in strategy, leadership, board effectiveness, business development, and acquisitions across most industry sectors, including considerable involvement with chemicals and energy in Europe. He also brings a wealth of experience in board and governance matters, particularly as related to multi-national companies. Mr. Buchanan is a Chartered Accountant and a published author on strategy, acquisitions, leadership, board effectiveness, corporate governance, and compensation.

Anthony (Tony) Chase, American, 67, Non-Executive Director since 2021

Mr. Chase is the Chairman and Chief Executive Officer of ChaseSource, L.P., a Houston-based staffing, facilities management, and real estate development firm founded by him in 2006 and recognized as one of the nation's largest minority-owned businesses by Black Enterprise Magazine. He currently serves as a director of Cullen/Frost Bankers, a financial holding company, Nabors Industries, an operator of drilling rig fleets and provider of offshore platform rigs, and Par Pacific Holdings, Inc., an oil and gas exploration and production company. Mr. Chase is also a tenured Professor of Law at the University of Houston Law Center and serves on the board of numerous Houston-based non-profits including the Houston Endowment, the Greater Houston Partnership, the M.D. Anderson Board of Visitors, and the Texas Medical Center. He previously served as Deputy Chairman of the Federal Reserve Bank of Dallas and Chairman of the Greater Houston Partnership. Mr. Chase has deep entrepreneurial experience as the founder of ChaseSource and three other successful ventures, as well as extensive experience serving on public company boards and in related governance matters.

Stephen Cooper, American, 75, Non-Executive Director since 2010

Mr. Cooper has served as Chief Executive Officer and Director of Warner Music Group Corp., a recorded music and music publishing business, since 2011. He has also been a Managing Partner of Cooper Investment Partners, a private equity firm specializing in underperforming companies, since 2008. In the course of a long career as a financial advisor and corporate turnaround specialist, Mr. Cooper has served as the top executive of a number of publicly traded companies, including as Chief Executive Officer of Metro-Goldwyn-Mayer, Inc., a media company focused on film and television, and Hawaiian Telecom, the dominant telecom services provider in Hawaii. Mr. Cooper has expansive knowledge and experience relating to all matters of executive management, finance, and strategy, and due to his role as a sitting CEO he has deep insight into day-to-day business, management, and strategy issues.

Nance Dicciani, American, 74, Non-Executive Director since 2013

Ms. Dicciani is a retired senior executive and chemical engineer. She spent her early career in research and development at Air Products and Chemicals, and then joined Rohm and Haas, a specialty chemicals manufacturer, as business director for the Petroleum Chemicals Division. After 10 years with Rohm and Haas in which she rose to the level of Senior Vice President, Ms. Dicciani became President and Chief Executive Officer of Honeywell Specialty Materials, also a chemicals manufacturer. Ms. Dicciani served on the Executive Committees of the American Chemistry Council and the Society of Chemical Industry and was appointed by George W. Bush to the President's Council of Advisors on Science and Technology. Her background provides her with specific industry knowledge and an understanding of manufacturing, health, safety, and environmental matters; insight into the competitive landscape relevant to our industry; and a wealth of experience in all areas of executive management. Ms. Dicciani also has extensive experience in board and governance matters and has served as a director of several public companies, including Linde, an industrial gases company, and AgroFresh Solutions, an agricultural technology company.

Robert (Bob) Dudley, American-British, 66, Non-Executive Director since 2021

Mr. Dudley is Chairman of the international industry-led Oil and Gas Climate Initiative and Chair of the Accenture Global Energy Board, and has dedicated his career to the service of the international energy industry. He served as the Group Chief Executive of BP plc, a global energy provider, from 2010 until his retirement in March 2020. He was appointed to the board of BP in 2009 with accountability for the Americas and Asia, and previous executive roles with BP include Alternative and Renewable Energy activities and responsibility for BP's upstream business in Russia, the Caspian region, and Africa. Mr. Dudley is a chemical engineer and a Fellow of the Royal Academy of Engineering. As the former CEO of a multinational oil and gas company, he has acquired extensive executive management experience and knowledge of the energy industry. He also has significant experience in strategic planning, risk management (including risks related to climate), international operations, and health, safety, and environmental and operations matters. Mr. Dudley currently serves as a director of Freeport-McMoRan Inc.

Claire Farley, American, 63, Non-Executive Director since 2014

Ms. Farley is a former advisor to KKR Energy Group and a retired executive in the oil and gas exploration and production industry. Ms. Farley has served in several roles with KKR Energy Group from 2011 to 2021, including as Vice Chair from 2016 to 2017 and as a member of KKR Management LLC, the general partner of a global investment firm, from 2013 to 2015. Prior to joining KKR, Ms. Farley served as Chief Executive Officer of Randall & Dewey, an oil and gas asset transaction advisory firm. She became Co-President and then Senior Advisor at Jeffries & Company after Randall & Dewey became its oil and gas investment banking group, and then co-founded RPM Energy, a privately-owned oil and natural gas exploration and development company. Ms. Farley brings to the Board experience in business development, mergers, acquisitions, and divestitures, as well as knowledge of the chemical industry's feedstocks and their markets. She also has experience in all matters of executive management and a deep understanding of public company and governance matters due to her current and prior service on the boards of companies including Anadarko Petroleum Corporation, Crescent Energy Company, and TechnipFMC.

Michael Hanley, Canadian, 56, Non-Executive Director since 2018

Mr. Hanley has more than 25 years of experience in senior management and finance roles, including as Chief Financial Officer of Alcan, a Canadian mining company and aluminum manufacturer, President and CEO of Alcan's Global Bauxite and Alumina business group, and Senior Vice President, Operations & Strategy of the National Bank of Canada. He brings strong financial and operational experience, deep knowledge of capital-intensive and process industries, experience with U.S. and international accounting standards, and a broad understanding of international markets. Mr. Hanley also has significant experience on public company boards and in the role of audit committee chair, and an appreciation for corporate governance matters and the board's role in financial oversight. He is currently a member of the Quebec Order of Chartered Professional Accountants. Mr. Hanley serves as a director for BRP, Inc., and Nuvei Corporation.

Albert Manifold, Irish, 59, Non-Executive Director since 2019

Mr. Manifold has been the Group Chief Executive and a director of CRH plc, an international group of diversified building materials businesses supplying the construction industry, since 2014. Mr. Manifold joined CRH in 1998 and advanced to increasingly senior roles, including Finance Director of the Europe Materials Division, Group Development Director, Managing Director of Europe Materials, and Chief Operating Officer (2009 to 2014). Prior to joining CRH, Mr. Manifold was Chief Operating Officer of Allen McGuire & Partners, a private equity group. As a sitting CEO with a background in other senior management roles, Mr. Manifold has acquired extensive leadership experience in competitive industries. In addition, he has significant knowledge of corporate finance, capital markets, strategic planning, and international operations. Mr. Manifold is also a Fellow of the Institute of Certified Public Accountants in Ireland.

Peter Vanacker, Belgian-German, 56. Executive Director since 2022

Mr. Vanacker has been appointed to serve as our Chief Executive Officer, joining the Company in the second quarter of 2022. Mr. Vanacker currently serves as the President, CEO and Chair of the Executive Committee of Neste Corporation, a renewable products company, a position he held since 2018. Prior to his role at Neste, he served as CEO and Managing Director of CABB Group GmbH, a fine chemicals producer, from 2015 to 2018 and as CEO and Managing Director of Treofan Group, a manufacturer of polypropylene films, from 2012–2015. He previously served as Executive Vice President and Member of the Executive Board of Bayer Material Science (now, Covestro AG), a polymers and plastics producer, with responsibility for the global polyurethanes business and as Chief Marketing and Innovation Officer. Taken together, Mr. Vanacker's extensive experience in the oil and gas and chemicals industries, including CEO and senior leadership experience, provide him with a deep understanding of the Company's industry, operations, and feedstocks. He also brings a strong understanding of circularity and sustainability issues. Mr. Vanacker also serves as the Chair of the Advisory Board for the European Institute for Industrial Leadership and a member of the Supervisory Board of Symrise AG.

Independence of Board Members

Our Board annually reviews the independence of its members. In February 2022, the Board affirmatively determined that all of our non-executive directors and director nominees are independent under the rules of the NYSE.

The Board has adopted categorical standards of independence that meet, and in some instances exceed, the requirements of the NYSE. In order to qualify as independent under our categorical standards, a director must be determined to have no material relationship with LyondellBasell other than as a director. The categorical standards include strict guidelines for non-executive directors and their immediate families regarding employment or affiliation with LyondellBasell and its independent registered public accounting firm. Our categorical independence standards are included in our Corporate Governance Guidelines and can be found on our website at www.LyondellBasell.com.

The Board has determined that there are no relationships or transactions that prohibit any of our non-executive directors or nominees from being deemed independent under the categorical standards and that each of our non-executive directors and nominees is independent. In addition to the relationships and transactions that would bar an independence finding under the categorical standards, the Board considered all other known relationships and transactions in making its determination. In determining that no known transactions or relationships affect the independence of any of the non-executive directors, the Board considered that all of the identified transactions are ordinary course and none of the dollar amounts involved were material to the Company or the relevant counterparty.

The Board was also made aware of, and considered the fairness of, certain transactions and relationships between the Company and other organizations where our directors have relationships. These transactions and relationships were also considered in evaluating the independence of the non-executive members of our Board and the outside commitments of our executive director, Mr. Vanacker.

In particular, Messrs. Bindra, Buchanan, Chase, and Dudley and Ms. Dicciani and Ms. Farley each serve or recently served as directors or advisors of companies with which LyondellBasell has commercial transactions. Each of these transactions was entered into on an arm's-length basis in the ordinary course of business, and no director initiated or participated in negotiation of the relevant purchases or sales or had any material interest in, or received any compensation in connection with, these transactions. In each case, the payments made or received by LyondellBasell fell below the greater of \$1 million or 2% of the other company's annual gross revenue.

Additionally, the Board determined that notwithstanding the relationships between certain directors and the Company's largest shareholder, Access Industries, these directors are independent for purposes of NYSE listing standards and the Company's categorical standards. However, under the Dutch Corporate Governance Code, a director is not considered to be independent if he is a representative in some way of an entity which holds at least 10% of the Company's shares. The Dutch Corporate Governance Code further provides that there should be no more than one director at any time who can be considered to be affiliated with or representing such a 10% shareholder. Although our Board has determined that each of Messrs. Benet, Buchanan, and Cooper is independent for the purposes of the NYSE listing standards and the Company's categorical standards, their nomination by Access Industries renders them not independent under the Dutch Corporate Governance Code, and the Company does not meet the requirement that there be no more than one director representing Access Industries as described above. Our Board believes that application of the NYSE independence standards is more appropriate for LyondellBasell, which is listed only on the NYSE and not on any exchange in the Netherlands. Our Board further believes that the service of Access nominees on the Company's key independent committees provides those committees with shareholder perspective and the significant skills, experience and qualifications of these directors, to the benefit of the Board, the Company, and our stakeholders more generally. In the opinion of the Board, each of the other independence requirements set forth in sections 2.1.7 through 2.1.9 of the Dutch Corporate Governance Code has been fulfilled.

Meetings and Board Committees

The Board currently has six standing committees, each consisting entirely of independent directors: (1) Audit Committee, (2) Compensation and Talent Development Committee, (3) Nominating and Governance Committee, (4) Health, Safety, Environmental, and Sustainability ("HSE&S") Committee, (5) Finance Committee, and (6) Executive Committee.

Our Compensation and Talent Development Committee, Nominating and Governance Committee and HSE&S Committee meet in connection with each regularly scheduled Board meeting (other than the Board's strategy session held in July) and hold additional meetings as needed, while other Committees meet independently as the matters under their respective responsibilities require. Committees regularly receive reports from LyondellBasell management, report on committee actions to the Board, and may retain outside advisors.

LyondellBasell Industries N.V.

In 2021, the Board held nine meetings, five regularly scheduled and four special. Our directors' average attendance rate at Board and committee meetings was 98%, and each of our directors attended at least 85% of the meetings of the Board and committees of which he or she was a member. Our Chair is a member of the Nominating and Governance Committee and, regularly attends meetings of the Audit Committee and the Compensation and Talent Development Committee. Although the Company does not maintain a policy regarding directors' attendance at its general meetings of shareholders, both our Chair and CEO attend the Company's annual general meeting each year and will attend the 2022 annual general meeting.

The table below provides membership and meeting information for each of the Board's committees as of 4 April 2022.

Name	Audit	Compensation & Talent Development	Nominating & Governance	HSE&S	Finance	Executive
Jacques Aigrain			●		●	Chair
Lincoln Benet			●		Chair	●
Jeet Bindra	●			Chair		●
Robin Buchanan		●	●			
Tony Chase	●	●				
Stephen Cooper				●		
Nance Dicciani		Chair			●	●
Bob Dudley				●	●	
Claire Farley		●	Chair			●
Michael Hanley	Chair			●		●
Albert Manifold	●			●		
Peter Vanacker						
2021 Meetings	5	7	5	5	3	0

(1) The Executive Committee meets on an as-needed basis to discuss coordination among the Board and its committees, collaborate on meeting agendas, and discuss ad-hoc issues. The Committee did not hold any meetings in 2021.

Each of our committees has a written charter, approved by the Board. The charters can be found on our website at www.LyondellBasell.com by clicking on "Investors," then "Corporate Governance," then "Board of Directors." Each committee annually reviews and recommends any changes to its charter and conducts an evaluation of committee performance with respect to delegated duties and responsibilities.

Audit Committee

The Audit Committee is responsible for overseeing all matters relating to our financial statements and reporting, our internal audit function and independent auditors, and our compliance function. Listed below are the general responsibilities of the Audit Committee.

- *Independent Auditor*—Engage external auditor, review performance and approve compensation; review independence and establish policies relating to the hiring of auditor employees; and pre-approve audit and non-audit services;
- *Internal Audit*—Review plans, staffing and activities of the internal audit function and its effectiveness;
- *Financial Statements*—Review financial statements and earnings releases; discuss and review accounting policies and practices and external auditor reviews; and discuss and review the effectiveness of internal controls;
- *Risk Management*—Monitor the Company's major financial and other risk exposures, including oversight of the Company's policies and guidelines with respect to risk assessment and management, information technology and cybersecurity risks; and
- *Compliance*—Review plans, staffing and activities of the compliance function and its effectiveness; establish and review procedures for complaints, including anonymous complaints regarding accounting, controls and auditing; and review the Company's Code of Conduct and system for monitoring compliance therewith.

Our Board has determined that all Audit Committee members are independent under the NYSE listing standards, our categorical standards, and the heightened independence requirements applicable to audit committee members under U.S. Securities and Exchange Commission ("SEC") rules. Our Board has also determined that all Audit Committee members are

financially literate in accordance with the NYSE listing standards and that Mr. Hanley, Mr. Chase, and Mr. Manifold qualify as audit committee financial experts under SEC rules.

Compensation and Talent Development Committee

The Compensation and Talent Development Committee is responsible for overseeing our executive compensation, talent management and diversity, equity and inclusion (DEI) programs and developing the Company's compensation philosophy.

In fulfilling its responsibility for the oversight of compensation matters, the Compensation and Talent Development Committee may delegate authority for day-to-day administration and interpretation of the Company's plans to Company employees, including responsibility for the selection of participants, determination of award levels within plan parameters, and approval of award documents. The Compensation and Talent Development Committee may not, however, delegate authority under those plans for matters affecting the compensation and benefits of the Company's executive officers.

The Compensation and Talent Development Committee's responsibilities include the following:

- *Executive Compensation*—Approve the compensation and benefits of executive officers; review executive compensation practices to ensure consistency with corporate objectives; review and approve CEO goals and objectives and evaluate CEO performance; and make recommendations to the Board regarding CEO and other executive officer compensation;
- *Company Compensation and Benefits*—Review the Company's compensation philosophy, programs and practices; review and approve pension and benefit arrangements as well as funding of pension and benefit plans; review pay equity for the Company; and make recommendations to the Board on these subjects; and
- *Talent Management*—Review the Company's organizational leadership structure and oversee leadership development, talent management, DEI initiatives, and succession and continuity planning for the CEO and other executive officers.

Our Board has determined that all Compensation and Talent Development Committee members are independent under the NYSE listing standards, our categorical standards and independence requirements applicable to compensation committee members under NYSE rules.

Compensation Committee Interlocks and Insider Participation—No member of the Compensation and Talent Development Committee serves or has served as an officer or employee of the Company or any of our subsidiaries and, during 2021, no executive officer served on the compensation committee or board of any entity that employed any member of our Compensation and Talent Development Committee or Board.

Nominating and Governance Committee

The Nominating and Governance Committee is primarily responsible for identifying nominees for election to the Board and overseeing matters regarding corporate governance.

To fulfill those duties, the Nominating and Governance Committee has the responsibilities summarized below:

- *Directors and Director Nominees*—Identify and recommend candidates for membership on the Board and recommend committee memberships;
- *Director Compensation*—Evaluate and recommend director compensation; and
- *ESG & Corporate Governance*—Review the Company's ESG profile and make necessary recommendations; review and propose modifications to the Company's governance documents and policies; review ESG strategy and ratings; and review and comment on shareholder proposals; and
- *Administrative*—Coordinate evaluations by committees and the full Board.

Health, Safety, Environmental & Sustainability Committee

The HSE&S Committee assists the Board in its oversight responsibilities by assessing the effectiveness of health, safety, and environmental, and sustainability programs and initiatives that support Company policies. In 2021, the Committee changed its name from the Health, Safety, Environmental and Operations Committee to the Health, Safety, Environmental and Sustainability Committee in recognition of its increased focus on sustainability issues and programs.

The specific responsibilities of the HSE&S Committee are summarized below:

- *HSE*—Review and monitor the Company's health, safety and environmental performance results, including process to ensure compliance with applicable laws and regulations; review with management environment, health, safety, product stewardship issues that can have a material impact on the Company; and review the status of related policies, programs and practices;
- *Sustainability*—Provide oversight of the Company's sustainability programs, initiatives, and activities; review with management relevant sustainability risks and trends; and monitor the Company's progress on sustainability targets, ambitions, and reporting; and
- *Audit*—Review and approve the scope of the Company's health, safety and environmental audit program; regularly monitor audit program results; and review and approve the annual budget for the health, safety and environmental audit program.

Finance Committee

The Finance Committee is responsible for monitoring and assessing such matters as the Company's capital structure and allocation, strategic transactions, debt portfolio, and tax and derivative strategies.

In fulfilling its duties, the Finance Committee has the responsibilities summarized below:

- *Strategy*—Review analyses and provide guidance and advice regarding acquisitions and divestments and discuss and review the Company's tax strategies, planning and related structures;
- *Capital*—Review the Company's capital structure and capital allocation, including organic or inorganic investments, review and discuss the Company's dividend policy; and review and discuss share repurchase activities and plans; and
- *Securities and Financing*—Review and discuss the Company's debt portfolio, credit facilities, compliance with financial covenants, commodity, interest rate and currency derivative strategies; and proposed securities offerings.

Executive Committee

The Executive Committee consists of the Board Chair and chairs of each of the other Board committees. The role of the Executive Committee is to facilitate and improve communication and coordination among the Board and its committees. It does so by, among other things, collaborating on agenda setting and discussing ad-hoc issues.

2.7.1 Evaluation of the Board of Directors and its Individual Members

Our Board and its committees evaluate their own effectiveness in a robust self-assessment process overseen by the Nominating and Governance Committee. Each year, directors respond to survey questions soliciting information used to improve the effectiveness of the Board and its committees and individual directors. The Nominating and Governance Committee periodically engages independent outside consultants to facilitate and refresh the evaluation process.

In 2020, the self-assessment process was led by an independent outside consultant. For 2021, the Board conducted its evaluation process as described below.

Development and Approval of Evaluation Process and Topics

In September 2021, the Nominating and Governance Committee discussed and approved the overall process and timeline for the 2021 evaluation cycle. The Nominating and Governance Committee approved the topics and questions for distribution to the individual Board members. Questions were largely consistent with those used in prior cycles, with the addition of questions to cover topical matters. As in prior cycles, the Committee approved an individual evaluation process for the Chair, to be facilitated through survey questions specific to his role.

Distribution of Surveys

In late 2021 and early 2022, Board members provided responses to the surveys anonymously. In parallel, senior executives provided their views of Board effectiveness and interactions with management through confidential survey responses provided to the Corporate Secretary.

Key areas covered in the Board and committee surveys include membership; responsibilities; functionality; meetings; strategy; senior management (including succession planning); focus on performance; ensuring financial robustness; building

corporate reputation; and matching risk with return. Committee members are also asked to consider whether each committee is functioning in compliance with its charter and keeping the Board adequately informed and to review the committee's member skill sets and leadership. Survey questions for the individual Chair assessment focused on effective management of meetings and facilitation of constructive relationships and communication among Board members and with management.

Reporting and Board Review of Results

The Corporate Secretary compiled feedback from the self-evaluation process, including feedback from senior executives, which was discussed during the February 2022 Committee and Board meetings in executive sessions.

Response to Director Assessment

Policies and practices were evaluated based on the self-assessment results, to consider potential enhancements to Board processes and identify the most effective existing practices. The Nominating and Governance Committee also considered director feedback in recommending the nomination of continuing directors for reelection.

Feedback from the process will also be used to refresh the evaluation process and adjust areas of focus for surveys used in 2022 and future assessments. The Nominating and Governance Committee intends to continue engaging third parties periodically in order to bring an outside perspective to the evaluation process.

2.7.2 Compensation of the Board of Directors

Non-Executive Members of the Board

Our Nominating and Governance Committee reviews director compensation on an annual basis and recommends any changes in compensation determined advisable. The Board seeks to award compensation that fairly compensates directors for the work required by membership on our Board and aligns director interests with those of our shareholders. The Nominating and Governance Committee periodically receives advice from Pearl Meyer & Partners, LLC, the Board's independent compensation consultant, on director compensation practices and gives consideration to the qualifications and caliber of the Company's directors and significant commitment required for service on our Board, including the additional time and effort required by overseas travel for many of our Board meetings.

Following its annual review in November 2021, the Nominating and Governance Committee recommended no changes to director compensation and approved the continuation of the existing director compensation policy as further described below. No increases to director pay have been approved since 2014, apart from an increase in the annual retainer for the Board Chair in connection with the election of Mr. Aigrain to the role in 2018 and the expansion of Chair duties (including in support of the Company's strategic growth initiatives) and time commitment and travel required for the role.

Our non-executive directors receive cash compensation and equity compensation, in the form of restricted stock units ("RSUs"), for their service on the Board and its committees. Members of the Board have the option to elect to receive all or a portion of the cash component of their compensation in Company shares. Our CEO does not receive any additional compensation for his service as a director.

Annual Retainer

Cash	\$115,000 (\$325,000 for Chair)
RSUs	Valued at \$170,000 (\$325,000 for Board Chair)

Committee Retainers (excluding Executive Committee)

Members	\$10,000 (\$15,000 for Audit Committee)
Chairs	\$20,000 (\$27,500 for Audit and Compensation and Talent Development Committee Chairs)

In addition to the retainers shown above, we provide members of the Board with a cash payment of \$5,000 for each intercontinental trip taken in performing their board service.

Share Ownership Guidelines

Members of our Board are subject to Share Ownership Guidelines. Under the Share Ownership Guidelines, non-executive directors are prohibited from selling any shares of the Company until they own shares that are valued at no less than six times their annual cash retainer for Board service, or \$690,000 for all directors other than our Chair, whose ownership requirement is \$1,950,000. Under the guidelines, only shares beneficially owned and RSUs (net of the anticipated tax obligation on vesting, estimated for these purposes at 50%) count towards meeting the ownership thresholds. Once a director has reached his or her required ownership level, he or she may not sell shares that would bring ownership below the threshold level.

Prohibition on Hedging and Pledging Shares

Pursuant to our Policy Prohibiting Insider Trading, members of the Board are prohibited from purchasing, selling, or writing options on the Company's shares, engaging in short sales, participating in other derivative or short-term purchase or sale transactions, or otherwise engaging in transactions that would enable them to hedge against any decrease in our share price. Directors are also prohibited from pledging Company shares as collateral for personal loans or other obligations, including holding shares in a brokerage margin account. These restrictions extend to directors' immediate family members and certain related entities and are intended to keep the interests of our directors aligned with the long-term interests of the Company and our shareholders.

Executive Director

The compensation that was paid to our former executive director, Mr. Patel, during 2021 was based on his duties as CEO of the Company and determined in accordance with the compensation program for the Company's executive officers.

Our executive compensation program is designed to:

- Take into account the realities of a cyclical, commodity industry and reward differential performance;
- Align the interests of management with those of our shareholders;
- Encourage both short-term and long-term results;
- Attract, retain, and incentivize the highest caliber team possible;
- Enable us to pay high achievers above-market median compensation based on individual performance, potential, and impact to the Company's results; and
- Recognize and maintain the Company's market-leading position in HSE performance, costs, and business performance and deep commitment to sustainability.

Our compensation program for our executive officers, including our executive director, is structured to incorporate the following compensation components:

Component	Objective	Key Features	Performance-Based
Base Salaries	Provide a regular fixed income in recognition of job responsibilities	Determined when executives are hired or promoted into their position and reviewed annually	Individual performance is a key driver of any annual base salary adjustment. Increases are not guaranteed and must be approved by the Compensation and Talent Development Committee
Short-Term Incentives	Incentivize executives by aligning their compensation with key annual objectives and the results that are achieved	Target value of annual bonus is determined as a percentage of base salary. Executives earn from 0 to 200% of target based on Company results and (for executives other than CEO) individual performance.	Payout is determined by the Compensation and Talent Development Committee based on corporate performance of individual goals
Long-Term Incentives	Encourage executives to increase shareholder value over the long term and support talent retention	<p>Target value of LTI awards at grant is determined as a percentage of base salary</p> <p>PSUs – three-year performance period, vest from 0 to 200% of target</p> <p>RSUs – generally cliff vest after three years</p> <p>Options – vest ratably over three years; expire ten years from grant; exercise price is fair market value at date of grant</p>	<p>Value of all LTI awards varies in relationship to changes in share price</p> <p>PSUs pay out based on Company performance, as determined by the Compensation and Talent Development Committee.</p>

Executive Director Retirement

Mr. Patel, our former CEO and executive director, retired from the Company on December 31, 2021. Mr. Patel's 2021 annual bonus and unvested equity awards were paid and vested pro rata consistent with the terms of the awards and he otherwise received benefits consistent with those set forth in his employment agreement.

Perquisites and Other Benefits: Our executive director receives the same benefits generally provided to all of our employees, which include vacation allowances, Company matching under our 401(k) plan, Company contributions to our defined benefit pension plan, and health and welfare benefits. The perquisites received by our executive director that are not offered to all employees include:

- Annual executive physical
- Financial, tax, and estate planning—the Company will reimburse up to \$15,000 of expenses.
- Matching under the U.S. Deferral Plan—the Company makes contributions to the U.S. Deferral Plan for amounts that exceed the IRS limits under our 401(k) plan and our defined benefit pension plan. The value of the matching contributions is 11% for base salary compensation in excess of the IRS limits.

From time to time, the Company provides other benefits to our executive director that are intended for business purposes, including tax equalization payments, limited personal use of private aircraft or payment for spouse travel, relocation benefits, and the payment of business club memberships or dues.

Tax equalization payments are designed to make the executive director whole if he incurs income tax in jurisdictions other than his country and/or state of residence. For example, executives may travel to other jurisdictions on Company business and may be taxed on days worked in those jurisdictions. If, and only to the extent, those additional taxes cannot be offset against the executive's regular income tax liability (such as in the form of credits), the Company will reimburse an amount sufficient to make the tax liability equal to the full income tax for his jurisdiction of residence only.

The Company has an agreement with Flexjet LLC for a fractional ownership interest in and use of private aircraft. The primary use of the Flexjet is for business purposes. From time to time the executive director's spouse, family members or personal guests may accompany our executive officers on Flexjet. The Company may also pay or reimburse the cost of

occasional spouse travel related to business trips. When approved travel of a family member or guest is imputed as income to the executive director, we reimburse the additional income tax incurred. In 2021, no family members or guests used the Flexjet aircraft.

Competitive Positioning and our Peer Group

Annually, the Compensation and Talent Development Committee reviews the total target direct compensation for each of our executive officers, including our executive director, which includes base salaries, target bonuses, and the grant date value of long-term incentive awards. The Committee strives to set total target direct compensation and each individual component of compensation near the median compensation levels of our peer group companies, while considering other factors described below. A large portion of the total target direct compensation opportunity is directly tied to the achievement of financial and operational metrics that measure our performance both in absolute terms and relative to peers.

The Committee reviews publicly available financial and compensation information reported by our peer group companies and general survey data. The survey data used to inform the Committee's 2021 compensation decisions was collected from the 2020 Willis Towers Watson Executive Compensation Database. This survey data reflects a combination of general industry and chemical industry compensation for executives with responsibilities similar to our executives.

The Committee reviews the peer group and survey data to determine the median compensation and then sets base salary and compensation targets for the current year. This generally involves establishing an annual bonus target and the target value of long-term incentive awards as a percentage of base salary. Median compensation is used as a reference point for pay recommendations. Actual pay and targets vary from median based on industry experience; experience and performance in his or her role and at the Company; value of the role to the Company; internal pay parity among our executives; and any other factors the Committee deems relevant.

The compensation peer group is also used more generally when the Committee reviews our compensation program design, including the types of compensation awarded and the terms and conditions of compensation components.

CEO Pay Ratio

Pursuant to the rules established by the SEC, we were required to undertake an analysis of the ratio of the compensation paid to our Chief Executive Officer to total annual compensation of the global median employee in 2021:

- The annual total compensation of the global median employee of our company (other than Mr. Patel, our former CEO), was \$106,258;
- The annual total compensation of Mr. Patel, our former CEO, was \$19,011,033; and
- Based on this information, the ratio of the annual total compensation of our CEO to the annual total compensation of the global median employee is 179 to 1.

For fiscal year 2021, we used the same global median employee as for 2020, who was selected as an employee with substantially similar compensation to the (since departed) 2019 global median employee.

Our 2019 global median employee was originally identified as follows: for fiscal 2019, we examined the total compensation for all regular full- and part-time employees who were actively employed by the Company on 31 December 2019 and students and interns who were hired for partial periods during 2019. For these employees, we calculated annual compensation using the following methodology and guidelines:

- To find the annual total compensation of all of our employees (other than our CEO), we considered all gross and net components of compensation (including short-term and long-term incentives) received by each employee and documented in the year-end payroll records for 2019.
- Compensation for full- and part-time employees hired during 2019 and still active as of 31 December 2019 was annualized. Compensation for all students and interns hired for partial periods during 2019 was not annualized.
- Annual compensation for expatriate employees and employees involved in permanent cross-border transfers during 2019 was calculated using all relevant country payroll records.

In accordance with SEC rules, we will select a new global median employee for 2022, using methodology and guidelines consistent with those described above.

2.8 Corporate Governance and Risk Management

2.8.1 Corporate Governance Statement

We monitor and assess applicable Dutch, U.S., and other relevant corporate governance codes, rules, and regulations. We are subject to the Dutch Corporate Governance Code (the “Code”), as we are a listed company with its statutory seat in the Netherlands. As a NYSE-listed company, we also are required to comply with the U.S. Sarbanes-Oxley Act of 2002, as well as NYSE listing rules, and the rules and regulations promulgated by the SEC. As an overseas company, with executive offices in the United Kingdom, we are also required to comply with applicable requirements of U.K. company law, including the Companies Act 2006.

Our corporate governance structure is based on the requirements of the Dutch Civil Code, the company's Articles of Association and the rules and regulations applicable to companies listed on the NYSE, complemented by several internal procedures including the Rules for the Board and Corporate Governance Guidelines, which are available on our website. These procedures include a risk management and control system, as well as a system of assurance of compliance with laws and regulations.

For the full text of the Code, please refer to the website at www.mccg.nl/english. For the full text of the U.S. Sarbanes-Oxley Act of 2002, as well as NYSE listing rules and the rules and regulations promulgated by the SEC, see www.sec.gov/about/laws/soa2002.pdf, <http://nyse.com/>, and www.sec.gov/about.shtml respectively.

The Code contains principles and best practices for Dutch companies with listed shares. We agree with both the general approach and the vast majority of its principles and best practice provisions. Any deviations from the Code are explained, in accordance with the Code's “comply or explain” principle.

The Board is of the opinion that the company's corporate governance structure, as described here, is the most appropriate for LyondellBasell. With the exception of those aspects of our governance structure which can only be amended with the approval of shareholders, the Board may make adjustments to the way the Code is applied, if this is considered to be in the interest of the Company. If adjustments are made, they will be published and reported in the annual report for the relevant year.

2.8.2 Code of Conduct

Part of LyondellBasell's risk management and control system is the Company's Code of Conduct. The Code of Conduct covers such topics as fair and accurate business dealings, corruption, health and safety, discrimination, and environmental protection.

LyondellBasell upholds high ethical standards and is committed to complying with applicable laws and regulations. The Company has a Code of Conduct for all employees and directors and a Financial Code of Ethics specifically for our CEO, CFO, Chief Accounting Officer and persons performing similar functions. Copies of these codes can be found on our website at www.LyondellBasell.com by clicking on “Investors,” then “Corporate Governance.” Any waivers of the codes must be approved, in advance, by our Board, and any amendments to or waivers from the codes that apply to our executive officers and directors will be posted on the “Corporate Governance” section of our website.

Our Code of Conduct embodies our dedication to conducting business ethically and responsibly. Employees can report concerns about violations of Company policies or the law by reporting the issue to their supervisor or manager, human resources representative, or any member of the Legal or Compliance Department. We also offer an independent whistleblower telephone helpline and website, which is available 24-hours a day and in multiple languages. It is operated by EthicsPoint, a company providing third-party reporting for many global companies. The whistleblower telephone helpline is available to any stakeholder. LyondellBasell prohibits retaliation against people raising concerns.

2.8.3 Conflicts of Interest

The Company has a Related Party Transaction Approval Policy, described, below, which requires disinterested members of the Audit Committee to review and approve certain transactions we may enter into with related parties, including members of the Board, executive officers, and certain shareholders. During 2021, all transactions requiring approval under the Policy were reviewed and approved by the Committee consistent with the Policy requirements. The Company also has a Conflicts of Interest Policy that governs the approval process for relationships of officers, directors and employees, that might conflict, or appear to conflict with the best interests of the Company. Best practice provisions 2.7.3 through 2.7.5 of the Dutch Corporate Governance Code have been complied with.

2.8.4 Related Party Transactions

We have adopted a written Related Party Transaction Approval Policy, which requires the disinterested members of the Audit Committee to review and approve certain transactions that we may enter into with related parties, including members of the Board, executive officers, and certain shareholders. The policy applies to any transaction:

- In the ordinary course of business with an aggregate value of \$25 million or more,
- Not in the ordinary course of business, regardless of value, or
- With a value of \$120,000 or more and in which an executive officer or non-executive director has a direct or indirect material interest.

Related party relationships are identified and disclosed on an ongoing basis, as well as through responses to annual questionnaires completed by all directors, director nominees, and executive officers.

The Audit Committee reviews all the relevant facts of each related party transaction, including the nature of the related person's interest in the transaction, and determines whether to approve the transaction by considering, among other factors, (i) whether the terms of the transaction are fair to the Company and on the same basis as those which could be obtained from non-related parties, (ii) the business reasons for the Company to enter into the transaction, (iii) whether the related party transaction would impair the independence of any independent Board member, and (iv) whether the transaction would present an improper conflict of interest for any director or executive officer of the Company. No director votes on approval or, unless requested by the Audit Committee, participates in the discussion of a related party transaction in which he or she has an interest. The Audit Committee also conducts an annual review of all transactions with related parties, including those that do not meet the thresholds for related party transactions described above.

The following is a description of related party transactions in existence since the beginning of fiscal year 2021.

Access Industries

In 2010, we entered into certain agreements with affiliates of Access Industries, including a registration rights agreement, which obligates us to register and bear the costs for the resale of equity securities owned by Access Industries or its affiliates, and a nomination agreement. Pursuant to the nomination agreement, Access Industries has the right to nominate individuals for appointment to the Board if certain ownership thresholds are met. Access Industries currently owns more than 18% of our outstanding shares and nominated Messrs. Benet, Buchanan and Cooper pursuant to the agreement. The Company entered into these agreements with Access Industries before it became publicly traded and the Related Party Transaction Policy was adopted. Amendments to the nomination agreement are approved by disinterested directors.

Calpine Corporation

Calpine Corporation, the owner and operator of power plants across the United States and Canada, supplies power and steam to the Company's Houston Refinery and is owned by a group of investors including a minority investment by Access Industries. The Audit Committee has reviewed and approved, most recently in October 2020, the Company's contracts with Calpine, which were determined to be on terms fair to the Company and more advantageous than those offered by other parties. In 2021, the Company purchased approximately \$94 million of power, steam, and water from Calpine and sold approximately \$21 million of excess gas and raw water to Calpine.

Plasto-Cargal Group

From time to time, the Company's Advanced Polymer Solutions segment sells certain additives to Plasto-Cargal Group, a manufacturer of plastic container and film products, in which Access Industries holds an indirect minority investment. Sales are conducted in the ordinary course and no approval is required under the Company's Related Party Transaction Approval Policy; however, the Audit Committee has reviewed and approved the continuation of such transactions, which totaled less than \$0.6 million for 2021.

Indemnification

We indemnify members of our Board to the fullest extent permitted by law so that they will be free from undue concern about personal liability in connection with their service to the Company. Our Articles of Association establish this indemnification right, and we have also entered into agreements with each of our directors contractually obligating us to indemnify them.

2.8.5 Dutch Corporate Governance Code

As a Dutch company, our governance practices are governed by the Code, a copy of which is available at www.mccg.nl/english. The Code contains a number of principles and best practices. The Code, in contrast to U.S. laws, rules and regulations, contains a “comply or explain” principle, offering the possibility to deviate from the Code and still be in compliance as long as any such deviations are explained. In certain cases, we have not applied the Code's practices and provisions and in those instances explain the non-application.

We conduct our operations in accordance with internationally accepted principles of good governance and best practice, while ensuring compliance with the corporate governance requirements applicable in the countries in which we operate. There is considerable overlap between the requirements we must meet under U.S. rules and regulations and the provisions of the Code and we comply with almost all of the provisions of the Code. For clarity purposes, we have listed below deviations from the Code and our reasons for deviating.

Code Section 2.1.6

Our goal is to have a Board that provides effective oversight of the Company through the appropriate balance of experience, expertise, skills, specialized knowledge, and other qualifications and attributes. Our Board considers diversity a priority and seeks representation across a range of attributes, including race, gender, ethnicity, and nationality.

Our Board is committed to increasing the representation of women in its membership and targets at least one-third female directors by 2023, alongside continued focus on increasing the racial and ethnic diversity of the Board and provided that no current director will be required to resign to achieve this target. We will begin reporting our progress and efforts to achieve these goals in our 2022 Dutch Annual Report and otherwise in accordance with Dutch reporting requirements as they are announced.

Code Section 2.1.7

Our Board currently consists of twelve directors, three of whom (Messrs. Benet, Buchanan, and Cooper) were nominated by a shareholder pursuant to a nomination agreement. Under the provisions of the Code, but not under the NYSE listing standards, those three directors are not considered independent as a result of their affiliation with the shareholder that nominated them, which owns more than 10% of our shares. Under the Code, for each shareholder holding 10% or more of the Company's shares at most one director may be on the Board. This deviation from the Code is a result of our obligation under the nomination agreement with an affiliate of Access Industries to nominate individuals to our Board. The Company entered into the nomination agreement before it became publicly traded; however, subsequent amendments to the nomination agreement have been approved by our disinterested Board members. The Board believes that each of the Access-nominated directors brings with him a level of skill, experience and qualifications that benefit the workings of the Board and therefore the Company's stakeholders generally.

Code Section 2.2.2

Members of the Board are appointed for one-year terms; however, there is no limit on the number of terms a Board member may serve.

Currently, the Board does not believe there is a driving interest in limiting members to the “maximum of two four-year terms plus two two-year terms” provision of the Code. In 2021, Messrs. Aigrain, Bindra, Buchanan, and Cooper, as well as Ms. Dicciani, were nominated and elected to serve on the Board, each having served as director for eight years or more as of the end of their elected term. The Board believes that a depth of history and knowledge of the Company, which can be developed through long-term service, continues to be key to an effective oversight of the Company, and that the Company's mandatory retirement age (as described below) and annual evaluation process for renominations are currently more effective means of ensuring Board refreshment and renewal, while also allowing for continuity of service. The Board revisits the provisions in its governing documents on at least an annual basis and may determine that limitations of the number of terms for Board members is appropriate. Notwithstanding any such determinations, under the nomination rights described above, as long as certain shareholders maintain their share ownership at required levels, they will be able to nominate individuals of their choosing; the result of which may be for individuals nominated by them to serve for longer than any Board-determined terms.

Code Section 2.2.4

We do not maintain a schedule of retirement for our directors. Our Corporate Governance Guidelines and Rules for the Board of Directors, which are available on our website at www.LyondellBasell.com by clicking on “Investors,” then “Corporate Governance,” provide that directors will not be re-nominated for election to the Board after they reach the age of

75, which acts effectively as a retirement schedule. While the Board does not believe there is a specific age after which directors should no longer serve on boards, it does believe mandatory retirement ages are useful for promoting board refreshment. In 2021, Bob Dudley and Tony Chase joined our Board, replacing retired directors, and as of 31 December 2021, we had a vacancy on our Board due to the retirement of our executive director. The Board believes that the mandatory retirement age and an annual evaluation process for deciding whether to re-nominate individuals for election are currently more effective means of ensuring board refreshment and renewal, while also allowing for continuity of service.

Code Section 3.1.2.v

The number of options and restricted stock units that we grant to our executives are determined based on an overall target of equity based compensation, calculated as a percentage of base salary, rather than on the achievement of specified targets as is considered best practice under the Code. The targeted values of options and restricted stock units granted are determined based on peer group analyses to ensure competitive compensation for attracting and retaining our executives.

Code Section 3.1.2.vi

In contrast to best practices under provisions of the Code, we do not require all shares granted as compensation to be held for five years or until the end of employment. Instead, our Compensation and Talent Development Committee implemented share ownership requirements that restrict selling of shares by executives unless certain levels of equity are held. We believe that the share ownership guidelines appropriately ensure executives retain substantial equity to make certain their interests are aligned with shareholders while also allowing flexibility for diversification of personal wealth.

Code Section 3.1.2.vii

The stock options we grant to our executive officers are exercisable before the third anniversary of the date of grant, which is contrary to best practices provisions of the Code. We believe our vesting schedules are in line with the practices of our peer group used for executive compensation purposes and necessary to attract and retain the best people.

Code Sections 3.2.3

Mr. Patel, our former CEO and executive director, was a party to an employment agreement that provided for severance payments that are in excess of one year's base salary. Additional executives are participants in our Executive Severance Plan. The severance plan provides for severance payments in an amount equal to the executive's base salary plus target annual bonus (or, in the case of Mr. Patel, 1.5 times such amount (or 2.5 times such amount in the event of certain termination circumstances within one year of a change in control)). We believe that these severance arrangements are consistent with market practices and our peer group severance arrangements and are necessary to attract and retain qualified leaders.

Code Sections 3.3.2 and 3.3.3

Members of the Board have been granted restricted stock units as a portion of their annual remuneration. The restricted stock units entitle the recipient to an equal number of the Company's shares after certain time-based vesting requirements have been met. Additionally, Board members are allowed to receive shares of our common stock in lieu of their cash retainers. This is a deviation from the Code, which states that board members shall not be granted shares and/or rights to shares by remuneration.

The Company believes that granting shares and rights to acquire shares aligns the Board members' interests with those of shareholders, thereby increasing the incentives to make decisions that create long-term value for the Company.

Additionally, as part of their review of director compensation, the Nominating & Governance Committee and the Board consider, among other factors, the practices at a comparative group of public companies, based on market comparison studies prepared by an outside independent consultant. All of the companies in the comparative group offer some form of equity compensation. For that reason, among others, the Company believes that equity awards are reflective of the market and are necessary to attract and retain highly skilled individuals with relevant experience and to reflect the time and talent required to serve on the board of directors of a complex, multinational corporation.

Code Section 4.2.2

We do not maintain a policy on bilateral contacts with our shareholders. We engage with shareholders through a number of different forums, including investor conferences, our bi-annual investor day presentation, individual meetings and calls, our annual general meeting of shareholders, and by responding to shareholder correspondence. We maintain a flexible approach to shareholder engagement and prioritize our ability to respond to each communication received from shareholders on a

case-by-case basis to accommodate both shareholder preferences as well as Company objectives. Such a policy is not customary for NYSE-listed issuers.

2.8.6 Shareholders and General Meeting of Shareholders

Powers

A general meeting of shareholders will be held at least once a year in the Netherlands. In this meeting, the following items are expected to be discussed and/or approved:

- The written report of the Board containing the course of affairs in LyondellBasell and the conduct of the management during the past financial year as disclosed in this Annual Report;
- The adoption of the annual accounts;
- The Company's reserves and dividend policy and justification thereof;
- The discharge of the members of the Board in respect of their duties during the previous financial year;
- Each material change in the Company's corporate governance structure (if any occurred); and
- Any other item the Board determines to place on the agenda.

The approval of the general meeting of shareholders and the Board is also required for resolutions regarding a significant change in the identity or character of LyondellBasell or its business, including in any event:

- A transfer of the business or virtually all of the business to a third party;
- Entry into or termination of long-term cooperation by the Company or a subsidiary with another legal entity or partnership or as a general partner with full liability in a limited or general partnership if such cooperation or the termination thereof is of far-reaching significance for the Company; and
- An acquisition or disposal by the Company or a subsidiary of a participation in the capital of another company, the value of which equals at least one third of the amount of the assets according to the consolidated statement of financial position with explanatory notes attached to the annual accounts as most recently adopted.

Proposals placed on the agenda by the Board, or at the request of shareholders, provided that they have submitted the proposals in accordance with the provisions of LyondellBasell's Articles of Association, will be discussed and decided. Shareholders are entitled to request items for the annual general meeting agenda no less than sixty days before the meeting, and provided that they represent at least 1 percent of LyondellBasell's issued share capital.

The Board may convene extraordinary general meetings as often as it deems necessary. Such meetings must be held if one or more shareholders and others entitled to attend the meetings jointly representing at least one-tenth of the issued share capital make a written request to that effect to the Board, specifying in detail the items to be discussed.

Information to shareholders

To ensure fair disclosure, LyondellBasell distributes Company information that may influence the share price to shareholders and other parties in the financial markets simultaneously and through means that are public to all interested parties.

When LyondellBasell's annual and quarterly results are published by means of a press release, interested parties, including shareholders, can participate through conference calls and view the presentation of the results on LyondellBasell's website. The schedule for communicating the annual financial results is in general published through a press release and is posted on LyondellBasell's website.

It is LyondellBasell's practice to post the presentations given to analysts and investors at investor conferences on its website. Information regarding presentations to investors and analysts and conference calls are announced in advance on LyondellBasell's website. Meetings and discussions with investors and analysts shall, in principle, not take place shortly before publication of regular financial information. LyondellBasell does not assess, comment upon, or correct analysts' reports and valuations in advance, other than to comment on factual errors. LyondellBasell does not pay any fees to parties carrying out research for analysts' reports, or for the production or publication of analysts' reports, and takes no responsibility for the content of such reports.

At the annual general meetings of shareholders, shareholders will be provided with all requested information, unless this is contrary to an overriding interest of the Company. If this should be the case, the Board will provide its reasons for not providing the requested information.

Furthermore, the Investor Relations section on LyondellBasell's website provides links to information about LyondellBasell published or filed by LyondellBasell in accordance with applicable rules and regulations.

Relationship with Institutional Investors

LyondellBasell finds it important that its institutional investors participate in LyondellBasell's general meetings of shareholders. The Company believes that providing internet proxy voting should achieve high levels of participation at the meeting.

2.8.7 Takeover Directive; Anti-Takeover Provisions and Control

General

The EU Takeover Directive requires that certain listed companies publish information providing insight into defensive structures and mechanisms which they apply. The relevant provision has been implemented into Dutch law by means of a decree of 5 April 2006. Pursuant to this decree, Dutch companies whose securities have been admitted to trading on an EU regulated market have to include information in their annual report which could be of importance for persons who are considering taking an interest in the company. The Company's shares are admitted to trading on the NYSE and not on any EU regulated markets.

According to provision 4.2.6 of the Code, we are required to provide a survey of our actual or potential anti-takeover measures, and to indicate in what circumstances it is expected that they may be used.

Accordingly, we have set out below a number of provisions in the Articles of Association that in a Dutch context technically are not necessarily considered to be anti-takeover measures, but which could restrict the ability of a controlling shareholder to effectively exercise control over the Company:

- As per article 12.3 of the Articles of Association, and subject to article 12.4, the appointment of a member of the Board shall take place by way of a binding nomination prepared by the Board. The general meeting of shareholders may render such nomination non-binding by means of a resolution adopted by at least two-thirds (2/3) of the valid votes cast, such two-third (2/3) majority representing more than one-half (1/2) of the issued capital. In case of such a vote, the general meeting of shareholders will be free in its selection and appointment of a Board member to fill the vacancy by means of a resolution adopted by at least two-thirds (2/3) of the valid votes cast, such two-third (2/3) majority representing more than one-half (1/2) of the issued capital. If the proportion of the share capital of at least one-half (1/2) as referred to in the preceding sentence is not represented at the meeting, then no new meeting may be convened without such proportion of the share capital being represented; and
- As per article 22.1 of the Articles of Association, the Articles of Association may only be amended by the general meeting of shareholders on the proposal of the Board.

In the event of a hostile takeover bid, in general the Board reserves the right to use all powers available to it in the interests of the Company and its affiliated enterprise, taking into consideration the relevant interests of the Company's stakeholders.

2.8.8 Risk Management

A certain degree of risk is inherent in our business (see Section 2.2, "Risk Factors," generally, as well as Section 2.1.3 "Outlook" with respect to risks to our business, including those related to the COVID-19 pandemic). Additionally, pursuing business strategies and objectives inevitably leads to taking risks. Risks can jeopardize strategies and objectives in various ways. Each type of risk we encounter is addressed in a manner and with the intensity that matches the nature and size of the risk in relation to the Company's risk appetite. The risk appetite is the total residual impact of risks that we are willing to accept in the pursuit of our objectives.

Effective risk management is a key factor for the Company in realizing its business and strategic objectives. Risk areas where we have low-risk appetite and thus accept a low residual risk require strong risk management and strong internal controls. The risk areas where we have a low-risk appetite include those relating to the safety of our employees, our assets, the environment and the communities in which we operate and those relating to legal and regulatory compliance.

The management of the Company and the Board are responsible for ensuring that LyondellBasell complies with applicable legislation and regulations. They are also responsible for the financing of LyondellBasell and for managing the internal and external risks related to its business activities.

The establishment of our internal risk management and control system is based on the identification of external and internal risk factors that could influence the operational and financial objectives of the Company, and contains a system of monitoring, reporting, and operational reviews.

LyondellBasell Industries N.V.

To help identify risks, LyondellBasell uses a formal enterprise risk management approach, consisting of a set of risks categories which are discussed amongst senior management of LyondellBasell at least annually, as described below. Based on this risk assessment, actions are initiated to further enhance the Company's risk mitigation.

The disclosure of the risks that potentially could have a significant impact on the Company's strategy execution, operations or financial position is derived in part from LyondellBasell's internal risk assessment, comprising elements of the risk assessment model as mentioned in the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") report.

The Company publishes two annual reports in respect of the financial year ("2021 Annual Reports"): (i) a Statutory Annual Report in accordance with Dutch legal requirements in accordance with IFRS and International Financial Reporting Interpretation Committee ("IFRIC") interpretations as adopted by the European Union and (ii) an Annual Report on Form 10-K in accordance with U.S. securities laws, based on the United States of America Generally Accepted Accounting Principles ("U.S. GAAP"). Both 2021 Annual Reports include risk factors that are specific to the petrochemical industry, LyondellBasell, and ownership of its shares. LyondellBasell also provides sensitivity analyses by including:

- A narrative explanation of its financial statements;
- The context within which financial information should be analyzed; and
- Information about the quality, and potential variability, of LyondellBasell's earnings and cash flow.

In the "Statements of the Board of Directors" (included in Section 2.8.10), the Board addresses the Company's internal risk management and control systems.

We are required to conduct an evaluation, under the supervision and with the participation of our CEO and CFO, of the effectiveness of the Company's internal control over financial reporting and, based on that evaluation, conclude whether the Company's internal control over financial reporting was effective as of 31 December 2021, providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP. PricewaterhouseCoopers LLP, the Company's independent registered accounting firm under U.S. securities rules and regulations, also reports on the effectiveness of the Company's internal control over financial reporting in its Consent of Independent Registered Public Accounting Firm as included in our 2021 Annual Report on Form 10-K for the year ended 31 December 2021.

For the Statutory Annual Report, the Company follows the requirements of Dutch law and regulations, including preparation of the consolidated financial statements in accordance with IFRS and IFRIC interpretations as adopted by the European Union. For the Annual Report on Form 10-K, the Company applies the requirements of the U.S. Securities and Exchange Act of 1934, and prepares the financial statements included therein in accordance with U.S. GAAP.

LyondellBasell currently has a Disclosure Committee, consisting of various members of management from different business and functional areas within the Company. The Disclosure Committee reports to and assists the CEO and CFO in the maintenance, review and evaluation of disclosure controls and procedures. The Disclosure Committee's main responsibilities are to ensure compliance with applicable disclosure requirements arising under United States and applicable stock exchange rules.

Board's Role in Risk Oversight

While the Company's CEO is responsible for assessing and managing the Company's day-to-day risks and related control systems, the Board has broad oversight of the Company's risk profile and risk management. In this oversight role, the Board is responsible for satisfying itself that the risk management processes designed and implemented by management, including the Company's Enterprise Risk Management organization, are functioning and that necessary steps are taken to foster a culture of risk-adjusted decision-making throughout the organization. These processes and structures include the Company's Enterprise Risk Management ("ERM") organization, Code of Conduct and related compliance program, internal controls function and disclosure committee meetings and controls, and a robust internal audit function. The Company believes that this division of responsibilities achieves sound risk management and that the Board's involvement ensures effective oversight.

The primary means by which our Board oversees the Company's risk management structure and policies is through its regular communication with management. At each Board meeting, members of management are asked to report to the Board and, when appropriate, specific committees. These presentations provide members of the Board with direct communication with members of management and the information necessary for a full understanding of the Company's risk profile, including information regarding the Company's specific risk environment, climate scenarios, exposures potentially affecting our operations, and the Company's plans to address such risks. In addition to providing general updates on the Company's

operational and financial condition, members of management report to the Board about the Company's outlook, forecasts, and any impediments to meeting them or to successfully pursuing the Company's strategies more generally.

In carrying out its oversight responsibility, the Board has delegated to individual Board committees certain elements of its oversight function.

- The Audit Committee oversees of the integrity of the Company's financial statements; the qualifications, performance and independence of our independent accountants; the performance of the Company's internal audit function and compliance program; the Company's monitoring, control, and reporting of significant corporate risk exposure, including information technology and cybersecurity risks; related party transactions; and our system of disclosure and internal controls.
- The Compensation and Talent Development Committee oversees the Company's executive compensation programs; evaluates whether our compensation programs and practices create excessive risk or any changes to those programs or practices are warranted; oversees our DEI initiatives and monitors management retention, recruitment, and succession planning.
- The Nominating and Governance Committee reviews the Company's ESG profile and corporate governance practices and develops, reviews and recommends corporate governance guidelines and policies.
- The Health, Safety, Environmental & Sustainability ("HSE&S") Committee reviews and monitors compliance with health, safety, environmental and sustainability matters; provides oversight of the Company's technology program and the execution of large capital projects and turnarounds; discusses the Company's HSE and Operational Excellence programs and safety and environmental incidents and statistics; reviews sustainability issues and their impacts; and plans initiatives to continuously improve health, safety, environmental and sustainability results.
- The Finance Committee oversees strategic transactions, including those that may impact our capital position; reviews our tax strategy and planning; and reviews our capital structure, capital allocation, dividend policy, share repurchase programs, debt profile, and hedging strategies.

The Company has an enterprise risk management ("ERM") organization, with a group of employees dedicated to deploying the enterprise-wide risk management framework. The CEO and Chief Financial Officer are responsible for overseeing these risk management programs, including assessing risk tolerances, evaluating whether such tolerances are aligned with the Company's strategic goals, and defining our overall risk profile. Each year, ERM leads a risk workshop with the CEO and his leadership team to refresh the Company's risk profile. Together, the participants validate existing enterprise risks (both opportunities and threats), select new and emerging risks to add to the risk register, and ensure risk ownership is assigned to the appropriate leadership team executives and the Board and Board committees.

Examples of the Company's enterprise risks include major health, safety, environment, and security events, cybersecurity, climate change, DEI, and global talent management.

The CEO has delegated to an internal Risk Management Committee the authority to review and approve transactions, including hedging strategies, that are in accordance with the Company's approved risk management policies and procedures. The standing members of the Risk Management Committee include the CEO, the Chief Financial Officer, and the Chief Legal Officer. Under the Committee's oversight, the Company's Financial Risk Management Group manages foreign exchange, interest rate, and other financial risks, across the Company's global operations. Through a variety of policies and procedures, senior management and their leadership teams identify, monitor, mitigate, and report on risks and develop risk management plans aligned with the Company's enterprise risk management framework.

The results of the risk management processes and updates on material risks are reported to the Board and its committees on a regular basis. The Audit Committee is responsible for ensuring that an effective risk assessment process is in place, and reports are made to the Audit Committee in accordance with NYSE requirements.

During 2021, members of the Board were surveyed by the Company's ERM organization regarding their assessment of the Company's primary risks. In September 2021, the Board and ERM team reviewed the survey results together and focused their discussion on an evaluation of risks related to the Company's feedstock advantage and, separately, cyber security matters.

The direct line of communication between the Board and members of management facilitated at Board meetings and through these workshops allows the Board to further evaluate and assess the management of the Company's day-to-day risks.

Risk Management and Control Systems

The management of the Company is primarily responsible for the design, implementation and integration of the Company's internal risk management and control systems. The purpose of these systems is to effectively respond to and manage the significant risks to which the Company is exposed. Such systems can never provide absolute assurance regarding achievement of corporate objectives, nor can they provide an absolute assurance that material errors, losses, fraud and the violation of laws or regulations will not occur.

To adhere to our duties in the area of internal risk management and control systems, the Company has designed and implemented an enterprise risk management process.

Enterprise risks are threats and opportunities identified by our management which may have significant consequences or benefits impacting key objectives and the ability to deliver the strategy. The identification and assessment of enterprise risks is conducted in accordance with the LyondellBasell Enterprise Risk Management ("ERM") framework which is based on the COSO Enterprise Risk Management model and ISO 31000 International Standard for Risk Management.

Updates concerning the significant business risks identified during the annual enterprise risk assessment are reported to the Board for review. A profile of our enterprise risks is provided to the Board at least annually, with some risks incorporated into key decision-making processes outside of the formal enterprise risk management process.

The Company's enterprise risks, as identified in accordance with the described process, are each assigned to a member of the senior management team as a risk owner. The identified owner is responsible for utilizing the ERM framework to assess the impact and develop actions to effectively manage his or her assigned risks. In addition, the Audit Committee of the Board is responsible for ensuring that an effective risk assessment process is in place, and reports are made regularly to the Audit Committee on financial and compliance risks in accordance with requirements of the NYSE.

In addition, department risks, that are not reportable to the Board are assessed and managed at the business/functional level with executive leadership. These department-focused enterprise risk assessments utilize the ERM framework and are an evergreen process conducted on a regular cadence incorporating the business segments, manufacturing operations and the critical business support functions.

We use various other measures to ensure adherence to our duties in the area of internal risk management and control systems, including:

- Operational review meetings of the Board with LyondellBasell's senior management on financial performance and realization of operational objectives and responses to emerging issues;
- Monthly meetings with LyondellBasell's CEO, CFO and senior finance management focusing on monthly financial figures and internal control evaluations;
- Monthly and quarterly financial reporting, primarily to LyondellBasell's senior management;
- Letters of representation that are signed by LyondellBasell's key personnel on a quarterly basis in which they confirm that for their responsible area and based upon their knowledge (i) an effective system of internal controls and procedures is maintained and (ii) the financial reports fairly present the financial position, results of operations and cash flows;
- Assessments by LyondellBasell's Disclosure Committee with respect to the timely review, disclosure, and evaluation of periodic (financial) reports;
- Discussions on process safety, product safety, environmental and security matters within the HSE&S Committee of the Board;
- Discussions on management letters and audit reports provided by the Company's internal and external auditors to the Audit Committee of the Board;
- Corporate policies assigning responsibility for identification and management of risks;
- LyondellBasell's Code of Conduct;
- LyondellBasell's Financial Code of Ethics applicable to the CEO, CFO and Chief Accounting Officer;
- LyondellBasell's Ethics Hotline and whistleblower procedures; and
- LyondellBasell's Compliance programs and training, which facilitate the development of controls which will aid in prevention, deterrence and detection of fraud against LyondellBasell.

2.8.9 Audit of Financial Reporting

Financial Reporting

LyondellBasell has comprehensive internal procedures in place for the preparation and publication of annual reports, annual accounts, quarterly figures, and all other financial information. These internal procedures are frequently discussed in the Audit Committee and the Board of Directors. The Company's Disclosure Committee assists the Company's management in

LyondellBasell Industries N.V.

overseeing LyondellBasell's disclosure activities and ensures compliance with applicable disclosure requirements arising under U.S. and Dutch law and regulatory requirements.

The Audit Committee reviews and approves the external auditor's audit plan for the audits planned during the financial year. The audit plan also includes the activities of the external auditor with respect to their reviews of the quarterly results other than the annual accounts. These reviews are based on agreed upon procedures and are approved by the Audit Committee. The external auditor regularly updates the Audit Committee on the progress of the audits and other activities.

Appointment, Role, Assessment of the Functioning of the External Auditor, and the Auditor's Fee

In accordance with Dutch law, LyondellBasell's external auditor is appointed by the general meeting of shareholders and is nominated for appointment by the Board upon advice from the Audit Committee. LyondellBasell's current external auditor for its Dutch statutory accounts is PricewaterhouseCoopers Accountants N.V. ("PwC"), and the Board, on the recommendation of the Audit Committee, is proposing shareholders appoint PwC as its auditor to audit the 2022 Dutch statutory accounts at the 2022 annual general meeting.

The Audit Committee reports annually to the Board on the functioning of, and the developments in, the relationship with of the external auditor as required by the Dutch Corporate Governance Code.

The external auditor has functioned to the satisfaction of the Audit Committee.

Annually, the Audit Committee provides the Board with a report on the relationship with the external auditor, including the required auditor independence. To determine the external auditor's independence, the relationship between the audit services and the non-audit services provided by the external auditor is important, as well as the rotation of the responsible lead audit partner every five years. Non-audit services (including tax fees and non-audit-related fees) performed by the external auditor comprised less than ten percent of the external auditor's services in 2021. Based on the proportion audit fees versus non-audit related fees, it was concluded and confirmed by the external auditor that the external auditor acts independently.

The external auditor will be present at the 2022 annual general meeting to respond to questions, if any, from the shareholders about the auditor's report on the financial statements.

The Audit Committee, on behalf of the Board, approves the remuneration of the external auditor as well as the non-audit services to be performed, after consultation with the CFO. It has been agreed among the members of the Board that the Audit Committee has the most relevant insight and experience to be able to approve both items, and therefore the Board has delegated these responsibilities to the Audit Committee.

The external auditor attends all meetings of the Audit Committee, unless this is deemed not necessary by the Audit Committee. The findings of the external auditor are discussed at these meetings.

The Audit Committee reports on all issues discussed with the external auditor to the Board, including the external auditor's report with regard to the audit of the annual accounts as well as the content of the annual accounts. In the audit report, the external auditor refers to the financial reporting risks and issues that were identified during the audit, internal control matters, and any other matters requiring communication under the auditing standards generally accepted in the Netherlands and in the United States.

Internal Audit Function

The internal audit function of LyondellBasell forms one of the key elements to address the topics of risk management and internal control over financial reporting as required under the Code and the Sarbanes-Oxley Act, respectively. To ensure the independence of this function, the Company's head of internal audit reports to the Audit Committee. The external auditor and the Audit Committee are involved in drawing up the work schedule and audit scope of the audit department. The head of internal audit regularly provides updates on his findings to the Audit Committee.

2.8.10 Statements of the Board of Directors

The management of the Company is responsible for the preparation of the Annual Accounts and the Annual Report of LyondellBasell Industries N.V. ("LyondellBasell N.V.") for the year ended 31 December 2021 in accordance with applicable Dutch law and IFRS as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

As required by Section 5:25C(2)(c) of the Dutch Financial Markets Supervision Act ("Wet op het financieel toezicht") and on the basis of the foregoing and the explanations contained in Section 2.8.8 "Risk Management," the Board confirms that to the best of its knowledge:

LyondellBasell Industries N.V.

- The LyondellBasell N.V. 2021 Annual Accounts give a true and fair view of the assets, liabilities, financial position and profit or loss of LyondellBasell N.V. and the entities included in the consolidation taken as a whole; and
- The LyondellBasell N.V. 2021 Annual Report gives a true and fair view of the development and performance of LyondellBasell N.V. and the entities included in the consolidation taken as a whole as at 31 December 2021 and the state of the affairs during the financial year to which the report relates and describes the principal risks facing LyondellBasell N.V. and a discussion of the principal risks and uncertainties.

Based on the outcome of the measures described under Section 2.8.8, “Risk Management” and to the best of its knowledge and belief, the Board states that:

Risk Management and Control Systems, Reporting on Going-concern Basis

Based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis, and the Annual Report disclose all material risks and uncertainties that are relevant regarding the expectation as to the continuity of LyondellBasell N.V. for the 12-month period after the date of issue of this Annual Report. The Annual Report provides sufficient insights into any important deficiencies in the effectiveness of the internal risk management and control systems that were detected during the 2021 financial year. The aforementioned systems provide reasonable assurance that the Annual Accounts do not contain any material errors.

Evaluation of Disclosure Controls and Procedures

Employees within the Company, with the participation of our CEO and our CFO have evaluated the effectiveness of our disclosure controls and procedures in ensuring that the information required to be disclosed in reports in accordance with International Financial Reporting Standards as adopted by the European Union that we file or submit to the Chamber of Commerce in The Netherlands, as amended, is recorded, processed, summarized and reported within the time periods specified in the Dutch Law, including ensuring that such information is accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure. Based on such evaluation, our CEO and CFO have concluded that such disclosure controls and procedures were effective as of 31 December 2021, the end of the period covered by this annual report.

Internal Control over Financial Reporting

The establishment of LyondellBasell's internal control and risk management systems is based on the identification of external and internal risk factors that could influence the operational and financial objectives of the Company and contains a system of monitoring, reporting and operational reviews. All material risk management activities have been discussed with the Audit Committee and the Board.

Financial Statements

The Report of the Independent Auditor, PricewaterhouseCoopers Accountants N.V., is included in the “Other Information”. The financial statements are being presented for adoption by shareholders at the 2022 annual general meeting. The Board recommends that shareholders adopt these financial statements.

4 April 2022

The Board of Directors

Jacques Aigrain

Lincoln Benet

Jagjeet S. Bindra

Robin W.T. Buchanan

Anthony R. Chase

Stephen F. Cooper

Nance K. Dicciani

Robert W. Dudley

Claire S. Farley

Michael S. Hanley

Albert J. Manifold

Peter Vanacker

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF INCOME

Millions of U.S. Dollars, except per share data	Note	Year ended 31 December	
		2021	2020
Revenue	5	\$ 47,203	\$ 28,165
Cost of sales	6	36,686	24,820
Gross profit		10,517	3,345
Selling costs	6	392	356
Administrative expenses	6	951	877
Impairments	15	624	582
Other (Income)/ expense, net	10	(224)	74
Operating profit		8,774	1,456
Finance income		12	12
Finance costs	11	(831)	(410)
Share of profit of investments accounted for using the equity method	17	397	141
Profit before income tax		8,352	1,199
Income tax benefit/(expense)	12	(1,533)	151
Profit for the year		<u>\$ 6,819</u>	<u>\$ 1,350</u>
Attributable to:			
Profit attributable to			
-Owners of the Company		\$ 6,819	\$ 1,350
-Non-controlling interests		—	—
Total		<u>\$ 6,819</u>	<u>\$ 1,350</u>
Earnings per share:			
-Basic	13	\$ 20.37	\$ 4.02
-Diluted	13	20.35	4.02

The notes on pages 60 to 126 are an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<u>Millions of U.S. Dollars</u>	<u>Note</u>	<u>Year Ended 31 December</u>	
		<u>2021</u>	<u>2020</u>
Profit for the year		\$ 6,819	\$ 1,350
Other comprehensive Income/ (loss), net of tax			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Remeasurements of post-employment benefits obligations	28	269	(50)
Tax benefit/(expense) from re-measurements of post-employment benefits obligations	12	(59)	13
		<u>210</u>	<u>(37)</u>
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Unrealized gains on financial instruments at fair value through other comprehensive income		1	1
Income tax (expense) benefit on financial assets at fair value through other comprehensive income	12	—	—
		<u>1</u>	<u>1</u>
Net movement on cash flow hedges	4	126	(343)
Amount reclassified out of OCI to net income		(33)	4
Income tax benefit/ (expense) on cash flow hedges	12	(18)	82
		<u>75</u>	<u>(257)</u>
Cost of net investment hedges		(3)	(3)
Income tax (expense) benefit on net investment hedges	12	—	—
		<u>(3)</u>	<u>(3)</u>
Currency translation of foreign operations		(292)	200
Net movement in net investment hedges		197	(165)
Income tax benefit (expense) on net investment hedges	12	(46)	30
		<u>(141)</u>	<u>65</u>
Other comprehensive Income/ (loss), net of tax		142	(231)
Total comprehensive income		<u>\$ 6,961</u>	<u>\$ 1,119</u>
Attributable to:			
-Owners of the Company		\$ 6,961	\$ 1,119
-Non-Controlling interest		—	—
		<u>\$ 6,961</u>	<u>\$ 1,119</u>

The notes on pages 60 to 126 are an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

<u>Millions of U.S. Dollars</u>	<u>Note</u>	<u>31 December</u>	
		<u>2021</u>	<u>2020</u>
Non-current assets:			
Intangible assets	14	\$ 2,414	\$ 2,534
Property, plant and equipment	15	18,533	18,327
Right-of-use assets	16	2,089	1,535
Investments in associates and joint ventures	17	1,344	1,275
Deferred income tax assets	27	192	79
Derivative financial instruments	20	284	244
Trade and other receivables	22	151	139
Total non-current assets		<u>25,007</u>	<u>24,133</u>
Current assets:			
Inventories	21	6,161	3,878
Trade and other receivables	22	5,825	4,162
Financial assets at fair value through other comprehensive income		—	349
Financial assets at fair value through profit or loss		9	353
Derivative financial instruments	20	123	31
Income tax receivable		273	818
Cash and cash equivalents	23	1,626	1,933
Total current assets		<u>14,017</u>	<u>11,524</u>
Total assets		<u>\$ 39,024</u>	<u>\$ 35,657</u>

The notes on pages 60 to 126 are an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EQUITY AND LIABILITIES

<u>Millions of U.S. Dollars</u>	Note	31 December	
		2021	2020
Equity attributable to the owners of the Company:	24		
Share capital		\$ 19	\$ 19
Share premium		94	35
Other reserves		(1,578)	(1,720)
Retained earnings		14,749	9,421
Treasury shares		(965)	(531)
		<u>12,319</u>	<u>7,224</u>
Non-controlling interests	25	14	17
Total equity		<u>12,333</u>	<u>7,241</u>
Non-current liabilities:			
Borrowings	26	12,007	16,048
Lease liabilities	16	1,738	1,259
Deferred income tax liability	27	2,582	2,220
Retirement benefit obligations	28	1,473	1,921
Derivative financial instruments	20	386	645
Provisions	30	215	220
Accruals and deferred income		272	307
		<u>18,673</u>	<u>22,620</u>
Current liabilities:			
Trade and other payables	29	6,465	4,421
Income tax payable		590	113
Borrowings	26	495	731
Lease liabilities	16	403	320
Derivative financial instruments	20	18	162
Provisions	30	47	49
		<u>8,018</u>	<u>5,796</u>
Total liabilities		<u>26,691</u>	<u>28,416</u>
Total equity and liabilities		<u>\$ 39,024</u>	<u>\$ 35,657</u>

The notes on pages 60 to 126 are an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Millions of U.S. Dollars	Note	Share Capital	Share Premium	Treasury Shares	Other Reserves	Retained Earnings	Equity attributable to the owners of the Company	Non- Controlling Interest	Total Equity
Balance at 1 January 2020		\$ 19	\$ 6	\$ (580)	\$ (1,489)	\$ 9,491	\$ 7,447	\$ 19	\$ 7,466
Adoption of accounting standards		—	—	—	—	—	—	—	—
<i>Transactions with owners:</i>									
Shares purchased	24	—	—	(4)	—	—	(4)	—	(4)
Common Stock dividends paid relating to 2020	24	—	—	—	—	(1,405)	(1,405)	—	(1,405)
Preferred stock dividends paid		—	—	—	—	(7)	(7)	—	(7)
Employees share-based payments:									
-Issuance of shares		—	29	53	—	(15)	67	—	67
-Tax credits related to share-based awards	12	—	—	—	—	—	—	—	—
Purchase of non-controlling interest		—	—	—	—	7	7	—	7
Distribution to Non-Controlling interest		—	—	—	—	—	—	(2)	(2)
		19	35	(531)	(1,489)	8,071	6,105	17	6,122
<i>Comprehensive income for the period:</i>									
Profit for the year		—	—	—	—	1,350	1,350	—	1,350
Other comprehensive income/ (loss):									
Financial derivatives		—	—	—	(259)	—	(259)	—	(259)
Remeasurements of post employment benefit obligation	12/ 28	—	—	—	(37)	—	(37)	—	(37)
Currency translation differences		—	—	—	65	—	65	—	65
Total Comprehensive income/ (loss) for the period		—	—	—	(231)	1,350	1,119	—	1,119
Balance at 31 December 2020		<u>\$ 19</u>	<u>\$ 35</u>	<u>\$ (531)</u>	<u>\$ (1,720)</u>	<u>\$ 9,421</u>	<u>\$ 7,224</u>	<u>\$ 17</u>	<u>\$ 7,241</u>

The notes on pages 60 to 126 are an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<u>Millions of U.S. Dollars</u>	<u>Note</u>	<u>Share Capital</u>	<u>Share Premium</u>	<u>Treasury Shares</u>	<u>Other Reserves</u>	<u>Retained Earnings</u>	<u>Equity attributable to the owners of the Company</u>	<u>Non- Controlling Interest</u>	<u>Total Equity</u>
Balance at 1 January 2021		\$ 19	\$ 35	\$ (531)	\$ (1,720)	\$ 9,421	\$ 7,224	\$ 17	\$ 7,241
<i>Transactions with owners:</i>									
Shares purchased	24	—	—	(477)	—	—	(477)	—	(477)
Common Stock dividends paid relating to 2021	24	—	—	—	—	(1,486)	(1,486)	—	(1,486)
Preferred stock dividends paid		—	—	—	—	(7)	(7)	—	(7)
Employees share-based payments:									
-Issuance of shares		—	59	43	—	2	104	—	104
Distribution to Non-Controlling interest		—	—	—	—	—	—	(3)	(3)
		<u>19</u>	<u>94</u>	<u>(965)</u>	<u>(1,720)</u>	<u>7,930</u>	<u>5,358</u>	<u>14</u>	<u>5,372</u>
<i>Comprehensive income for the period:</i>									
Profit for the year		—	—	—	—	6,819	6,819	—	6,819
Other comprehensive income/ (loss):									
Financial derivatives		—	—	—	73	—	73	—	73
Remeasurements of post employment benefit obligation	12/ 28	—	—	—	210	—	210	—	210
Currency translation differences		—	—	—	(141)	—	(141)	—	(141)
Total Comprehensive income/ (loss) for the period		—	—	—	142	6,819	6,961	—	6,961
Balance at 31 December 2021		<u>\$ 19</u>	<u>\$ 94</u>	<u>\$ (965)</u>	<u>\$ (1,578)</u>	<u>\$ 14,749</u>	<u>\$ 12,319</u>	<u>\$ 14</u>	<u>\$ 12,333</u>

The notes on pages 60 to 126 are an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Millions of U.S. Dollars	Note	Year Ended 31 December	
		2021	2020
Cash flows from operating activities:			
Profit before income tax		\$ 8,352	\$ 1,199
Adjustments for:			
Depreciation and amortization	6	1,901	1,792
Impairment of long lived assets	15	624	582
Share-based compensation	8	66	55
Finance cost, net		831	398
Other expense, net	10	—	74
Share of profit of investments accounted for using the equity method	17	(384)	(141)
Changes in working capital relating to:			
(Increase)/decrease in trade receivables		(1,634)	(331)
(Increase)/decrease in inventories		(2,467)	508
Increase/(decrease) in trade payables		1,514	155
Other, net		(163)	204
Cash generated from operations		8,640	4,495
Interest paid		(488)	(627)
Net income taxes paid		(310)	(176)
Net cash from operating activities		7,842	3,692
Cash flows from investing activities:			
Purchase of property, plant and equipment		(2,203)	(1,985)
Purchases of equity securities at FVTPL		—	(608)
Proceeds from the sale of equity securities at FVTPL		335	313
Purchase of marketable securities held at FVOCI		—	(270)
Proceeds from sale and maturities of marketable securities held at FVOCI	4	346	114
Purchases of business, associates and joint ventures	17	—	(2,389)
Net proceeds from sale of business, associates and joint ventures		8	15
Proceeds from settlement of net investment hedges		358	—
Payments for settlement of net investment hedges		(355)	—
Interest received		9	10
Dividends received from associates and joint ventures	17	253	107
Other, net		(141)	(93)
Net cash used in investing activities		(1,390)	(4,786)
Cash flows from financing activities:			
Repurchase of Company ordinary shares	24	(463)	(4)
Repayments of borrowings	26	(3,925)	(2,911)
Proceeds from borrowings	26	141	6,414
Proceeds from issue of short-term debt	26	—	558
Repayments of short-term debt		(68)	(506)
Costs Related to Repayment of Long-Term Debt		(150)	(77)
Payment of equity and debt issuance cost		—	(63)
Net proceeds from commercial paper	26	(296)	239
Dividends paid	24	(1,486)	(1,405)
Preferred stock dividend paid		(7)	(7)
Purchase of non-controlling interest		—	(30)
Principal elements of lease payments		(352)	(333)
Payments on forward starting interest rate swaps that include financing elements		(112)	(238)
Proceeds from forward starting interest rate swaps		112	—
Settlement of cross currency swaps		—	346
Proceeds from settlement of hedge derivative contract		855	887
Payments for settlement of hedge derivative contract		(904)	(882)
Other, net		(9)	(8)
Net cash used in financing activities		(6,664)	1,980

CONSOLIDATED STATEMENT OF CASH FLOWS

Net (decrease)/ increase in cash and cash equivalents		(212)	886
Cash and cash equivalents at beginning of period		1,933	938
Exchange rate differences		(95)	109
Cash and cash equivalents at end of the period	23	<u>\$ 1,626</u>	<u>\$ 1,933</u>

1 General

LyondellBasell Industries N.V. is a limited liability company (*Naamloze Vennootschap*) incorporated under Dutch law by deed of incorporation dated 15 October 2009. Unless otherwise indicated, the "Company," "we," "us," "our" or similar words are used to refer to LyondellBasell Industries N.V. together with its consolidated subsidiaries ("LyondellBasell N.V.").

LyondellBasell N.V. is a worldwide manufacturer of chemicals and polymers, a refiner of crude oil, a significant producer of gasoline blending components and a developer and licensor of technologies for production of polymers. LyondellBasell Industries N.V.'s shares are listed on the New York Stock Exchange ("NYSE"). The address of our principal executive offices is 4th Floor, One Vine Street, London, W1J0AH, The United Kingdom. Our registered office address is Delftseplein 27E, 3013 AA Rotterdam, The Netherlands and is registered at the chamber of commerce under number 24473890. Our other principal office is 1221 McKinney St., Suite 300 Houston, Texas, USA 77010.

The Consolidated Financial Statements for the year ended 31 December 2021 of LyondellBasell N.V. were approved for issue by the Board of Directors on 4 April 2022.

The Consolidated Financial Statements are subject to adoption by the Annual General Meeting of Shareholders on 27 May 2022.

2 Summary of Significant Accounting Policies

Basis of Preparation and Consolidation

The Consolidated Financial Statements of LyondellBasell N.V. and its subsidiaries have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretation Committee ("IFRIC") interpretations as issued by the International Accounting Standards Board ("IASB") and as adopted by the European Union.

Subsidiaries are entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases. All intercompany transactions and balances have been eliminated in consolidation.

As the corporate financial information of LyondellBasell Industries N.V. is included in the Consolidated Financial Statements, the Corporate Statement of Income is presented in abbreviated format in accordance with Section 402, Book 2 of Dutch Civil Code.

The Consolidated Financial Statements have been prepared under the historical cost convention, except as noted for the use of fair value. Accounting policies of subsidiaries, associates and joint arrangements have been changed as needed to ensure consistency with the accounting policies adopted by the Company.

New and Amended Standards Adopted

We applied the following new and amended standards for the first time during the year:

IAS 38, Cloud Computing Arrangements — The IFRIC published an agenda decision requiring configuration and customization costs incurred in implementing certain Software-as-a-Service (SaaS) arrangements to be expensed as incurred except in circumstances where we control the intellectual property rights of the underlying software code, the configuration and customization costs are capitalized as an asset and amortized over the contract term. The adoption of this guidance retrospectively did not have a material impact on our Consolidated Financial Statements.

IAS 19, Attributing Benefits to Periods of Service — The IFRIC agenda decision clarified that retirement benefits should be attributed to each year in which an employee's service results in the entity's obligation to provide post-employment benefits. The adoption of this guidance retrospectively did not have a material impact on our Consolidated Financial Statements.

Amendments to IAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction—The amendments to IAS 12 Income Taxes clarify that the initial recognition exemption does not apply to transactions which give rise to equal amounts of taxable and deductible temporary differences on initial recognition and requires companies to recognize deferred

tax on such transactions. This typically applies to transactions such as leases of lessees and decommissioning obligations and requires the recognition of additional deferred tax assets and liabilities. The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented. The early adoption of the new guidance from 1 January 2020 did not have a material impact on our Consolidated Financial Statements.

IAS 37, Onerous Contracts—Cost of Fulfilling a Contract — The amendment clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs that relate directly to fulfilling contracts. The amendments apply to contracts with outstanding obligations at 1 January 2022 and the cumulative effect of initially applying the amendments is recorded as an adjustment to the opening balance of retained earnings. The adoption of the new guidance on 1 January 2022 did not have a material impact on our Consolidated Financial Statements.

New standards, amendments and interpretations issued but not effective for the financial year 2021 and we have not elected early adoption

Amendments to IAS 16, Proceeds before intended use — The amendment disallows deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the asset is not ready for its intended use. Instead such amounts should be recorded in the Consolidated Statement of Income. The amendments are effective retrospectively for annual periods beginning after 1 January 2022 but only to items of property, plant and equipment that were made capable of operating in the manner intended by management on or after 1 January, 2021 with the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings. We are currently assessing the impact of this guidance on our Consolidated Financial Statements.

Amendments to IAS 1, Classification of Liabilities as Current or Non-current — The amendments clarify that liabilities should be classified as either current or non-current, depending on the rights and obligations that exist at the end of the reporting period and should be unaffected by the expectations of the entity or events after the reporting date. The amendments are effective from 1 January 2023 and must be applied retrospectively. Early adoption is permitted. We are currently assessing the impact of the guidance on our Consolidated Financial Statements

Amendments to IAS 8, Definition of Accounting Estimates — The amendment clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period. The amendments are effective from annual period beginning after 1 January 2023. We are currently assessing the impact of the guidance on our Consolidated Financial Statements.

Amendments to IAS 1 and IFRS Practice Statement 2 — The amendments require entities to disclose their material rather than their significant accounting policies. The amendments define what is ‘material accounting policy information’ and explain how to identify when accounting policy information is material. We are currently assessing the impact of the guidance on our Consolidated Financial Statements.

Business Combination

We recognize and measure the assets acquired and liabilities assumed in a business combination based on their estimated fair values at the acquisition date, with any remaining difference versus the purchase consideration recorded as goodwill or gain from a bargain purchase. Subsequent to the acquisition, and no later than one year from the acquisition date, we may record adjustments to the assets acquired and liabilities assumed, with the corresponding offset to goodwill or gain from a bargain purchase on a retrospective basis and comparative information is restated. Upon the conclusion of the measurement period, any subsequent adjustments are recorded to earnings. Acquisition-related costs are expensed as incurred.

Investments in Associates and Joint Arrangements

Investments in entities over which we have the right to exercise significant influence but not control are classified as associates. Significant influence generally exists if we have an ownership interest representing between 20% and 50% of the voting rights. Arrangements under which we have contractually agreed to share control with another party or parties are joint arrangements, and classified either as, joint operations or joint ventures, depending on the contractual rights and obligations that each investor has, rather than the legal structure of the joint arrangement. The Company has assessed the nature of its joint arrangements and determined that it has both joint operations and joint ventures.

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The Company recognizes its share of the assets, liabilities, revenue and expenses of joint operations on a line by line basis in the Consolidated Financial Statements. Interests in associates and joint ventures are accounted for using the equity method, are initially recognized at cost and subsequently adjusted for our share of profit or loss, other comprehensive income ("OCI") and distributed dividends. Where our share of the losses in an equity method investment equals or exceeds our interest in the entity, including any other unsecured long-term receivables, we do not recognize further losses unless we have incurred legal or constructive obligations on behalf of the other entity. Unrealized gains and losses on other transactions with the associates and joint arrangements are eliminated to the extent of our interest in them.

At each reporting date, we determine whether there is any objective evidence of impairment of our investments in associates or joint ventures. If an impairment is indicated, we calculate the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognize the amount as a component of our Share of profit/(loss) of investments accounted for using the equity method in the Consolidated Statement of Income.

Foreign Currency Translation and Remeasurement

Functional and reporting currency—The consolidated financial statements are presented in U.S. dollar which is the functional currency of LyondellBasell N.V. Items included in the financial statements of each of LyondellBasell N.V.'s entities are measured using its respective functional currency which is the currency used in the primary economic environment in which it operates and then translated to the U.S. dollar reporting currency through OCI as follows:

- Assets and liabilities are translated at the closing rate at the reporting date;
- Income and expenses are translated at average exchange rates for the period presented; and
- All resulting exchange differences are recognized as a separate component within OCI (currency translation of foreign operations).

Transactions and Balances—Foreign currency transactions are recorded in the entity's functional currency using exchange rates prevailing at the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognized in our Consolidated Statements of Income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Income within Finance costs. All other foreign exchange gains and losses are presented in the Consolidated Statement of Income within Other expense, net.

Revenue Recognition

Substantially all our revenues are derived from contracts with customers. We account for contracts when both parties have approved the contract and are committed to perform, the rights of the parties and payment terms have been identified, the contract has commercial substance, and collectability is probable.

Revenue is recognized when obligations under the terms of a contract with our customer are satisfied. This generally occurs at the point in time when performance obligations are fulfilled and control transfers to the customer. In most instances, control transfers upon transfer of risk of loss and title to the customer, which usually occurs when we ship products to the customer from our manufacturing facility. Revenue is measured as the amount of consideration we expect to receive in exchange for transferring goods. Customer incentives are generally based on volumes purchased and recognized over the period earned. Sales, value added, and other taxes that we collect concurrent with revenue-producing activities are excluded from the transaction price as they represent amounts collected on behalf of third parties. We apply the practical expedient to recognize the incremental costs of obtaining a contract as expense when incurred if the amortization period of the asset that we otherwise would have recognized is one year or less. In almost all of our contracts with the customers, shipping and handling costs are not determined to be a separate performance obligation.

Payments are typically required within a short period following the transfer of control of the product to the customer. We occasionally require customers to prepay purchases to ensure collectability. Such prepayments do not represent financing arrangements, since payment and fulfillment of the performance obligation occurs within a short time frame. We apply the practical expedient which permits us not to adjust the promised amount of consideration for the effects of a significant financing component when, at contract inception, we expect that payment will occur in one year or less.

Contract balances typically arise when a difference in timing between the transfer of control to the customer and receipt of consideration occurs. Our contract liabilities, which are reflected in our Consolidated Financial Statements as Trade and other payables, consist primarily of customer payments for products or services received before the transfer of control to the customer occurs.

Segment Reporting

Our operations are managed through six operating segments. Our operating segments are managed by senior executives who report to our CEO and discrete financial information for each of the segments is available. Our CEO uses the operating results of each of the six operating segments for performance evaluation and resource allocation and, as such, is the chief operating decision maker.

Share-Based Compensation

The Company recognizes compensation expense in the financial statements for equity-classified share-based compensation awards based upon the grant date fair value over the vesting period. See Note 8 to the Consolidated Financial Statements for additional information.

Leases

The Company leases storage tanks, terminal facilities, land, office facilities, railcars, pipelines, barges, plant equipment and other equipment. Substantially all of our leases have remaining lease terms of 22 years or less and have a weighted-average remaining lease term of 10 years. While extension clauses included in our leases do not materially impact our right-of-use asset or lease liability, certain leases include options to extend the lease for up to 20 years. Contracts may contain both lease and non-lease components. We elected the practical expedient to account for lease and associated non-lease components as a single component for all asset classes with the exception of utilities and pipeline assets within major manufacturing equipment.

Assets and liabilities arising from leases are initially measured on the present value of the lease payments over the lease terms discounted using our incremental borrowing rate, unless an implicit rate is readily determined. Lease payments include fixed payments, variable payments which are derived from usage or market-based indices such as the consumer price index, and the exercise price of options to extend or terminate the lease, when it is reasonably certain that we will exercise those options. Right-of-use assets are measured at cost comprising of the amount of initial measurement of lease liability, initial direct costs, and restoration costs. The lease liability is remeasured with a corresponding adjustment to the related right-of-use asset whenever the lease payments change due to changes in an index or rate. The lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate.

Leases that have an initial term of 12 months or less and do not contain a purchase option are not recorded on the Consolidated Statement of Financial Position.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Intangible Assets

Intangible Assets—Intangible assets primarily consist of customer relationships, trade names, know-how, emission allowances, various contracts (favorable utility contracts and licensing contracts), research and development costs and software costs. These assets are amortized using the straight-line method over the shorter of their estimated useful lives or the expected term of the contractual agreement and generally as follows:

- 5-8 years for know-how assets
- 5 years for technology patents and licenses
- 15-25 for emission allowances
- 15 years for customer relationships

Research and development—Costs incurred on development projects are recognized as intangible assets when it is probable that we will achieve economic benefits in the future, considering its commercial and technological feasibility, and costs can be measured reliably. Research expenditure and development expenditure that do not meet the aforementioned criteria are recognized as expense as incurred. Amortization starts when development is complete and the asset is available for use. It is amortized over the period of expected future benefit.

Property, Plant and Equipment

Property, plant and equipment are recorded at historical cost. Historical cost includes expenditures that are directly attributable to the acquisition of the items. Costs may also include borrowing costs incurred on debt during construction of

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major projects exceeding one year, costs of major maintenance arising from turnarounds of major units when it is probable that there is an associated future economic benefit, and committed decommissioning costs. Routine maintenance and repair costs are expensed as incurred. Land is not depreciated.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets to their residual values, generally as follows:

- 25 years for major manufacturing equipment
- 30 years for buildings
- 5 to 20 years for light equipment and instrumentation
- 15 years for office furniture
- 2 to 7 years for turnarounds of major units, and
- 3 to 5 years for information system equipment.

The residual values and useful lives of assets are reviewed, and adjusted if appropriate, whenever events or circumstances indicate that a revision is warranted.

Impairments of Non-Financial Assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash-generating units) which for the Company is generally at the plant group level (or, at times, individual plants in certain circumstances where we have isolated production units with separately identifiable cash flows). Non-financial assets other than goodwill that have been impaired are reviewed for possible reversal of the impairment at each reporting date.

Goodwill is allocated to the operating group of cash-generating units which represents the lowest level at which the goodwill is monitored for internal management purposes which for us is at the operating segment level. The cash generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period.

Derivative Financial Instruments and Hedging Activities

Pursuant to our risk management policies, we selectively enter into derivative transactions to manage volatility related to market risks associated with changes in commodity pricing, currency exchange rates and interest rates. Derivatives used for these purposes are generally designated as net investment hedges, cash flow hedges or fair value hedges. Derivative instruments are recorded at fair value on the Statement of Financial Position. Gains and losses related to changes in the fair value of derivative instruments not designated as hedges are recorded in earnings. For derivatives designated as net investment hedges and cash flow hedges, the effective portion of the gains and losses is recorded in OCI. The ineffective portion of net investment hedges and cash flow hedges is recorded in earnings. For net investment hedges, gains and losses accumulated in equity are included in the income statement when the foreign currency operation is partially disposed of or sold. For cash flow hedges, gains and losses accumulated in equity are included in earnings when the hedged item affects profit or loss. For derivatives that have been designated as fair value hedges, the gains and losses of the derivatives and hedged items attributable to the risk being hedged are recorded in earnings.

Derivatives are initially recognized at fair value on the inception date and are subsequently re-measured at fair value as of each reporting date. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates certain derivatives as:

- a. hedges of changes in the fair value of recognized assets or liabilities (fair value hedge); or
- b. hedges of variability in cash flows attributable to the risk associated with a recognized asset or liability or a highly probable forecasted transaction (cash flow hedge); or
- c. hedges of a net investment in a foreign operation (net investment hedge).

At the inception of the transaction, the Company documents the relationship between the hedging instrument and the hedged item, its risk management objectives and strategy for undertaking various hedging transactions. The Company also

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documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivative that is used in the hedging transaction is highly effective in offsetting changes in the fair value or cash flow of the hedged item.

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 20. The full fair value of the derivatives is classified as a non-current asset or liability if the remaining maturity of the derivative is more than 12 months and as a current asset or liability if the remaining maturity is less than 12 months.

(a) Fair value hedges

Our fair value hedges consist of fixed-for-floating interest rate swaps. We use the long-haul, quantitative method to assess hedge effectiveness using a regression analysis approach. We perform the regression analysis over an observation period of three years, utilizing data that is relevant to the hedge duration. We use the dollar offset method to measure ineffectiveness.

The Company applies fair value hedge accounting for hedging the changes in fair value of fixed-rate borrowings. The gain or loss related to the effective and ineffective portion of interest rate swaps hedging fixed rate borrowings as well as changes in value of the fixed-rate borrowings attributable to interest rate risk are recognized as Finance costs.

We evaluate the effectiveness of the hedging relationships quarterly and calculate the changes in the fair value of the derivatives and the underlying hedged item basis adjustments separately. If the hedge no longer qualifies for hedge accounting, the adjustment to the carrying amount of the hedged item is amortized over its remaining term utilizing the effective interest method.

(b) Cash flow hedges

Our cash flow hedges primarily include forward starting interest rate swaps, and commodity futures and swaps and options.

Cash flow hedges utilizing commodity futures, swaps and options may use the critical terms match approach or long-haul, quantitative method to assess hedge effectiveness. We use the dollar offset method under the hypothetical derivative method to measure ineffectiveness.

For our forward starting interest rate swaps, we use the long-haul, quantitative method to assess hedge effectiveness under the hypothetical derivative approach. We use the dollar offset method under the hypothetical derivative method to measure hedge ineffectiveness.

When a hedging instrument expires or is sold, or when a hedge no longer qualifies for hedge accounting, any cumulative gain or loss existing in Equity at that time remains and is recognized in the Consolidated Statement of Income when the forecast transaction ultimately is recognized in the Consolidated Statement of Income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in Equity is immediately transferred to the Consolidated Statement of Income in the line item the hedged forecast transaction would have been recorded to within the Consolidated Statement Income.

(c) Net investment hedges

Our net investment hedges include foreign currency derivatives and foreign currency denominated debt. Our foreign currency derivative contracts primarily consist of cross currency swaps and foreign currency forward exchange contracts.

For all our net investment hedging instruments, we use the spot method to assess hedge effectiveness resulting in changes to their value from changes in spot foreign exchange rates to be recorded within OCI while the effect of the initial forward points and cross currency basis spread are excluded from the assessment of hedge effectiveness. For our cross currency basis swaps, the associated interest receipts and payments are recorded to Finance costs. For our foreign currency forward contracts, we amortize initial forward point values on a straight-line basis to Finance cost over the term of the hedging instrument designation. We monitor hedging conditions quarterly and rebalance the hedge designation as required to remove any overhedged condition, recording any incurred ineffectiveness just prior to rebalance.

Cash flows related to our foreign currency contracts designated as net investment hedges are reported in Cash flows from investing activities in the Consolidated Statement of Cash Flows. Cash flows related to our foreign currency denominated debt designated as net investment hedges are reported in Cash flows from financing activities and related interest payments are reported in Cash flows from operating activities in the Consolidated Statement of Cash Flows. Cash flows related to derivatives designated as cash flow and fair value hedges are classified consistently with the cash flows of the associated hedged item.

Classification and Measurement of Financial Assets

Financial liabilities are generally classified as loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, carried at amortized cost using the effective interest rate method.

Financial liabilities other than contingent consideration in a business combination, held for trading, or designated as at FVTPL, are measured subsequently at amortized cost using the effective interest method.

Offsetting Financial Instruments

When there is a legally enforceable right to offset and the intention to net settle, the financial assets and financial liabilities are reported on a net basis in the Consolidated Statement of Financial Position.

Fair Value Measurement

We categorize assets and liabilities, measured at fair value, into one of three different levels depending on the observability of the inputs employed in the measurement. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are observable inputs other than quoted prices included within Level 1 for the asset or liability, either directly or indirectly through market corroborated inputs. Level 3 inputs are unobservable inputs for the asset or liability reflecting significant modifications to observable related market data or our assumptions about pricing by market participants.

When available, quoted market prices are used to determine fair value and such measurements are classified within Level 1. In some cases where market prices are not available, observable market-based inputs are used to calculate fair value, in which case the measurements are classified within Level 2. If quoted or observable market prices are not available, fair value is based upon internally-developed models that use, where possible, current market-based parameters such as interest rates, yield curves and currency rates. These measurements are classified within Level 3.

Fair value measurements are classified according to the lowest level input or value-driver that is significant to the valuation. A measurement may therefore be classified within Level 3 even though there may be significant inputs that are readily observable.

Changes in fair value levels—Management reviews the disclosures regarding fair value measurements annually at year end. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified as Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is reclassified as Level 3.

Due to the short maturity, the fair value of all non-derivative financial instruments included in Current assets and Current liabilities except precious metal financings approximates the applicable carrying value. Short-term loans receivable, which represent our repurchase agreements, and short-term and long-term debt are recorded at amortized cost in the Consolidated Statement of Financial Position.

We use the following inputs and valuation techniques to estimate the fair value of our financial instruments:

Cross-Currency Swaps—The fair value of our cross-currency swaps is calculated using the present value of future cash flows discounted using observable inputs such as yield curves and with the foreign currency leg revalued using published spot and forward exchange rates on the valuation date.

Forward-Starting and fixed for floating Interest Rate Swaps—The fair value of our forward-starting and fixed for floating interest rate swaps is calculated using the present value of future cash flows method and based on observable inputs such as benchmark interest rates.

Commodity Derivatives—The fair values of our commodity derivative are measured using closing market prices at the end of the reporting period obtained from the New York Mercantile Exchange and from third-party broker quotes and pricing providers.

The fair value of our commodity swaps and options classified as Level 2 is determined using a combination of observable and unobservable inputs. The observable inputs consist of future market values of various crude and heavy fuel oils and feedstocks which are readily available through public data sources. The unobservable input, which is the estimated discount or premium used in the market pricing, is calculated using an internally-developed, multi-linear regression model based on the observable prices of the known components and their relationships to historical prices. A significant change in this

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unobservable input would not have a material impact on the fair value measurement of our Level 2 commodity swaps and options.

Forward Exchange Contracts—The fair value of our foreign currency derivatives is based on forward market rates.

Financial Assets at FVOCI/FVTPL—The fair value of our investments in debt securities is calculated using observable market data for similar securities and broker quotes from recognized purveyors of market data. The fair value of our equity interest in limited partnership investments is based on the net asset value provided by the fund administrator and are classified as Level 2 in the fair value hierarchy on the basis of their redemption features.

Loans Receivable—The fair value of our investments in tri-party repurchase agreements are based on discounted cash flows, which consider prevailing market rates for the respective instrument maturity in addition to corroborative support from the minimum underlying collateral requirements.

Short-term Debt—The fair values of short-term borrowings related to precious metal financing arrangements are determined based on the forward market price of the associated precious metal.

Long-term Debt—The fair value of our senior and guaranteed notes is calculated using pricing data obtained from well-established and recognized vendors of market data for debt valuation. The fair value of our term loan is determined based on a discounted cash flow model using observable inputs such as benchmark interest rate and public information on our credit risk.

Impairment of Financial Assets

We measure the allowance for trade receivables losses at an amount equal to lifetime expected credit loss ("ECL") using historical loss rates for the respective risk categories and incorporating forward-looking estimates. The allowance is recorded in Selling costs in the Consolidated Statement of Income.

We measure the allowance for debt security instruments losses at an amount equal to the lifetime ECL if the credit risk on that financial instrument has increased significantly since initial recognition. However, if the credit risk on a financial instrument has not increased significantly since initial recognition, we measure the loss allowance for that financial instrument at an amount equal to 12-month ECL. The allowance for credit losses is recorded in the Consolidated Statement of Income and is updated at each reporting date to reflect the changes in credit risk.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first in, first out ("FIFO") method and comprises direct purchase costs and other directly attributable costs including related production overheads (based on normal operating capacity). Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

Trade Receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business and are carried at transaction price net of allowance for credit losses.

Cash Equivalents

Cash equivalents consist of highly liquid debt instruments such as certificates of deposit, commercial paper and money market accounts placed with major international banks and financial institutions. Cash equivalents include instruments with maturities of three months or less when acquired. Bank overdrafts are shown within Borrowings in current liabilities on the consolidated statement of financial position. Cash and cash equivalents exclude restricted cash.

Income Taxes

The income tax for the period comprises current and deferred tax. Income tax is recognized in the Consolidated Statement of Income, except to the extent that it relates to items recognized in Other comprehensive income or directly in equity. In these cases, the applicable tax amount is recognized in Other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the Consolidated statement of financial position date, and any adjustment to tax payable in respect to previous years. Management evaluates positions with respect to applicable tax regulation which is subject to interpretation. The Company establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. Where it is not considered probable that

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a particular tax treatment will be accepted, the effect of the uncertainty is reflected in the tax provision by estimating the tax payable (or receivable) using either the most likely amount method or the expected value method.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes, as well as the net tax effects of net operating loss carryforwards, using the liability method. Deferred income taxes are measured at the tax rates and under the tax laws that have been enacted or substantially enacted at the Consolidated statement of financial position date and are expected to apply when the related deferred tax assets are realized or the deferred tax liabilities are settled. The carrying amount of deferred tax assets is reviewed at each consolidated statements of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to enable all or part of the asset to be recovered.

Employee Benefits

Pension Plans—We have both funded and unfunded defined benefit plans and defined contribution plans. For the defined benefit plans, a defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. When the calculation results in a potential asset, 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.

Pension costs primarily represent the increase in the actuarial present value of the obligation for pension benefits based on employee service during the year. Pension costs also include the net interest expense (income) that is calculated as the product of the net defined benefit liability (asset) and the discount rate determined at the end of the year and employees past-service costs.

Remeasurement gains and losses arising from experience adjustments, changes in actuarial assumptions and the return on plan assets (excluding interest) are charged or credited to Equity and are reflected in OCI in the period in which they arise. Remeasurements recognized in OCI are not reclassified.

For defined contribution plans, we pay contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The contributions are recognized as employee benefit expense when they are due.

Other Post-employment Obligations—Certain employees are entitled to post-retirement medical benefits upon retirement. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit plans.

Termination Benefits—Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary termination benefits. We recognize termination benefits when we are committed to terminating the employment of employees according to a detailed formal plan without possibility of withdrawal. In the case of an offer for voluntary termination benefits, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits due more than 12 months after the end of the reporting period are discounted to present value.

Trade and Other Payables

Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. Trade and other payables are initially recognized at fair value and subsequently measured at amortized cost.

Other Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Asset Retirement Obligation—At some sites, we are contractually obligated to decommission our plants upon site exit. The asset retirement obligation is generally recognized when the construction of the asset is complete. Upon initial recognition, the present value of the estimated costs is capitalized to the cost of the related long-lived asset and depreciated on a straight-line basis over the useful life of the asset. Accretion expense relating to the liability is recognized over the useful life of the related asset and included in Finance costs.

Share capital

Ordinary shares are classified as equity. The consideration paid, including any directly attributable incremental costs (net of income taxes) for the shares repurchased by the Company (treasury shares), is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction cost and the related income tax effects, is included in equity attributable to the Company's equity holders.

3 Critical Accounting Estimates and Judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and the reported amounts of revenue and expenses during the period as well as the information disclosed.

Critical Accounting Estimates and Assumptions

For our critical accounting estimates and assumptions, reference is made to the notes to these Consolidated Financial Statements, including the determination of deferred tax assets for loss carry forwards and the provision for tax contingencies (see Notes 12 and 27), the determination of the value in use of cash-generating units for use in goodwill impairment testing (see Note 14), the depreciation rates for property, plant and equipment (see Note 15) and intangible assets (see Note 14), the discount rate used to determine the provision for retirement benefit obligations and periodic pension cost (see Note 28) and the more likely than not assessment required to determine if a provision should be recognized and measured (see Notes 30 and 31).

Also, reference is made to Note 4 Financial Risk Management, which discusses our exposure to credit risk and financial market risks.

Actual results in the future may differ from these estimates. Management estimates and judgments are continually evaluated based on historic experience and other factors, including expectations of future events believed to be reasonable under the circumstances.

Critical Accounting Estimates or Judgments in Applying LyondellBasell N.V.'s Accounting Policies

Property, Plant and Equipment and Intangible Assets—With respect to property, plant and equipment and intangible assets, key assumptions include estimates of useful lives and the recoverability of carrying values of fixed assets and other intangible assets. Such estimates could be significantly modified and/or the carrying values of the assets could be impaired by such factors as projected changes in supply and demand fundamentals (including industry-wide capacity, our planned utilization rate and end-user demand), new technological developments, capital expenditures, new competitors with significant raw material or other cost advantages, changes associated with world economies, the cyclical nature of the chemical and refining industries, uncertainties associated with governmental actions and other economic conditions.

Houston Refinery Impairment—During the fourth quarter of 2021 and during the third quarter of 2020, we identified impairment triggers relating to our Houston refinery's cash-generating unit which resulted in non-cash impairment charges of \$624 million and \$582 million, respectively. Refer to Note 15 to our Consolidated Financial Statements.

In 2021, the Houston refinery's estimated fair value was calculated using a market approach which utilized unobservable inputs, which generally consist of market information provided by unrelated third parties.

In 2020, the Houston refinery's estimated fair value was determined using an income approach that was based on projected financial information and significant inputs that were not observable in the market. The estimates of the Houston refinery's discounted cash flows and estimated fair value utilized significant assumptions including management's best estimates of the expected future cash flows, the estimated useful lives of the cash-generating unit, and the residual value of the refinery.

These estimates required considerable judgment and are sensitive to changes in underlying assumptions such as future commodity prices, margins on refined products, operating rates and capital expenditures including repairs and maintenance. As a result, there can be no assurance that the estimates and assumptions made for purposes of our impairment determination will prove to be an accurate prediction of the future. Should our estimates and assumptions significantly change in future periods, it is possible that we may determine future impairment charges.

Goodwill—As of 31 December 2021, the Goodwill balance was \$1,670 million. Of this amount \$1,271 million was recognized as a result of the acquisition of A. Schulman in August 2018, which is included in our APS segment, and is mainly attributed to acquired workforce and expected synergies. The remaining goodwill at 31 December 2021 represents the tax effect of the differences between the tax and book bases of our assets and liabilities resulting from the revaluation of those assets and liabilities to fair value in connection with the Company's acquisition of LyondellBasell Subholdings

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B.V. and LyondellBasell Finance Company on 30 April 2010. Goodwill is allocated to a group of cash-generating units and tested for impairment annually or more frequently if events or changes in circumstances indicate impairment. The recoverable amount of the cash-generating units is determined on value-in-use basis using pre-tax cash flows as per management approved financial budgets and extrapolated growth models, and discounted using the weighted average cost of capital of the Company.

Joint Arrangements—We are a party to several joint arrangements. The Company has joint control over these arrangements as unanimous consent is required from all parties to the agreements to direct the activities that significantly affect the returns of the arrangement, such as annual production budgets, capital expenditures, incurrence of indebtedness, election of key management team members, approval of pricing policies and admission of new parties.

The classification of these joint arrangements as either a joint operation or a joint venture is driven by the rights and obligations of the parties particularly as it relates to transfer of marketing rights, offtake obligations, and credit risks relating to the activities of the arrangement to the parties rather than the legal form of the arrangement.

The joint ventures of the Company are structured as legal entities and provide the parties to the agreements with rights to the net assets of the entities under the arrangements. The parties are not substantially the only source of cash flows contributing to the continuity of the operations of the joint venture.

The output of the joint operations of the Company is for the sole use of the parties to the joint arrangement. The parties are substantially the only source of cash flows contributing to the continuity of the operations of the joint operation.

Employee Benefits—Our costs for long-term employee benefits, particularly pension and other postretirement medical and life insurance benefits, are incurred over long periods of time, and involve many uncertainties over those periods.

The current benefit service costs, as well as the existing liabilities, for pensions and other postretirement benefits are measured on a discounted present value basis. The discount rate is a current rate, related to the rate at which the liabilities could be settled. Our assumed discount rate is based on yield information for high-quality corporate bonds.

The benefit obligation and the periodic cost of other postretirement medical benefits are measured based on assumed rates of future increase in the per capita cost of covered health care benefits.

Accruals for Taxes Based on Income—The determination of our provision for income taxes and the calculation of our tax benefits and liabilities is subject to management's estimates and judgments due to the complexity of the tax laws and regulations in the tax jurisdictions in which we operate. Uncertainties exist with respect to interpretation of these complex laws and regulations.

4 Financial Risk Management

We are exposed to market risks, such as changes in commodity pricing, currency exchange rates and interest rates. To manage the volatility related to these exposures, we selectively enter into derivative transactions pursuant to our risk management policies.

Commodity Price Risk

Prices for our products and raw materials are subject to changes in supply and demand. Natural gas, crude oil and refined products, along with feedstocks for ethylene and propylene production, constitute the main commodity exposures. Pricing terms in our raw material contracts are generally indexed to market prices. Changes in market prices for raw materials generally correlate with changes in market prices for our products. In certain sales contracts, we may negotiate pricing terms to better align with changes in raw material costs. We also selectively enter commodity swap and futures contracts to manage commodity price risk. The impact of a 10% change in commodity prices at 31 December 2021 and 2020 would not materially impact the fair values of our commodity derivative contracts.

We are exposed to commodity price volatility related to purchases of various feedstocks and sales of our products. We use over-the-counter commodity swaps, options and exchange traded futures contracts to manage these risks, including through cash flow hedging relationships.

The following table presents the notional amounts of our outstanding commodity derivative instruments:

<u>Millions of dollars</u>	<u>31 December 2021</u>		<u>31 December 2020</u>		<u>Maturity Date</u>
	<u>Notional Amount</u>		<u>Notional Amount</u>		
Derivatives designated as hedges:					
Cash flow hedges	\$	41	\$	60	2022
Derivatives not designated as hedges:					
Commodity contracts		245		184	2022

Commodity contracts—As of 31 December 2021, we have commodity contracts with a total notional value of \$245 million with expected maturity dates in 2022. These transactions are not classified as cash flow hedges. As of 31 December 2021, these commodity contracts had a net asset fair value of \$30 million.

Cash Flow Hedges—As of 31 December 2021, we have over the counter commodity swaps with a total notional amount of \$41 million with expected maturity dates in 2022. These transactions were classified as cash flow hedges to manage the volatility of commodity prices. As of 31 December 2021, commodities contracts outstanding and designated as cash flow hedges had a net asset fair value of \$24 million.

We recorded deferred pre-tax gains of \$54 million and \$5 million in Other reserves related to our commodity derivatives contracts designated as cash flow hedges during the years ended 31 December 2021 and 2020, respectively. As of 31 December 2021, on a pre-tax basis, \$24 million is scheduled to be reclassified from Other reserves as an increase to net income over the next twelve months.

Foreign Exchange Risk

We manufacture and market our products in many countries throughout the world and, as a result, are exposed to changes in foreign currency exchange rates. Our reporting currency is the U.S. dollar. Many of our operating entities use the euro as their functional currency. Translation adjustments are deferred in Accumulated other comprehensive income. We use foreign currency derivatives that are designated as net investment hedges to reduce the volatility in Total equity resulting from translation adjustments associated with our net investments in foreign operations.

Some of our consolidated entities enter transactions that are not denominated in their functional currency. This results in exposure to foreign currency risk for financial instruments, including, but not limited to, third-party and intercompany receivables and payables and intercompany loans.

Our policy is to maintain a balanced position in foreign currencies to minimize exchange gains and losses arising from changes in exchange rates. We maintain risk management control practices to monitor the foreign currency risk attributable to our outstanding inter-company and third party foreign currency balances. These practices involve the centralization of our exposure to underlying currencies that are not subject to central bank and/or country specific restrictions. By centralizing most of our foreign currency exposure into one subsidiary, we are able to take advantage of natural offsets thereby reducing

the overall impact of changes in foreign currency rates on our earnings.

To minimize the effects of our net currency exchange exposures, we enter into forward exchange contracts and cross-currency swaps. We also engage in short-term forward exchange contracts to manage our net exposure to foreign currencies as economic hedges. Changes in the fair value of these foreign currency contracts are reported in the Consolidated Statement of Income and offset the currency exchange results recognized on foreign currency balances.

Other income, net, in the Consolidated Statements of Income reflect net foreign currency losses of \$2 million and \$7 million in 2021 and 2020, respectively. As of 31 December 2021, our foreign currency contracts that are accounted for as economic hedges mature between January 2022 and March 2022, had an aggregate notional amount of \$222 million and the fair value was a net liability of \$1 million. A 10% fluctuation compared to the U.S. dollar would have resulted in an additional impact to earnings of approximately \$4 million and \$5 million in 2021 and 2020, respectively.

In October 2020, we entered into €750 million of foreign currency contracts to economically hedge the redemption of €750 million aggregate principal amount of our 1.875% guaranteed notes originally due in 2022 which were redeemed in November 2020. These foreign currency contracts were not designated as hedges. In November 2020, upon settlement of these foreign currency contracts, we paid \$882 million to our counterparties and received €750 million (\$887 million at the expiry spot rate) from our counterparties.

Net Investment Hedges—The following table summarizes our net investment hedges outstanding for the periods presented:

<u>Millions of euro/dollars</u>	<u>31 December 2021</u>		<u>31 December 2020</u>		<u>Expiration Date</u>
	<u>Notional Value</u>		<u>Notional Value</u>		
	<u>Foreign currency</u>	<u>Equivalent US\$</u>	<u>Foreign currency</u>	<u>Equivalent US\$</u>	
Foreign currency	€ 2,617	\$ 3,048	€ 1,667	\$ 1,890	2022 to 2030

In 2021 we entered into €1,250 million of foreign currency contracts that were designated as net investment hedges. In 2021, foreign currency contracts with an aggregate notional value of €300 million expired. Upon settlement of these foreign currency contracts, we paid €300 million (\$355 million at the expiry spot rate) to our counterparties and received \$358 million from our counterparties.

For the year ended 31 December 2021, we recognized \$3 million loss in Other comprehensive income relating to the cost of hedging and \$12 million gain in profit and loss related to ineffectiveness. For the year ended 31 December 2020, we recognized \$3 million loss in other comprehensive income relating to the cost of hedging and \$1 million loss in profit or loss relating to ineffectiveness.

The table below illustrates the impact on Other comprehensive loss of a 10% fluctuation in the foreign currency rate associated with each net investment hedge and the EURIBOR and LIBOR rates associated with the cross-currency basis swaps at 31 December:

<u>Net Investment Hedges</u>	<u>2021</u>	<u>2020</u>	<u>10% Variance</u>	<u>2021</u>	<u>2020</u>
	<u>Notional Amount</u>			<u>Impact on Other Comprehensive Income</u>	
Cross Currency Basis Swaps	€617	€617	euro/U.S. dollar rate	\$71	\$77
Cross Currency Swaps	€750	€750	euro/U.S. dollar rate	\$92	\$101
Forward Exchange Contracts	€1,250	€300	euro/U.S. dollar rate	\$142	\$37

Cross-Currency Swaps—We have cross-currency swap contracts that reduce our exposure to the foreign currency exchange risk associated with certain intercompany loans. Under the terms of these contracts, which have not been designated hedges, we will make interest payments in euros and receive interest in U.S. dollars. Upon the maturities of these contracts, we will pay the principal amount of the loans in euros and receive U.S. dollars from our counterparties. Each reporting period, the swaps are marked to market to arrive at their fair value. The resulting gains and losses are classified as Other (income) expense, net.

In November 2021, foreign currency contracts with an aggregate notional value of \$855 million expired. Upon settlement of these foreign currency contracts we paid €790 million (\$904 million at the expiry spot rate) to our counterparties and received \$855 million from our counterparties.

At 31 December 2021 and 2020, non-cancellable cross-currency swaps with an aggregated notional of \$1,149 million and \$2,005 million, respectively, are outstanding. These foreign currency contracts have maturity dates ranging from 2024 to 2027 and their fair value was a net liability of \$51 million and a net liability of \$259 million as of 31 December 2021 and 2020, respectively. A 10% fluctuation compared to the U.S. dollar would have had a resulting additional impact to earnings of approximately \$134 million and \$250 million in 2021 and 2020, respectively. Finance costs in the Consolidated Statement of Income reflected gains of \$15 million and of \$57 million for the periods ended 31 December 2021 and 2020, respectively, related to changes in currency exchange rates and cross-currency swaps.

Interest Rate Risk

Interest rate risk management is viewed as a trade-off between cost and risk. The cost of interest is generally lower for short-term debt and higher for long-term debt, and lower for floating rate debt and higher for fixed rate debt. However, the risk associated with interest rates is inversely related to the cost, with short-term debt carrying a higher refinancing risk and floating rate debt having higher interest rate volatility. Our interest rate risk management strategy attempts to optimize this cost/risk/reward trade-off.

We are exposed to interest rate risk with respect to our fixed-rate and variable-rate debt. Fluctuations in interest rates impact the fair value of fixed-rate debt and expose us to the risk that we may need to refinance debt at higher rates. Fluctuations in interest rates also impact interest expense from our variable-rate debt. We use forward-starting interest rate swaps that are designated as cash flow hedges to mitigate the risk that benchmark rates will increase in connection with future financing activities. As of 31 December 2021 and 2020, Non-Current derivative financial instruments includes \$238 million of collateral related to these forward-starting interest swaps, representing the maximum amount of collateral that may be required under these contracts. We also use interest rate swaps that are designated as fair value hedges to mitigate the changes in the fair value of our fixed-rate debt by effectively converting it to variable-rate debt.

Cash Flow Hedges— At 31 December 2021, the total notional amount of our interest rate contracts designated as cash flow hedges, which have maturity dates ranging from 2053 to 2054, was \$1,000 million and the fair value was a net liability of \$268 million. At 31 December 2020, the fair value was a net liability of \$343 million. We estimate that a 10% change in market interest rates as of 31 December 2021 and 2020, would change the fair value of these forward-starting interest rate swaps by approximately \$48 million and \$44 million, respectively.

We recorded pre-tax profit of \$75 million and pre-tax losses \$348 million in other comprehensive Income related to our forward-starting interest rate swaps designated as cash flow hedges during the years ended 31 December 2021 and 2020, respectively. In addition, we reclassified pre-tax gains of \$6 million and \$4 million from other comprehensive income into earnings during the years ended 31 December 2021 and 2020, respectively.

The ineffectiveness recorded for this hedging relationship was less than \$1 million for the years ended 31 December 2021 and 2020, respectively.

As of 31 December 2021, on a pre-tax basis, \$6 million is scheduled to be reclassified from other comprehensive income as an increase to interest expense over the next twelve months.

Fair Value Hedges—The following table summarizes our fair value hedges outstanding for the periods presented:

<u>Millions of dollars</u>	<u>31 December 2021</u>		<u>31 December 2020</u>		<u>Expiration Date</u>
	<u>Notional Value</u>		<u>Notional Value</u>		
Interest rates	\$	1,163	\$	122	2025 to 2030

We enter into interest rate swaps as part of our interest rate risk management strategy.

At 31 December 2021, interest rates swaps designated as fair value hedge had a fair value of (\$10 million).

The pre-tax effect of the periodic receipt of fixed interest and payment of variable interest associated with our fixed-for-floating interest rate swaps resulted in a \$12 million increase in interest expense for the year ended 31 December 2021 and \$4 million decrease in interest expense for the year ended 31 December 2020.

Fixed-rate debt—We enter into interest rate swaps that effectively convert our fixed-rate debt to variable-rate debt. These interest rate swaps are designated as fair value hedges. At 31 December 2021 and 2020, the total notional amount of these interest rate swaps was \$1,163 million and \$122 million, respectively.

At 31 December 2021, after giving consideration to the fixed-rate debt that we have effectively converted to variable-rate debt, approximately 90% of our debt portfolio, on a gross basis, incurred interest at a fixed-rate and the remaining 10% of

the portfolio incurred interest at a variable-rate. We estimate that a 10% change in market interest rates as of 31 December 2021 and 2020, would not materially impact the fair value of these interest rate swaps.

Variable-rate debt—At 31 December 2021, our variable rate-debt consisted of \$204 million outstanding under our Commercial Paper Program. We have available borrowing capacity under our \$3,250 million Senior Revolving Credit Facility and our \$900 million U.S. Receivables Facility. At 31 December 2021, there were no outstanding borrowings under these facilities. Based on our average variable-rate debt outstanding per year, we estimate that a 10% change in market interest rates as of 31 December 2021 and 2020, would not materially impact the fair value of these facilities.

Cash Concentration

Our cash equivalents are placed in high-quality commercial paper, money market funds and time deposits with major international banks and financial institutions.

Marketable Securities—We invest cash in investment-grade securities for periods not exceeding three years. Investments in securities with original maturities of three months or less are classified as Cash and cash equivalents. At 31 December 2021 and 2020, we had marketable securities classified as Cash and cash equivalents of \$438 million and \$682 million, respectively.

We also have investments in marketable securities classified as fair value through other comprehensive income (FVOCI). Investments classified as FVOCI are carried at fair value with unrealized gains and losses recorded in OCI. Credit impairment losses/reversals are recognized through earnings with an offset to OCI.

Investments in Marketable Securities—The following table summarizes the amortized cost, gross unrealized gains and losses, and fair value of our FVOCI securities that are outstanding as of 31 December 2021 and 2020.

<u>Millions of U.S. Dollars</u>	<u>Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
Financial Assets at Fair Value through other comprehensive income				
Debt securities at 31 December 2021	\$ —	\$ —	\$ —	\$ —
Debt securities at 31 December 2020	\$ 348	\$ 1	\$ —	\$ 349

No allowance for credit losses related to our FVOCI securities was recorded for the year ended 31 December 2021 and 2020.

The proceeds from maturities and sales of our FVOCI securities during the years ended 31 December 2021 and 2020 are summarized in the following table.

<u>Millions of U.S. Dollars</u>	<u>31 December</u>	
	<u>2021</u>	<u>2020</u>
Proceeds from maturities of securities	\$ 346	\$ 24
Proceeds from sales of securities	—	90

The gross realized gains and losses associated with the sale of FVOCI securities during the year ended 31 December 2021 and 2020, were less than \$1 million, respectively.

Investments in Equity Securities—The cost basis of our investment in equity securities was \$9 million and \$353 million as of 31 December 2021 and 2020, respectively. The investment was under an orderly voluntary liquidation by the fund administrator in 2021. We received proceeds of \$335 million and \$313 million from the sale or liquidation of this investment during the years ended 31 December 2021 and 2020, respectively. The investment was fully liquidated in January 2022.

Capital Risk Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. Capital includes equity attributable to the equity holders of the parent.

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The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may issue new debt, repay debt, return capital to shareholders or issue new shares.

Liquidity and Capital Resources—As of 31 December 2021, we had unrestricted cash and cash equivalents of \$1,626 million (\$1,933 million in 2020). In addition at 31 December 2021, we had total unused availability under our credit facilities of \$3,946 million (\$2,777 million in 2020).

We may repay or redeem our debt, including purchases of our outstanding bonds in the open market, using cash and cash equivalents, cash from our short-term investments, cash from operating activities, proceeds from the issuance of debt, proceeds from asset divestitures, or a combination thereof. In connection with any repayment or redemption of our debt, we may incur cash and non-cash charges, which could be material in the period in which they are incurred.

We plan to fund our ongoing working capital, capital expenditures, debt service, dividends and other cash requirements with our current available liquidity and cash from operations, which could be affected by general economic, financial, competitive, legislative, regulatory, business and other factors, many of which are beyond our control. Cash and cash equivalents, cash from our short-term investments, cash from operating activities, proceeds from the issuance of debt, or a combination thereof, may be used to fund the purchase of shares under our share repurchase authorization.

We intend to continue to declare and pay quarterly dividends, with the goal of increasing the dividend over time, after giving consideration to our cash balances and expected results from operations. Our focus on funding our dividends while remaining committed to a solid investment grade balance sheet continues to be the foundation of our capital allocation strategy.

Our 2021 cash generation allowed us to achieve our goal of reducing long-term debt by \$4 billion during the year and demonstrated our commitment to a solid investment-grade credit rating. We do not plan to pursue further long-term debt reduction in 2022.

The table below provides a maturity analysis of our financial liabilities based on the remaining contractual maturities as of 31 December.

Millions of U.S. Dollars	Total obligations	Less than 1 year	Between 1 to 2 years	Between 2 to 5 years	Over 5 years
31 December 2021					
Borrowings	\$ 12,682	\$ 501	\$ 527	\$ 2,138	\$ 9,516
Interest payment on total borrowings	8,888	469	873	778	6,768
Trade and other payables	6,465	6,465	—	—	—
Lease liabilities	2,534	462	351	755	966
	<u>\$ 30,569</u>	<u>\$ 7,897</u>	<u>\$ 1,751</u>	<u>\$ 3,671</u>	<u>\$ 17,250</u>
31 December 2020					
Borrowings	\$ 16,892	\$ 739	\$ 1,456	\$ 3,414	\$ 11,283
Interest payment on total borrowings	10,280	576	576	1,582	7,546
Trade and other payables	4,421	4,421	—	—	—
Commodity derivatives	16	16	—	—	—
Lease liabilities	1,827	375	546	379	527
	<u>\$ 33,436</u>	<u>\$ 6,127</u>	<u>\$ 2,578</u>	<u>\$ 5,375</u>	<u>\$ 19,356</u>

Fair Value Estimates

The following table summarizes financial assets and liabilities outstanding at 31 December that are measured at fair value on a recurring basis.

Millions of U.S. Dollars	31 December 2021		31 December 2020	
	Notional Amount	Fair Value	Notional Amount	Fair Value
Assets -				
Derivatives designated as hedges:				
Foreign currency	\$ 2,399	\$ 87	\$ —	\$ 6
Interest Rates	300	249	122	240
Commodities	41	25	60	7
Derivatives not designated as hedges:				
Commodities	221	30	44	1
Foreign currency	34	16	—	21
Non-derivatives:				
Debt securities	—	—	348	349
Equity securities	9	9	353	353
	<u>\$ 3,004</u>	<u>\$ 416</u>	<u>\$ 927</u>	<u>\$ 977</u>
Liabilities -				
Derivatives designated hedges:				
Foreign currency	\$ 650	\$ 48	\$ 1,890	\$ 171
Interest Rates	1,863	290	1,000	343
Commodities	—	—	—	2
Derivatives not designated hedges:				
Commodities	24	1	140	14
Foreign Currency	1,338	65	2,230	277
	<u>\$ 3,875</u>	<u>\$ 404</u>	<u>\$ 5,260</u>	<u>\$ 807</u>

All financial instruments in the tables above are classified as Level 2. There were no transfers between Level 1 and Level 2 for any of our financial instruments during the years ended 31 December 2021 and 2020.

Financial Instruments Not Measured at Fair Value on a Recurring Basis—The following table presents the carrying value and estimated fair value of our financial instruments that are not measured at fair value on a recurring basis for the periods presented. Due to the short maturity, the fair value of all non-derivative financial instruments included in Current assets and Current liabilities for which the carrying value approximates fair value are excluded from the table below. Short-term and long-term debt are recorded at amortized cost in the Consolidated Statement of Financial Position. The carrying and fair values of short-term and of long-term debt exclude commercial paper and other miscellaneous debt.

Millions of U.S. Dollars	31 December 2021		31 December 2020	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Liabilities:				
Current borrowings	\$ 495	\$ 470	\$ 731	\$ 722
Non-Current borrowings	12,007	13,547	16,048	18,068
Total	<u>\$ 12,502</u>	<u>\$ 14,017</u>	<u>\$ 16,779</u>	<u>\$ 18,790</u>

All financial instruments in the table above are classified as Level 2. There were no transfers between Level 1 and Level 2 for any of our financial instruments during the years ended 31 December 2021 and 2020.

5 Revenue

Contract Balances—Contract liabilities were \$169 million and \$194 million at 31 December 2021 and 2020, respectively. We are obligated to deliver products or services in connection with sales agreements under which customer payments were received before transfer of control to the customers occurs. These contract liabilities will be recognized in earnings when control of the product or service is transferred to the customer.

Disaggregation of Revenues—We participate globally across the petrochemical value chain and are an industry leader in many of our product lines. Our chemicals businesses consist primarily of large processing plants that convert large volumes of liquid and gaseous hydrocarbon feedstocks into plastic resins and other chemicals. Our chemical products tend to be basic building blocks for other chemicals and plastics. Our plastic products are used in large volumes as well as smaller specialty applications. Our refining business consists of our Houston refinery, which processes crude oil into refined products such as gasoline and distillates..

Revenues disaggregated by key products are summarized below:

<u>Millions of U.S. dollars</u>	<u>2021</u>	<u>2020</u>
Sales and other operating revenues:		
Olefins & co-products	\$ 5,343	\$ 2,503
Polyethylene	10,437	5,932
Polypropylene	8,336	4,762
Propylene oxide & derivatives	2,885	1,714
Oxyfuels and related products	3,587	2,278
Intermediate chemicals	3,450	2,087
Compounding and solutions	4,135	3,227
Advanced polymers	1,001	680
Refined products	7,178	4,346
Other	851	636
Total	<u>\$ 47,203</u>	<u>\$ 28,165</u>

The following table presents our revenues disaggregated by geography, based upon the location of the customer:

<u>Millions of U.S. dollars</u>	<u>2021</u>	<u>2020</u>
Sales and other operating revenues:		
United States	\$ 22,526	\$ 12,117
Germany	3,395	2,113
China	3,201	1,697
Mexico	1,572	1,197
Italy	1,828	1,175
Poland	1,180	926
Japan	1,417	876
France	1,431	875
The Netherlands	1,390	785
Other	9,263	6,404
Total	<u>\$ 47,203</u>	<u>\$ 28,165</u>

Transaction Price Allocated to the Remaining Performance Obligations—We have elected to exclude contracts which have an initial term of one year or less from this disclosure. Our contracts with customers are commodity supply arrangements that settle based on market prices at future delivery dates; therefore, transaction prices are entirely variable. Transaction prices are known at the time revenue is recognized since they are generally determined by the commodity price index at a specific date, at month-end or at the month average once products are shipped to our customers. Future estimates of transaction prices for disclosure purposes are substantially constrained as they are highly susceptible to factors outside our influence, including volatility in commodity markets, industry production capacities and operating rates, planned and unplanned industry operating interruptions, foreign exchange rates and worldwide geopolitical trends.

6 Expenses by Nature

<u>Millions of U.S. Dollars</u>	<u>Note</u>	<u>2021</u>	<u>2020</u>
Change in inventories of finished goods and work in progress		\$ (2,639)	\$ (412)
Raw materials and utilities		32,486	19,085
Employee benefit expenses	7	3,242	2,790
Depreciation and amortization	15	1,901	1,792
Distribution expenses		1,327	1,155
Other expenses		1,712	1,643
Total cost of sales, selling costs, and administration expenses		<u>\$ 38,029</u>	<u>\$ 26,053</u>

7 Employee Benefit Expenses

<u>Millions of U.S. Dollars</u>	<u>Note</u>	<u>2021</u>	<u>2020</u>
Wages and salaries		\$ 2,490	\$ 2,109
Social security		408	340
Share-based compensation granted to directors and employees	8	66	55
Pension costs - defined benefit obligations	28	119	121
Pension costs - defined contribution obligations		65	63
Other post-employment benefits - defined benefit obligations	28	10	12
Other employee benefits		84	90
Total cost of employee benefits		<u>\$ 3,242</u>	<u>\$ 2,790</u>

8 Share-Based Compensation Granted to Directors and Employees

We are authorized to grant restricted stock units, stock options, performance share units, and other cash and stock awards under our Long-Term Incentive Plan ("LTIP"). The Compensation and Talent Development Committee oversees our equity award grants, the type of awards, the required performance measures, and the timing and duration of each grant. The maximum number of shares of our common stock reserved for issuance under the LTIP is 30,000,000 shares. As of 31 December 2021, there were 10,068,676 shares remaining available for issuance assuming maximum payout for performance share units awards.

Our share-based compensation awards, which are subject to customary partial or accelerated vesting or forfeiture in the event of certain termination events, are accounted for as equity awards with compensation cost recognized over the vesting period in the Consolidated Statement of Income. We use a straight-line vesting method for cliff-vested awards and a graded vesting method for step-vested awards. When options are exercised and awards are paid out, shares are issued from our treasury shares.

Total share-based compensation expense and the associated tax benefits are as follows for the years ended 31 December:

<u>Millions of U.S. Dollars</u>	<u>2021</u>	<u>2020</u>
Compensation expense:		
Restricted stock units	\$ 30	\$ 26
Stock options	9	8
Performance share units	27	21
	<u>\$ 66</u>	<u>\$ 55</u>
Tax benefit:		
Restricted stock units	\$ 7	\$ 6
Stock options	2	2
Performance share units	6	5
	<u>\$ 15</u>	<u>\$ 13</u>

Restricted Stock Unit Awards ("RSUs")—RSUs entitle the recipient to be paid out an equal number of ordinary shares upon vesting. RSUs generally cliff vest on the third anniversary of the grant date.

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The holders of RSUs are entitled to nonforfeitable dividend equivalents settled in the form of cash payments, which are recognized as dividends in Retained earnings.

The fair value of RSUs is based on the market price of the underlying stock on the date of grant. The weighted average grant date fair value for RSUs granted during the years ended 31 December 2021 and 2020 was \$104.43 and \$79.58, respectively. The total fair value of RSUs vested during 2021 and 2020 was \$27 million and \$18 million, respectively.

The following table summarizes RSU activity:

	2021		2020	
	Number of Units (in thousands)	Weighted Average Granted Fair Value (Per Share)	Number of Units (in thousands)	Weighted Average Granted Fair Value (Per Share)
Outstanding at 1 January	693	\$ 88.45	613	\$ 93.37
Granted	390	104.43	335	79.58
Vested	(270)	96.29	(230)	88.67
Forfeited	(75)	94.38	(25)	88.25
Outstanding at 31 December	738	\$ 93.43	693	\$ 88.45

As of 31 December 2021, the unrecognized compensation cost related to RSUs was \$29 million, which is expected to be recognized over a weighted average period of two years.

Stock Option Awards ("Stock Options")—Stock Options allow employees the opportunity in the future to purchase ordinary shares of stock at an exercise price equal to the market price at the date of grant. The awards generally have a three-year vesting period that vests in equal increments on the first, second, and third anniversary of the grant date and have a contractual term of ten years.

The fair value of each Stock Option is estimated based on several assumptions, on the date of grant using the Black-Scholes option valuation model. The principal assumptions utilized in valuing Stock Options include the expected stock price volatility (based on our historical stock price volatility over the expected term); the expected dividend yield; and the risk-free interest rate (an estimate based on the yield of a United States Treasury zero coupon bond with a maturity equal to the expected term of the option).

The expected term of Stock Options granted in 2021 is estimated based on the weighted average of historical exercise patterns and the midpoint of the remaining expected life. Prior to 2021, the expected term of Stock Options granted was estimated based on a simplified approach which is consistent with the historical exercise pattern.

Weighted average fair values of Stock Options granted and the assumptions used in estimating those fair values are as follows:

	31 December	
	2021	2020
Weighted average fair value:	\$ 20.49	\$ 12.18
Fair value assumptions:		
Dividend yield	5.9 %	5 %
Expected volatility	39.1-39.4%	28.3-38.4%
Risk-free interest rate	0.9-1.0%	0.3-1.4%
Weighted average expected term, in years	5.6	6.0

The following table summarizes Stock Option activity:

	Number of Shares (in thousands)	Weighted Average Exercise Price	Weighted Average Remaining Term	Aggregate Intrinsic Value (Millions of U.S. Dollars)
Outstanding at 1 January 2020	1,782	90.08		
Granted	701	82.92		
Exercised	(16)	44.76		
Forfeited	(53)	85.10		
Expired	(10)	98.32		
Outstanding at 31 December 2020	<u>2,404</u>	<u>\$ 88.36</u>	<u>7.1 years</u>	<u>\$ 14</u>
Exercisable at 31 December 2020	<u>1,357</u>	<u>\$ 89.37</u>	<u>5.9 years</u>	<u>\$ 8</u>
Outstanding at 1 January 2021	2,404	88.36		
Granted	537	104.48		
Exercised	(356)	87.83		
Forfeited	(135)	96.89		
Expired	(1)	103.71		
Outstanding at 31 December 2021	<u>2,449</u>	<u>\$ 91.50</u>	<u>7.4 years</u>	<u>\$ 13</u>
Exercisable at 31 December 2021	<u>1,741</u>	<u>\$ 90.14</u>	<u>5.4 years</u>	<u>\$ 10</u>

The aggregate intrinsic value of Stock Options exercised during the years ended 31 December 2021 and 2020 was \$7 million and \$1 million, respectively.

As of 31 December 2021, the unrecognized compensation cost related to Stock Options was \$5 million, which is expected to be recognized over a one-year period. During 2021, cash received from the exercise of Stock Options was \$24 million and the tax benefit associated with these exercises was \$2 million.

Performance Share Units Awards ("PSUs")—A target number of PSUs is granted to participants at the beginning of each performance period. Final payout of awards, which can range from 0% to 200% of target shares granted is determined and paid after the performance period. These awards are settled in shares of common stock, and each unit is equivalent to one share of our common stock.

The payout for PSUs granted after February 2021 will be equally based on Total Shareholder Return ("TSR") relative to our peers and a performance metric. The fair value of the portion of the award that vests based on TSR is estimated using a Monte-Carlo simulation. For the other portion of the award, the fair value is determined based on our stock price and the number of target shares expected to vest at the end of each reporting period. Prior to 2021, all our PSUs vesting was based on TSR relative to our peers, and the fair value was estimated using a Monte-Carlo simulation.

Outstanding PSUs accrue dividend equivalent units, which will be converted to shares upon payment at the end of the performance period and are classified as trade and other payables on the Consolidated statement of financial position. Dividend equivalents units for PSUs are recorded in Retained earnings.

LyondellBasell Industries N.V.

The weighted average fair value and the assumptions used in estimating those fair value using a Monte-Carlo simulation are as follows:

	<u>2021</u>	<u>2020</u>
Weighted average fair value	\$ 169.57	\$ 82.70
Fair value assumptions:		
Expected volatility of LyondellBasell N.V. common stock	48.05 %	25.96-41.50%
Expected volatility of peer companies	24.30-59.44%	16.13-50.42%
Average correlation coefficient of peer companies	0.59	0.45-0.58
Risk-free interest rate	0.31 %	0.23-1.35%

The following table summarizes PSU activity, assuming payout at 100% of target shares:

	<u>2021</u>		<u>2020</u>	
	Number of Units	Weighted Average Grant Date Fair Value	Number of Units	Weighted Average Grant Date Fair Value
	(in thousands)	(per share)	(in thousands)	(per share)
Outstanding at 1 January	749	\$ 82.07	683	\$ 85.32
Granted	288	130.85	310	82.70
Vested	—	—	(212)	93.28
Forfeited	(283)	95.99	(32)	82.97
Outstanding at 31 December	<u>754</u>	<u>\$ 95.45</u>	<u>749</u>	<u>\$ 82.07</u>

The total fair value of PSUs vested during 2020 was \$9 million. As of 31 December 2021, the unrecognized compensation cost related to PSUs was \$25 million, which is expected to be recognized over a weighted average period of two years.

Employee Stock Purchase Plan

We have an Employee Share Purchase Plan ("ESPP") which allows participants to purchase our stock at a 10% discount on the lower of the fair market value at either the beginning or end of the purchase period. As a result of the 10% discount and the look-back provision, the ESPP is considered a compensatory plan. Total expense related to our ESPP for 2021 and 2020 was \$3 million and \$4 million, respectively.

9 Directors' Remuneration

The Company is managed by its Board of Directors consisting of non-executive directors and one executive director, our CEO.

Executive Director Remuneration

As of 31 December 2021, Mr. Patel was the sole executive member of our Board of Directors. He received a base salary, annual bonus, and grants of share-based awards under the Company's Long-Term Incentive Plan. The share-based awards include performance share units, stock options, and restricted stock units. Information on these awards can be found in Note 8, Share-Based Compensation Granted to Directors and Employees. Mr. Patel retired from the Company on 31 December 2021.

The following table summarizes the compensation expense recorded in our Financial Statements associated with Mr. Patel for the years ended 31 December 2021 and 2020.

Thousands of U.S. Dollars	Salary	Share- Based Compensation (1)	Short-Term Incentives (2)	Pension Service Cost	All other Compensation (3)	Total
2021	\$ 1,575	\$ 13,858	\$ 3,553	\$ 17	\$ 234	\$ 19,237
2020	\$ 1,575	\$ 11,378	\$ 1,474	\$ 13	\$ 442	\$ 14,882

(1) Share-based compensation expense represents costs for which are recognized over the vesting period.

(2) Short-term incentives represent annual bonuses paid for performance. The target annual bonus, set as a percentage of base salary, is multiplied by the payout for corporate-wide results. The payout for corporate-wide results ranges from 0 to 200% and is based on (i) health, safety and environmental performance; (ii) business results (earnings before interest, taxes, depreciation and amortization); and (iii) cost discipline. The corporate wide results paid out at 162% of target for 2021 and 66% of target for 2020.

(3) Amounts included in "All Other Compensation" in the table above include Company 401(k) matching contributions and pension plan contributions; Company contributions under the Company's U.S. Senior Management Deferral Plan (2020 only); Company reimbursement, and gross-up on that reimbursement, of state taxes owed for work performed by Mr. Patel in those states on behalf of the Company; executive physicals; payment of professional fees for tax filings; payment of business club memberships and dues; and financial planning allowances.

The following tables show the equity compensation activity for Mr. Patel during 2021:

Overview of stock options

Grant Year	In 2021							Exercise price	Expiration Date
	Out- standing at 1 Jan 2021	Granted	Exercised	Forfeited/ Expired	Out- standing at 31 Dec 2021	Vested in 2021			
2014	2,418	—	806	—	1,612	—	\$ 85.80	20/02/2024	
2015	227,058	—	600	—	226,458	—	76.15	12/01/2025	
2015	70,211	—	—	—	70,211	—	89.94	17/02/2025	
2016	101,108	—	—	—	101,108	—	77.93	16/02/2026	
2017	130,572	—	—	—	130,572	—	92.69	31/12/2026	
2018	136,656	—	—	—	136,656	45,552	109.09	31/12/2026	
2019 ⁽³⁾	190,596	—	—	1,764	188,832	125,300	88.50	31/12/2026	
2020 ⁽³⁾	242,060	—	—	32,497	209,563	209,563	83.35	31/12/2026	
2021 ⁽³⁾	—	163,337	—	71,837	91,500	91,500	104.41	31/12/2026	
Total	1,100,679	163,337	1,406	106,098	1,156,512	471,915			

Overview of restricted stock units

Grant Year	In 2021					Share price at grant date
	Outstanding at 1 Jan 2021	Granted	Vested	Forfeited	Outstanding at 31 Dec 2021	
2018	27,071	—	27,071	—	—	109.09
2019 ⁽³⁾	34,782	—	33,816	966	—	88.50
2020 ⁽³⁾	35,431	—	22,637	12,794	—	83.35
2021 ⁽³⁾	—	31,267	9,554	21,713	—	104.41
Total	97,284	31,267	93,078	35,473	—	

Overview of performance share units which assumes target payout at 100%⁽¹⁾

Grant Year	In 2021						Share Price at grant date
	Outstanding at 1 Jan 2021	Granted	Vested	Forfeited	Outstanding at 31 Dec 2021		
	2018 ⁽²⁾	54,142	—	—	54,142	—	
2019	69,563	—	—	—	69,563	88.50	
2020 ⁽³⁾	70,861	—	—	23,620	47,241	83.35	
2021 ⁽³⁾	—	62,534	—	41,689	20,845	104.41	
Total	194,566	62,534	—	119,451	137,649		

⁽¹⁾ Our outstanding PSUs accrue accumulated dividend equivalents per unit during the three-year performance period, which will be converted to additional PSUs at the end of performance period subject to the same terms and conditions as the original award, including final performance factor. PSUs granted in 2018, 2019, 2020, and 2021 received \$12.35, \$12.79, \$8.64, and \$4.44, respectively, of accumulated and accrued dividend equivalents per outstanding unit as of December 31, 2021. For PSUs granted in 2018, accrued dividend equivalents were reversed in 2021 due to final performance factor of 0%.

⁽²⁾ PSUs that were granted in 2018 were forfeited in 2021 due to final performance factor of 0% at the end of the three-year performance period.

⁽³⁾ In connection with Mr. Patel's retirement, outstanding unvested awards vested on a prorated basis as of 31 December 2021.

Non-Executive Director Remuneration

Non-executive members of our Board of Directors receive cash and equity compensation, in the form of RSUs, for their service on the Board and its committees. Additionally, Directors can elect to receive the cash component of their compensation in Company shares. The compensation program for our non-executive Directors is shown in the table below.

Annual retainer:

Cash	\$115,000 (\$325,000 for Chair of the Board)
Restricted stock units	Valued at \$170,000 (\$325,000 for Chair of the Board)

Committee retainers:

(excluding Executive Committee)

Members	\$10,000 (\$15,000 for Audit Committee)
Chairs	\$20,000 (\$27,500 for Audit and Compensation Chair)

Travel fees

\$5,000 for each intercontinental round trip

The following table summarizes the compensation expense recorded in our Financial Statements associated with the non-executive members of the Board of Directors for the years ended 31 December 2021 and 2020.

<u>Thousands of U.S. Dollars</u>	2021				2020			
	Fees			Total	Fees			Total
	Earned	Stock	All Other		Earned	Stock	All Other	
	or Paid	Compen-	Compen-	or Paid	Compen-	Compen-		
in Cash	sation	sation	in Cash	sation	sation			
	(1)	(2)	(3)	(1)	(2)	(3)		
Jacques Aigrain <i>Chair of the Board</i>	\$ 344	\$ 330	\$ 9	683	\$ 345	\$ 327	\$ 5	\$ 677
Lincoln Benet	145	173	5	323	145	171	—	316
Jagjeet S. Bindra	149	173	7	329	150	171	12	333
Robin W. T. Buchanan	135	173	5	313	135	206	—	341
Stephen F. Cooper	—	296	2	298	—	332	2	334
Nance K. Dicciani	—	328	2	330	—	369	2	371
Claire S. Farley	145	173	7	325	145	214	2	361
Isabella D. Goren ⁽⁴⁾	56	68	2	126	140	171	7	318
Michael Hanley	152	173	20	345	153	182	7	342
Albert Manifold	140	173	5	318	140	172	—	312
Anthony Chase ⁽⁵⁾	83	103	5	191	—	—	—	—
Robert Dudley ⁽⁵⁾	80	103	5	188	—	—	—	—
<i>Former Director</i>								
Rudy M. J. van der Meer ⁽⁶⁾	—	—	—	—	55	70	2	127
Bruce A. Smith ⁽⁷⁾	—	—	—	—	—	—	2	2

(1) Includes retainers for services earned or paid through 31 December 2021 and 2020. Mr. Cooper and Ms. Dicciani each elected to receive all of the cash component of their 2021 and 2020 compensation in the form of shares of our stock.

(2) Represents annual grants of RSUs for all directors and shares of stock issued in lieu of cash compensation. The annual grants of RSUs are made in conjunction with the Board's regularly scheduled meeting in May of each year. The RSUs vest one year from the date of grant and are entitled to dividend equivalents settled in the form of cash payments. In 2021, the annual grant for each director other than Mr. Aigrain, Mr. Chase and Mr. Dudley, was 1,531 shares. Mr. Aigrain received 2,927 shares as Chair of the Board, and Mr. Chase and Mr. Dudley received 1,527 shares as both were elected the day after the Board's regularly scheduled meeting. These awards are the only stock awards outstanding at 2021 fiscal year-end for the non-executive Board members. In 2020, the annual grant for each director other than Mr. Aigrain, was 2,640 shares. Mr. Aigrain received 5,047 shares as Chair of the Board.

The shares received in lieu of cash compensation are issued at the same time quarterly cash payments for retainers and travel fees are otherwise made. The number of shares issued is based on the average of the closing price of the Company's shares over the quarter in which the compensation was earned. The shares issued in lieu of cash compensation in 2021 were as follows: Mr. Cooper - 1,255 shares and Ms. Dicciani - 1,586 shares. In 2020, the shares issued in lieu of cash compensation were as follows: Mr. Cooper - 1,788 shares and Ms. Dicciani - 2,249 shares.

(3) Includes \$5,000 for each intercontinental trip taken for work performed for the Company. In 2021 and 2020, Ms. Dicciani elected to receive the cash component of the travel fees in the form of shares of our stock. Also includes benefits in kind related to tax preparation and advice related to the Board members' UK and Dutch tax returns and payments. The Company provides these services, through a third party, to members of our Board because of our unique incorporation and tax domicile situation.

(4) Ms. Goren retired from the Board on 28 May 2021.

(5) Mr. Chase and Mr. Dudley were elected to the Board on 28 May 2021.

(6) Mr. van der Meer retired from the Board on 28 May 2020.

(7) Mr. Smith retired from the Board on 31 May 2019.

10 Other (Income) Expense, Net

<u>Millions of U.S. Dollars</u>	<u>2021</u>	<u>2020</u>
(Gains)/losses on financial derivatives	\$ (160)	\$ 128
(Gains)/losses on foreign exchange	(26)	33
(Gains)/losses on sale of investment	(4)	(12)
Other	(34)	(75)
Other (income) expense, net	<u>\$ (224)</u>	<u>\$ 74</u>

(Gains)/losses on financial derivatives—The amounts reported as gains on financial derivatives in 2021 and loss in 2020 are related to our cross-currency swaps.

11 Finance Costs

<u>Millions of U.S. Dollars</u>	<u>2021</u>	<u>2020</u>
Interest expense on borrowings	\$ 529	\$ 529
Provisions for unwinding of discount	—	1
Foreign exchange (gain) loss from borrowings and cash	183	(204)
Interest expense on leases	69	63
Other	50	21
Total finance costs	<u>\$ 831</u>	<u>\$ 410</u>

12 Income Tax Expense

LyondellBasell Industries N.V. is tax resident in the United Kingdom pursuant to a mutual agreement procedure determination ruling between the Dutch and United Kingdom competent authorities and therefore subject solely to the United Kingdom corporate income tax system.

LyondellBasell Industries N.V. has little or no taxable income of its own because, as a holding company, it does not conduct any operations. Through our subsidiaries, we have substantial operations world-wide. Taxes are paid on the earnings generated in various jurisdictions where our subsidiaries operate, including primarily the U.S., The Netherlands, Germany, France and Italy.

The Company operates in multiple jurisdictions with complex legal and tax regulatory environments and our tax returns are periodically audited or subjected to review by tax authorities. We monitor tax law changes and the potential impact to our results of operations. There continues to be increased attention on the tax practices of multinational companies, including U.S tax reform proposals, European Union’s state aid investigations, Pillar One and Two proposals by the Organization for Economic Cooperation and Development (“OECD”) with respect to base erosion and profit shifting, and European Union tax directives and their implementation. Although certain actions have occurred, there continues to be uncertainty as to the enactment and implementation of U.S. tax reform proposals and the OECD’s Pillars One and Two. Management continues to monitor these and other proposed tax law changes as they could increase our tax liabilities in the future, if enacted.

In 2020, we considered the impact of the Coronavirus Aid, Relief, and Economic Security Act, also known as the “CARES Act”, when enacted. Several of the tax measures favorably impacted our income tax provision in 2020. Based on return filings in 2021, we recorded an overall tax benefit related to the carryback of U.S. tax net operating losses (“NOL”) of approximately \$300 million and \$64 million in 2020 and 2021, respectively. Our anticipated refund increased from last year after the return filing and we have received approximately \$870 million and \$100 million of an anticipated \$1.1 billion cash refund in the fourth quarter of 2021 and first quarter of 2022, respectively. We anticipate the remaining refund to be received in 2022.

The significant components of the provision for income taxes are as follows:

<u>Millions of U.S. Dollars</u>	<u>Note</u>	<u>2021</u>	<u>2020</u>
Current tax on profits for the year		\$ 1,347	\$ (421)
Deferred tax - origination and reversal of temporary difference	27	186	270
Income tax expense/(benefit)		<u>\$ 1,533</u>	<u>\$ (151)</u>

The following table reconciles the expected tax expense (benefit) at the statutory rates applicable in the countries where the Company operates to the total income tax expense (benefit) as calculated:

<u>Millions of U.S. Dollars</u>	<u>2021</u>	<u>2020</u>
Profit before tax	\$ 8,352	\$ 1,199
Tax calculated at domestic tax rates applicable to profits in the respective countries	1,983	253
Tax effects of:		
Exempt income	(316)	(125)
Return to accrual	(179)	(50)
Uncertain tax positions	(8)	15
Changes in tax law	(6)	(295)
Other	59	51
Income tax expense /(benefit)	<u>\$ 1,533</u>	<u>\$ (151)</u>

The weighted average applicable tax rates for 2021 and 2020 were 23.9% and 21.1% respectively. The increase was primarily attributable to a change in the geographical mixture of the profit before tax. Our effective income tax rate of 18.4% in 2021 and (12.6%) in 2020 resulted in tax provisions of \$1,533 million and (\$151) million, respectively. Compared to 2020, the 2021 effective income tax rate increased primarily due to increased exempt income coupled with the tax benefit recognized as result of the CARES Act in 2020.

Our exempt income primarily includes interest income, export incentives, and equity earnings of joint ventures. Interest income earned by certain of our European subsidiaries through intercompany financings is taxed at rates substantially lower than the U.S. statutory rate. Export incentives relate to tax benefits derived from elections and structures available for U.S. exports. Equity earnings attributable to the earnings of our joint ventures, when paid through dividends to certain European subsidiaries, are exempt from all or portions of normal statutory income tax rates. We currently anticipate the favorable treatment for interest income, dividends, and export incentives to continue in the near term; however, this treatment is based on current law and tax rulings, which could change if the tax law proposals in the U.S. and the Pillar Two proposals by the OECD are enacted.

Current and deferred taxes related to items charged or (credited) directly to other comprehensive income during the period are as follows:

<u>Millions of U.S. Dollars</u>	<u>2021</u>	<u>2020</u>
Current tax:		
Currency translation differences	\$ 47	\$ (25)
Derivatives	(1)	(54)
Deferred tax:		
Retirement benefit obligation	59	(13)
Currency translation differences	(2)	(5)
Derivatives	<u>\$ 20</u>	<u>\$ (28)</u>
	<u>\$ 123</u>	<u>\$ (125)</u>

Current and deferred taxes credited directly to equity are as follows:

<u>Millions of U.S. Dollars</u>	<u>2021</u>	<u>2020</u>
Deferred tax:		
Step-up fixed asset basis	\$ —	\$ (7)

13 Earnings per Share

Our unvested restricted stock units contain non-forfeitable rights to dividend equivalents and are considered participating securities. As such, we calculate basic and diluted earnings per share under the two-class method.

Basic earnings per share—Basic earnings per share is based upon the weighted average number of shares of common stock outstanding during the periods.

Millions of U.S. Dollars, except per share data	2021	2020
Profit attributable to LyondellBasell N.V.	\$ 6,819	\$ 1,350
Dividends on preferred stock	(7)	(7)
Profit attributable to participating securities	(17)	(2)
Profit attributable to equity holders of the Company	6,795	1,341
Basic weighted average common stock outstanding	334	334
Basic earnings per share	<u>\$ 20.37</u>	<u>\$ 4.02</u>

Diluted earnings per share—Diluted earnings per share includes the effect of certain stock options awards and other equity-based compensation awards to assume conversion of all dilutive potential ordinary shares.

Millions of U.S. Dollars, except per share data	2021	2020
Profit attributable to LyondellBasell N.V.	\$ 6,819	\$ 1,350
Dividends on preferred stock	(7)	(7)
Profit attributable to participating securities	(17)	(2)
Profit attributable to equity holders of the Company	6,795	1,341
Basic weighted average common stock outstanding	334	334
Effect of dilutive securities:		
Stock options	—	—
Dilutive potential shares	334	334
Diluted earnings per share	<u>\$ 20.35</u>	<u>\$ 4.02</u>

14 Intangible Assets

	Capitalized Developments Projects	Know-how	Technology Patent and Licenses	Goodwill	Emission Allowances	Customer Relationships	Favorable Contracts and Other Intangibles	Total
Millions of U.S. Dollars								
Balance at 1 January 2020	\$ 76	\$ 68	\$ 65	\$ 1,680	\$ 281	\$ 267	\$ 160	\$ 2,597
Additions	3	—	—	7	23	—	48	81
Retirements	—	—	—	—	(18)	—	—	(18)
Amortization	(12)	(11)	(45)	—	(57)	(20)	(28)	(173)
Transfers	—	—	—	—	—	—	—	—
Exchange differences	6	1	—	45	6	10	(9)	59
Impairments	—	—	—	—	—	—	(12)	(12)
At 31 December 2020	<u>\$ 73</u>	<u>\$ 58</u>	<u>\$ 20</u>	<u>\$ 1,732</u>	<u>\$ 235</u>	<u>\$ 257</u>	<u>\$ 159</u>	<u>\$ 2,534</u>
At 31 December 2020								
Cost	\$ 173	\$ 85	\$ 102	\$ 1,732	\$ 917	\$ 307	\$ 621	\$ 3,937
Accumulated amortization and impairment	(100)	(27)	(82)	—	(682)	(50)	(462)	(1,403)
Closing balance	<u>\$ 73</u>	<u>\$ 58</u>	<u>\$ 20</u>	<u>\$ 1,732</u>	<u>\$ 235</u>	<u>\$ 257</u>	<u>\$ 159</u>	<u>\$ 2,534</u>
Balance at 1 January 2021								
	\$ 73	\$ 58	\$ 20	\$ 1,732	\$ 235	\$ 257	\$ 159	\$ 2,534
Additions	4	—	—	—	67	—	36	107
Retirements	—	—	—	—	(19)	—	—	(19)
Amortization	(11)	(11)	(8)	—	(11)	(20)	(32)	(93)
Exchange differences	(5)	(1)	(1)	(62)	(12)	(2)	—	(83)
Transfers	—	—	—	—	—	—	—	—
Impairments	—	—	—	—	(24)	—	(8)	(32)
At 31 December 2021	<u>\$ 61</u>	<u>\$ 46</u>	<u>\$ 11</u>	<u>\$ 1,670</u>	<u>\$ 236</u>	<u>\$ 235</u>	<u>\$ 155</u>	<u>\$ 2,414</u>
At 31 December 2021								
Cost	\$ 171	\$ 84	\$ 101	\$ 1,670	\$ 740	\$ 305	\$ 593	\$ 3,664
Accumulated amortization and impairment	(110)	(38)	(90)	—	(504)	(70)	(438)	(1,250)
Closing balance	<u>\$ 61</u>	<u>\$ 46</u>	<u>\$ 11</u>	<u>\$ 1,670</u>	<u>\$ 236</u>	<u>\$ 235</u>	<u>\$ 155</u>	<u>\$ 2,414</u>

Research and development—Research and development expenditures not capitalized and recognized as an expense for 2021 and 2020 were \$110 million and \$101 million, respectively.

Goodwill—Goodwill is allocated and monitored by management into the following groups of cash generating units ("CGU"):

Millions of U.S. Dollars	2021	2020
Intermediates and Derivatives	\$ 130	\$ 193
Olefins and Polyolefins - Americas	131	131
Olefins and Polyolefins - Europe, Asia, International	28	26
Technology	10	10
Advanced Polymers solutions	1,371	1,372
Total	<u>\$ 1,670</u>	<u>\$ 1,732</u>

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on management approved financial budgets covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates described in the "Growth rate estimates" section below. Based on this analysis, the recoverable amounts of each of our cash generating units or groups of cash generating units were substantially in excess of their carrying value. Accordingly, no goodwill impairment was recognized in 2021 or 2020.

The calculation of value is most sensitive to the following assumptions:

- Gross margin,
- Pre-tax discount rates,
- Market share assumptions, and
- Growth rate used to extrapolate cash flows beyond the budget period.

Gross margins—Gross margins are predicted in the planning period by using key hydrocarbon pricing estimates and product variable margins based on macroeconomic predictions and individual supply and demand balances.

Pre-tax discount rates—Pre-tax discount rates ("discount rates") represent the current market assessment of the risks specific to each cash generating unit, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the nature of the assets and activities of the Company's business and its operating segments and derived from its weighted average cost of capital ("WACC"). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the nature of the Company's assets and activities.

Market share assumptions—These assumptions are based on forecasts of demand for our products taking into consideration changes in global capacity.

Growth rate estimates—Rates are based upon managements' best estimates which are determined using published third party sources, internal knowledge and market insights based on macroeconomic predictions

The key assumptions used for value-in-use calculations are as follows:

	2021		2020	
	Pre-tax Discount Rate	Growth Rate	Pre-tax Discount Rate	Growth Rate
Intermediates and Derivatives	8 %	2 %	7 %	2 %
Olefins and Polyolefins - Americas	8 %	2 %	6 %	2 %
Olefins and Polyolefins - EAI	8 %	2 %	8 %	2 %
Technology	9 %	2 %	9 %	2 %
Advanced Polymers Solutions	10 %	2 %	9 %	2 %

15 Property, Plant and Equipment

Millions of U.S. Dollars	Land	Major Manufacturing Equipment	Buildings	Major Turnarounds	Light Equipment and Instrumentation	Furniture and Fixtures	Information Systems	Asset Under Construction	Joint Operations	Total
Balance at 1 January 2020	\$ 360	\$ 7,561	\$ 708	\$ 803	\$ 1,741	\$ 12	\$ 16	\$ 3,311	\$ 557	\$ 15,069
Acquisition of joint operations	—	—	—	—	—	—	—	—	2,955	2,955
Additions	—	12	—	—	—	—	—	1,736	99	1,847
Transfers	—	1,390	75	237	265	—	2	(1,969)	—	—
Disposals	(1)	(8)	(8)	(1)	(8)	—	—	—	—	(26)
Depreciation	—	(573)	(51)	(280)	(274)	(1)	(7)	—	(83)	(1,269)
Impairment	—	(422)	(18)	(76)	(53)	—	(1)	—	—	(570)
Exchange differences	17	(128)	115	9	225	(3)	3	25	58	321
At 31 December 2020	<u>\$ 376</u>	<u>\$ 7,832</u>	<u>\$ 821</u>	<u>\$ 692</u>	<u>\$ 1,896</u>	<u>\$ 8</u>	<u>\$ 13</u>	<u>\$ 3,103</u>	<u>\$ 3,586</u>	<u>\$ 18,327</u>
At 31 December 2020										
Cost	\$ 376	\$ 13,481	\$ 1,241	\$ 1,697	\$ 3,279	\$ 24	\$ 66	\$ 3,103	\$ 4,118	\$ 27,385
Accumulated depreciation and impairment	—	(5,649)	(420)	(1,005)	(1,383)	(16)	(53)	—	(532)	(9,058)
Closing balance	<u>\$ 376</u>	<u>\$ 7,832</u>	<u>\$ 821</u>	<u>\$ 692</u>	<u>\$ 1,896</u>	<u>\$ 8</u>	<u>\$ 13</u>	<u>\$ 3,103</u>	<u>\$ 3,586</u>	<u>\$ 18,327</u>
Balance at 1 January 2021	\$ 376	\$ 7,832	\$ 821	\$ 692	\$ 1,896	\$ 8	\$ 13	\$ 3,103	\$ 3,586	\$ 18,327
Additions	3	39	—	—	—	—	—	2,047	270	2,359
Transfers	—	628	33	101	211	—	5	(925)	—	53
Disposals	(7)	(6)	—	—	(5)	—	—	—	(3)	(21)
Depreciation	—	(624)	(50)	(238)	(281)	(1)	(6)	—	(195)	(1,395)
Impairment	(27)	(378)	(18)	(36)	(47)	—	(1)	(70)	—	(577)
Exchange differences	(11)	(179)	(11)	(8)	10	—	(1)	(34)	21	(213)
At 31 December 2021	<u>\$ 334</u>	<u>\$ 7,312</u>	<u>\$ 775</u>	<u>\$ 511</u>	<u>\$ 1,784</u>	<u>\$ 7</u>	<u>\$ 10</u>	<u>\$ 4,121</u>	<u>\$ 3,679</u>	<u>\$ 18,533</u>
At 31 December 2021										
Cost	\$ 334	\$ 12,279	\$ 1,228	\$ 1,652	\$ 3,348	\$ 24	\$ 64	\$ 4,121	\$ 4,406	\$ 27,456
Accumulated depreciation and impairment	—	(4,967)	(453)	(1,141)	(1,564)	(17)	(54)	—	(727)	(8,923)
Closing balance	<u>\$ 334</u>	<u>\$ 7,312</u>	<u>\$ 775</u>	<u>\$ 511</u>	<u>\$ 1,784</u>	<u>\$ 7</u>	<u>\$ 10</u>	<u>\$ 4,121</u>	<u>\$ 3,679</u>	<u>\$ 18,533</u>

The below table outlines the Property, Plant and equipment by category for our Joint operation fixed assets:

<u>Millions of U.S. Dollars</u>	Land	Major Manufacturing Equipment	Buildings	Light Equipment and Instrumentation	Asset Under Construction	Other	Total
Balance at 1 January 2020	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 557	\$ 557
Acquisition of joint operations	21	2,558	273	96	7	—	2,955
Additions	—	—	—	—	3	96	99
Depreciation	—	(26)	(3)	(1)	—	(53)	(83)
Exchange differences	—	38	9	—	—	11	58
At 31 December 2020	<u>\$ 21</u>	<u>\$ 2,570</u>	<u>\$ 279</u>	<u>\$ 95</u>	<u>\$ 10</u>	<u>\$ 611</u>	<u>\$ 3,586</u>
At 31 December 2020							
Cost	\$ 21	\$ 2,596	\$ 283	\$ 96	\$ 9	\$ 1,113	\$ 4,118
Accumulated depreciation	—	(26)	(3)	(1)	—	(502)	(532)
Closing balance	<u>\$ 21</u>	<u>\$ 2,570</u>	<u>\$ 280</u>	<u>\$ 95</u>	<u>\$ 9</u>	<u>\$ 611</u>	<u>\$ 3,586</u>
Balance at 1 January 2021	\$ 21	\$ 2,570	\$ 280	\$ 95	\$ 9	\$ 611	\$ 3,586
Additions	—	3	—	1	54	211	269
Transfers	—	2	—	—	(2)	—	—
Disposals	—	—	—	—	—	(3)	(3)
Depreciation	—	(116)	(11)	(8)	—	(60)	(195)
Exchange differences	—	29	6	2	—	(15)	22
At 31 December 2021	<u>\$ 21</u>	<u>\$ 2,488</u>	<u>\$ 275</u>	<u>\$ 90</u>	<u>\$ 61</u>	<u>\$ 744</u>	<u>\$ 3,679</u>
At 31 December 2021							
Cost	\$ 21	\$ 2,630	\$ 289	\$ 99	\$ 61	\$ 1,306	\$ 4,406
Accumulated depreciation	—	(142)	(14)	(9)	—	(562)	(727)
Closing balance	<u>\$ 21</u>	<u>\$ 2,488</u>	<u>\$ 275</u>	<u>\$ 90</u>	<u>\$ 61</u>	<u>\$ 744</u>	<u>\$ 3,679</u>

Impairment of Long-Lived Assets—During the fourth quarter of 2021 and during the third quarter of 2020, we identified impairment triggers relating to our Houston refinery’s cash-generating unit which resulted in non-cash impairment charges of \$624 million and \$582 million, respectively.

In September 2021, we announced we were weighing strategic options, including a potential sale, for our Houston refinery. The subsequent evaluation of strategic options during the fourth quarter of 2021 increased the likelihood of the asset’s disposal prior to the end of its expected useful life. As a result of this impairment indicator, we assessed the Houston refinery for impairment in the fourth quarter of 2021 and determined that its carrying value exceeded its estimated recoverable amount. We estimated the fair values of the Houston refinery’s property, plant and equipment, parts and materials, and intangible assets were all zero as of December 31, 2021. Given this, our Refining segment recognized a \$624 million non-cash impairment charge in the fourth quarter of 2021 that includes a \$549 million impairment of property, plant and equipment, a \$43 million impairment of parts and materials, and a \$32 million impairment of intangible assets, which reduced the assets’ carrying values to their fair values. The fair values of the impaired assets were determined using market information provided by unrelated third parties. The fair value measurement for the cash-generating unit is classified as Level 3.

During 2020, prior to the Company’s evaluation of strategic options for the Houston refinery, we identified impairment triggers relating to our Houston refinery’s cash-generating unit as a result of significant negative impacts to the Refining segment forecasted cash flows resulting from the COVID-19 pandemic. We assessed the Houston refinery for impairment and determined that the cash-generating unit’s carrying value exceeded its recoverable amount. As of September 30, 2020, we estimated the fair value of the Houston refinery’s property, plant and equipment to be \$550 million, and fair value of contract intangible assets to be \$10 million, which was less than the carrying value. As a result, our Refining segment recognized a non-cash impairment charge in the third quarter of 2020 of \$582 million, which included a \$570 million impairment of property, plant and equipment and a \$12 million impairment of contract intangible assets, which reduced the assets’ carrying values to their fair values. The fair value of the impaired assets was determined using an income approach that was based on significant inputs that were not observable in the market. The fair value measurement for the cash-generating unit is classified as Level 3.

Depreciation of property, plant, equipment and right-of-use assets, amortization of intangible assets and impairment charges are recognized in Cost of sales, Selling costs and Administrative expenses as indicated in the following table:

<u>Millions of U.S. Dollars</u>	<u>2021</u>	<u>2020</u>
Cost of sales	\$ 1,870	\$ 1,733
Selling costs	5	18
Administrative expenses	26	41
Impairment	624	582
Total	<u>\$ 2,525</u>	<u>\$ 2,374</u>

16. Leases

We lease storage tanks, terminal facilities, land, office facilities, railcars, pipelines, barges, plant equipment and other equipment. As of 31 December 2021, our Right-of-use assets were \$2,089 million. Lease liabilities totaled \$2,141 million of which \$403 million are current. These values were derived using a weighted average discount rate of 3.3%.

Our leases have a weighted-average remaining lease term of 10 years. While extension clauses included in our leases do not materially impact our Right-of-use assets or Lease liabilities, certain leases include options to extend the lease for up to 20 years.

<u>Millions of U.S. dollars</u>	<u>Storage</u>	<u>Railcars</u>	<u>Land</u>	<u>Offices</u>	<u>Pipelines</u>	<u>Other</u>	<u>Total</u>
Balance at 1 January 2020	\$ 947	\$ 225	\$ 65	\$ 110	\$ 80	\$ 31	\$ 1,458
Additions	85	162	2	16	3	24	292
Changes	41	7	8	8	—	—	64
Acquisitions	—	—	47	—	—	7	54
Depreciation	(191)	(82)	(6)	(30)	(14)	(27)	(350)
Terminations and other	7	4	4	—	—	2	17
Balance at 31 December 2020	<u>\$ 889</u>	<u>\$ 316</u>	<u>\$ 120</u>	<u>\$ 104</u>	<u>\$ 69</u>	<u>\$ 37</u>	<u>\$ 1,535</u>
Balance at 1 January 2021	\$ 889	\$ 316	\$ 120	\$ 104	\$ 69	\$ 37	\$ 1,535
Additions	454	26	7	36	79	56	658
Changes	227	36	4	(7)	(38)	61	283
Depreciation	(214)	(85)	(5)	(27)	(13)	(31)	(375)
Terminations and other	(3)	(12)	(5)	1	(1)	8	(12)
Balance at 31 December 2021	<u>\$ 1,353</u>	<u>\$ 281</u>	<u>\$ 121</u>	<u>\$ 107</u>	<u>\$ 96</u>	<u>\$ 131</u>	<u>\$ 2,089</u>

The following table sets out the cash and non-cash movements for the lease liability for the period:

Millions of U.S. dollars

Balance as at 1 January 2020	\$	1,507
Cash Flows		(333)
Additions - Leases		355
Changes - Leases		31
Other non-cash movements		19
Balance as at 31 December 2020	<u>\$</u>	<u>1,579</u>
Balance as at 1 January 2021	\$	1,579
Cash Flows		(352)
Additions - Leases		666
Changes - Leases		284
Other non-cash movements		(36)
Balance as at 31 December 2021	<u>\$</u>	<u>2,141</u>

Maturities of Lease liabilities are as follows:

<u>Millions of U.S. dollars</u>	<u>31 December</u>	
	<u>2021</u>	
2022	\$	462
2023		351
2024		288
2025		249
2026		218
Thereafter		966
Total lease payments		<u>2,534</u>
Less: Imputed interest		(393)
Total	<u>\$</u>	<u>2,141</u>

The following table presents the components of Lease cost:

<u>Millions of U.S. dollars</u>	<u>31 December 2021</u>		<u>31 December 2020</u>	
Lease costs				
Depreciation of right-of-use assets	\$	375	\$	350
Interest on lease liabilities		69		63
Short-term lease costs		153		154
Variable lease costs		124		118
Net lease costs	<u>\$</u>	<u>721</u>	<u>\$</u>	<u>685</u>

Cash paid for Lease liabilities for the year ended 31 December 2021 representing principal payments and interest totaled \$352 million and \$69 million, respectively.

As of 31 December 2021, we have entered into additional finance leases, with an undiscounted value of \$74 million, primarily for storage tanks. These leases, which will commence in 2022, have lease terms ranging from 2 to 8 years.

17 Investments in Associates, Joint Ventures and Acquisition of Joint Operations

Summarized aggregate financial information of the joint ventures and associates are shown below.

The amounts recognized on our Consolidated Statement of Financial Position are as follows:

<u>Millions of U.S. Dollars</u>	31 December	
	2021	2020
Associates	\$ 292	\$ 338
Joint ventures	1,052	937
	<u>\$ 1,344</u>	<u>\$ 1,275</u>

The amounts recognized on our Consolidated Statement of Income are as follows:

<u>Millions of U.S. Dollars</u>	2021	2020
Associates	\$ 25	\$ 12
Joint ventures	372	129
	<u>\$ 397</u>	<u>\$ 141</u>

Associates

The changes in our Associates investments are as follows:

<u>Millions of U.S. Dollars</u>	2021	2020
Opening balance	\$ 338	\$ 331
Share in profit of associates, net of tax	25	12
Contributions	4	—
Dividends received	(23)	(11)
Divestitures	(21)	—
Currency exchange differences	(31)	6
Closing balance	<u>\$ 292</u>	<u>\$ 338</u>

Currency exchange differences are reported in the Consolidated Statement of Other Comprehensive Income within Currency translation of foreign operations.

Joint Ventures

The changes in our Joint Venture investments are as follows:

<u>Millions of U.S. Dollars</u>	2021	2020
Opening balance	\$ 937	\$ 872
Share in profit of joint ventures, net of tax	372	129
Dividends received	(228)	(96)
Contributions	—	10
Currency exchange differences	(29)	15
Other	—	7
Closing balance	<u>\$ 1,052</u>	<u>\$ 937</u>

Currency exchange differences are reported in the Consolidated Statement of Other Comprehensive Income within Currency translation of foreign operations.

None of the associates and joint ventures is listed on a stock exchange.

Principal Subsidiaries

Information about principal subsidiaries at 31 December 2021 is set out in Appendix A.

Associates, Joint Ventures and Joint Operations

Our principal Associates, Joint Ventures and Joint Operations are:

<i>Entity Name</i>	<i>Jurisdiction of formation and principal place of business</i>	<i>Percent Owned</i>
Bora LyondellBasell Petrochemical Co., Ltd.	China	50.0
Ningbo ZRCC Lyondell Chemical Co. Ltd. ⁽¹⁾	China	26.7
Ningbo ZRCC LyondellBasell New Material Company Limited ⁽¹⁾	China	50.0
Louisiana Integrated PolyEthylene JV LLC	Delaware	50.0
PO JV, LP	Delaware	21.1
PolyMirae Co., Ltd.	Korea	50.0
LyondellBasell Covestro Manufacturing Maasvlakte V.O.F.	Netherlands	50.0
QCP Holdings B.V.	Netherlands	50.0
Basell Orlen Polyolefins Sp. Z.o.o.	Poland	50.0
Al Waha Petrochemical Company	Saudi Arabia	25.0
Natpet Schulman Specialty Plastic Compounds	Saudi Arabia	50.0
Saudi Ethylene & Polyethylene Company	Saudi Arabia	25.0
Saudi Polyolefins Company	Saudi Arabia	25.0
PD Glycol LP	Texas	50.0
HMC Polymers Company Limited	Thailand	28.6

⁽¹⁾New for 2021

Investment in Ningbo ZRCC LyondellBasell New Material Company Limited

In January 2021, we executed a joint agreement with China Petroleum & Chemical Corporation (“Sinopec”) to form the Ningbo ZRCC LyondellBasell New Material Company Limited. We contributed \$104 million for a 50% equity interest. The joint operation constructed a new PO and SM unit in Zhenhai Ningbo, China which began production in January 2022. The unit utilizes LyondellBasell’s leading PO/SM technology and has the capacity to produce 275 thousand tons of PO and 600 thousand tons of SM per year. Products produced by the joint venture will be marketed equally by both partners, expanding our respective participation in the Chinese market. The joint operation is included within our Intermediates & Derivatives segment.

Acquisition of Bora LyondellBasell Petrochemical Co. Ltd

On 1 September 2020 we acquired a 50% equity interest in Bora LyondellBasell Petrochemical Co. Ltd. (BLYB), located in China, a joint arrangement with Liaoning Bora Enterprise Group (Bora), for a cash consideration of RMB 3,250 million (US\$ 472 million). Our interest in BLYB is classified as a joint operation and we proportionately consolidate our share of the jointly held assets, liabilities, revenues and expenses.

Our share of the asset and liabilities acquired at the acquisition date is summarized below:

Millions of U.S. dollars	LYB's share of JO net assets
Plant and Equipment	1,030
Land Use Rights	47
Other current assets	211
Long term debt	(590)
Other Payables	(226)
Total net assets acquired	472

LyondellBasell Industries N.V.

Plant and Equipment – The fair value of the Plant and Equipment was estimated using the depreciated replacement cost approach by adjusting the cost to acquire or construct the assets for relevant price indices considering the nature and the country of origin of the asset and exchange rate changes.

Land Use Rights– The Government in China owns the land and grants the companies the right to use the land for a specified period of time in return for an agreed upon rent. The land use rights were fair valued using data from comparable land sales adjusted for differences in the location, size and date of transaction. The land use rights are considered a leasing arrangement under IFRS 16, leases and amortized on a straight line basis. There was no outstanding lease liability at the acquisition date.

Other current assets– These mainly include advances to affiliates under feedstock supply arrangements and sales tax receivables. The carrying amounts approximates their fair values.

Long term debt – The amortized cost of the debt (with commercial banks) equals fair value since the loan terms and interest rates are consistent with the market rates for similar projects in the industry. We have not provided a financial guarantee to the lenders.

Other Payables –This mainly includes amounts withheld from payments to suppliers pending completion of the warranty period and other payables to various suppliers. These payables are due within the next twelve months and represent their fair values.

Acquisition of Louisiana Joint Venture

On 1 December 2020, LyondellBasell Industries N.V. obtained 50% of the membership interests in Louisiana Integrated PolyEthylene JV LLC (“LIP JV”) for total consideration of approximately \$2 billion. Our interest in LIP JV is classified as a joint operation and we proportionately consolidate our share of the jointly held assets, liabilities, revenues and expenses.

Our share of the asset and liabilities acquired at the acquisition date is summarized below:

Millions of U.S. dollars	LYB's share of JO net assets
Inventory	22
Property plant and equipment	1,925
ROU Asset	7
Lease obligation	(7)
Other	(1)
Total Net Assets acquired	<u><u>1,946</u></u>

Property, Plant and Equipment—Our share of the components of property, plant and equipment acquired are represented in the table below:

Millions of U.S. dollars	
Land	21
Major Manufacturing Equipment	1,744
Building	68
Light Equipment and instrumentation	87
Construction in Progress	5
Total	<u><u>1,925</u></u>

Acquisition Costs—We incurred \$23.3 million of acquisition related expenses for the acquisition of Louisiana Integrated PolyEthylene JV LLC during the year ended 31 December 2020. These costs were classified in our Consolidated income statement for the year ended 31 December 2020 under Administrative expenses.

18 Financial Assets and Liabilities by Category

Millions of U.S. Dollars	2021				2020			
	Financial assets at amortized cost	Assets Held at Fair Value	Derivatives Used for Hedging	Total	Financial assets at amortized cost	Assets Held at Fair Value	Derivatives Used for Hedging	Total
	Financial assets at 31 December							
Trade and other receivables excluding prepayments	\$ 5,349	\$ —	\$ —	\$ 5,349	\$ 3,939	\$ —	\$ —	\$ 3,939
Derivative financial instruments	—	46	361	407	—	22	253	275
Financial Assets at FVOCI	—	—	—	—	—	349	—	349
Financial Assets at FVTPL	—	9	—	9	—	353	—	353
Cash and cash equivalents	1,626	—	—	1,626	1,933	—	—	1,933
Total	\$ 6,975	\$ 55	\$ 361	\$ 7,391	\$ 5,872	\$ 724	\$ 253	\$ 6,849
Financial liabilities at 31 December								
	Other Financial Liabilities at Amortized Cost	Liabilities at Fair Value through Profit and Loss	Derivatives Used for Hedging	Total	Other Financial Liabilities at Amortized Cost	Liabilities at Fair Value through Profit and Loss	Derivatives Used for Hedging	Total
Borrowings	\$ 12,502	\$ —	\$ —	\$ 12,502	\$ 16,779	\$ —	\$ —	\$ 16,779
Lease liabilities	2,141	—	—	2,141	1,579	—	—	1,579
Derivative financial instruments	—	66	338	404	—	291	516	807
Trade and other payables	6,465	—	—	6,465	4,421	—	—	4,421
Total	\$ 21,108	\$ 66	\$ 338	\$ 21,512	\$ 22,779	\$ 291	\$ 516	\$ 23,586

19 Credit Quality of Financial Assets

Investments in cash and cash equivalents and transactions involving derivative financial instruments are entered into with counterparties that have sound credit ratings and a good reputation. FVOCI investments consist of bonds with counterparties whose credit ratings are investment grade and other high-quality instruments. FVTPL investments consist mainly of limited partnership investments, which include investments in, among other things, equities and equity related securities, debt securities, credit instruments, supply chain finance, global interest rate products, currencies, commodities, futures, options, warrants and swaps. These investments are with counterparties whose credit ratings are investment grade and other high-quality instruments.

We have a global credit risk management policy to minimize credit losses due to non-performance of our customer base. We monitor our exposure to credit risk on an on-going basis through a team of credit professionals stationed in our key global markets. We continue to manage our customer credit risk very closely by monitoring our aging analysis along with payment and financial performance. Where appropriate, additional security instruments, letters of credit or corporate guarantees, are secured. Due to our global breadth and scale, we do not have a significant concentration of customer risk. Our single largest trade receivable balance amounted to \$136 million and \$65 million at 31 December 2021 and 2020, respectively.

20 Derivative financial Instruments

The following table discloses fair value of derivative financial instruments:

<u>Millions of U.S. Dollars</u>	31 December		<u>Statement of Financial position classification</u>
	2021	2020	
Assets			
Derivatives -			
Designated as hedges:			
Commodities	\$ 25	\$ 7	Derivative financial instruments
Foreign currency	87	6	Derivative financial instruments
Interest rates	249	240	Derivative financial instruments
Not designated as hedges:			
Commodities	30	1	Derivative financial instruments
Foreign currency	16	21	Derivative financial instruments
Total	<u>\$ 407</u>	<u>\$ 275</u>	
Liabilities			
Derivatives -			
Designated as hedges:			
Foreign currency	\$ 48	\$ 171	Derivative financial instruments
Interest rates	290	343	Derivative financial instruments
Commodities	—	2	Derivative financial instruments
Not designated as hedges:			
Commodities	1	14	Derivative financial instruments
Foreign currency	65	277	Derivative financial instruments
Total	<u>\$ 404</u>	<u>\$ 807</u>	

For further details on derivatives, reference is made to Note 4 Financial Risk Management.

21 Inventories

<u>Millions of U.S. Dollars</u>	31 December	
	2021	2020
Finished goods	\$ 3,809	\$ 2,139
Parts and materials	810	785
Raw materials and supplies	1,542	954
Total inventories	<u>\$ 6,161</u>	<u>\$ 3,878</u>

Cost of inventories of \$29,847 million and \$18,673 million in 2021 and 2020, respectively, has been recognized as expense and included in Cost of sales.

22 Trade and Other Receivables

<u>Millions of U.S. Dollars</u>	31 December	
	2021	2020
Trade receivables	\$ 4,695	\$ 3,405
Trade receivables on related parties	318	168
Less: allowance for trade receivables losses	(7)	(18)
Trade receivables, net	<u>5,006</u>	<u>3,555</u>
Social security and other taxes	143	167
Prepaid expenses	476	196
Other	351	383
Total	<u>5,976</u>	<u>4,301</u>
Less: non-current portion	(151)	(139)
Current portion	<u>\$ 5,825</u>	<u>\$ 4,162</u>

The carrying value of the trade and other receivables approximates their fair value. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. We do not hold any collateral as security.

The aging of the net trade receivables at 31 December was as follows:

<u>Millions of U.S. Dollars</u>	2021	2020
Amounts undue	\$ 4,947	\$ 3,501
Past due 0-90 days	76	39
Past due 91-180 days	(17)	15
	<u>\$ 5,006</u>	<u>\$ 3,555</u>

The aging of the gross trade receivables provided for at 31 December was as follows:

<u>Millions of U.S. Dollars</u>	2021		2020	
	Gross	Provision	Gross	Provision
Amounts undue	\$ —	\$ —	\$ —	\$ —
Past due 0-90 days	—	—	—	—
Past due 91-180 days	7	7	18	18
	<u>\$ 7</u>	<u>\$ 7</u>	<u>\$ 18</u>	<u>\$ 18</u>

The movement in the allowance for doubtful accounts is as follows:

<u>Millions of U.S. Dollars</u>	2021	2020
Balance, 1 January	\$ 18	\$ 18
(Write off) additions, net	(11)	—
Balance, 31 December	<u>\$ 7</u>	<u>\$ 18</u>

Trade receivables secured by letters of credit were \$68 million and \$89 million at 31 December 2021 and 2020, respectively. The carrying amounts of trade and other receivables are denominated in the following currencies at 31 December:

<u>Millions of U.S. Dollars</u>	2021	2020
USD	\$ 3,214	\$ 2,691
EUR	2,030	937
Other	732	673
	<u>\$ 5,976</u>	<u>\$ 4,301</u>

For further details on trade receivables, reference is made to Note 4 Financial Risk Management.

23 Cash and Cash Equivalents

For the purpose of the Consolidated Statement of Cash Flows, Cash and cash equivalents comprise the following at 31 December:

<u>Millions of U.S. Dollars</u>	<u>2021</u>	<u>2020</u>
Cash at bank and on hand	\$ 1,188	\$ 1,251
Short-term deposits	438	682
	<u>\$ 1,626</u>	<u>\$ 1,933</u>

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements, and earn interest at the respective short-term deposit rates.

24 Equity Attributable to the Owners of the Company

The Company's authorized share capital totals €51 million divided into 1,275 million ordinary shares of €0.04 each.

For a breakdown of Equity attributable to equity holders, reference is made to the Consolidated Statement of Changes in Equity. For a detail of the non-distributable reserves, reference is made to the Corporate Financial Statements.

Dividend distribution—We declared and paid the following dividends for the following periods:

<u>Millions of dollars, except per share amounts</u>	<u>Dividend Per Ordinary Share</u>	<u>Aggregate Dividends Paid</u>	<u>Date of Record</u>
For the year 2021:			
March	\$ 1.05	\$ 352	March 8, 2021
June	1.13	378	June 7, 2021
September	1.13	380	August 30, 2021
December	1.13	376	November 29, 2021
	<u>\$ 4.44</u>	<u>\$ 1,486</u>	
For the year 2020:			
March	\$ 1.05	\$ 351	March 2, 2020
June	1.05	350	June 8, 2020
September	1.05	352	August 31, 2020
December	1.05	352	November 30, 2020
	<u>\$ 4.20</u>	<u>\$ 1,405</u>	

In February, May, August and November 2021, we paid cash dividends of \$15.00 per share to our redeemable non-controlling interest shareholders of record as of January 15, 2021, April 15, 2021, July 15, 2021, and October 15, 2021, respectively. In 2021 and 2020, these dividends were \$7 million for each year.

Share Repurchase Authorization—In May 2021, our shareholders approved a proposal to authorize us to repurchase up to 34.0 million ordinary shares, through November 28, 2022 (“2021 Share Repurchase Authorization”), which superseded any prior repurchase authorizations. The timing and amount of these repurchases, which are determined based on our evaluation of market conditions and other factors, may be executed from time to time through open market or privately negotiated transactions. The repurchased shares, which are recorded at cost, are classified as Treasury stock and may be retired or used for general corporate purposes, including for various employee benefit and compensation plans.

In May 2020, our shareholders approved a proposal to authorize us to repurchase up to 34.0 million ordinary shares through November 29, 2021 (“2020 Share Repurchase Authorization”), which superseded our prior repurchase authorizations. As of December 31, 2021, there were no repurchases under the 2020 Share Repurchase Authorization.

The following table summarizes our share repurchase activity for the periods presented:

<u>Millions of dollars, except shares and per share amounts</u>	<u>Shares Repurchased</u>	<u>Average Purchase Price</u>	<u>Total Purchase Price, Including Commissions and Fees</u>
For the year 2021:			
2021 Share Repurchase Authorization	5,163,334	\$ 92.37	\$ 477
	<u>5,163,334</u>	<u>\$ 92.37</u>	<u>\$ 477</u>
For the year 2020:			
September 2019 Share Repurchase Authorization	50,685	\$ 78.93	\$ 4
2020 Share Repurchase Authorization	—	—	—
	<u>50,685</u>	<u>\$ 78.93</u>	<u>\$ 4</u>
For the year 2019:			
2018 Share Repurchase Authorization	5,648,900	\$ 86.38	\$ 488
May 2019 Share Repurchase Authorization	37,032,594	87.50	3,240
	<u>42,681,494</u>	<u>\$ 87.35</u>	<u>\$ 3,728</u>

Total cash paid for share repurchases for the years ended December 31, 2021 and 2020, was \$463 million and \$4 million, respectively. Cash payments made during the reporting period may differ from the total purchase price, including commissions and fees, due to the timing of payments.

Ordinary Shares—The changes in the outstanding amounts of ordinary shares are as follows:

	<u>31 December</u>	
	<u>2021</u>	<u>2020</u>
Ordinary shares outstanding:		
Beginning balance	334,015,220	333,476,883
Share-based compensation	468,131	263,786
Employee stock purchase plan	216,372	325,236
Purchase of ordinary shares	(5,163,334)	(50,685)
Ending balance	<u>329,536,389</u>	<u>334,015,220</u>

Treasury Shares—The changes in the amounts of treasury shares held by the Company are as follows:

	<u>31 December</u>	
	<u>2021</u>	<u>2020</u>
Ordinary shares held as Treasury shares:		
Beginning balance	6,030,408	6,568,745
Share-based compensation	(468,131)	(263,786)
Employee stock purchase plan	(50,006)	(325,236)
Purchase of ordinary shares	5,163,334	50,685
Treasury shares canceled	—	—
Ending balance	<u>10,675,605</u>	<u>6,030,408</u>

25 Non-Controlling Interests

Non-controlling interests primarily represent the interest of unaffiliated investors in a partnership that owns our PO/SM II plant at the Channelview, Texas complex and A. Schulman plastics.

In 2020, we made payments of \$30 million related to the acquisition of additional non-controlling interests in our PO/SM II Limited Partnership joint venture and our subsidiary that holds our La Porte, Texas methanol facility.

26 Borrowings

The carrying amounts of borrowings and the fair value of borrowings as of 31 December are as follows:

Millions of U.S. Dollars	2021		2020	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Non-current:				
Senior Notes due 2024, \$1,000 million, 5.75%	773	844	996	1,151
Senior Notes due 2055, \$1,000 million, 4.625%	974	1,233	974	1,212
Guaranteed Notes due 2023, \$750 million, 4.0%	423	444	745	815
Guaranteed Notes Due 2023, \$650 million Variable	—	—	646	651
Guaranteed Notes Due 2025, \$500 million 2.875%	—	—	496	543
Guaranteed Notes due 2025, \$500 million 1.250%	485	485	495	509
Guaranteed Notes due 2026 €500 million, 0.875%	562	579	608	632
Guaranteed Notes due 2027, \$1,000 million, 3.5%	631	637	1,090	1,123
Guaranteed Notes due 2027, \$300 million, 8.1%	300	385	300	414
Guaranteed Notes Due 2030, \$500 million 3.375%	140	151	495	559
Guaranteed Notes Due 2030, \$500 million 2.250%	490	499	492	516
Guaranteed Notes due 2031, €500 million 1.625%	558	605	601	687
Guaranteed Notes Due 2040, \$750 million 3.375%	743	775	740	807
Guaranteed Notes due 2043, \$750 million, 5.25%	724	957	724	967
Guaranteed Notes due 2044, \$1,000 million, 4.875%	981	1,246	981	1,255
Guaranteed notes due 2049, \$1,000 million, 4.2%	975	1,157	975	1,173
Guaranteed Notes Due 2050, \$1,000 million 4.20%	981	1,157	984	1,174
Guaranteed Notes Due 2051, \$1,000 million 3.625%	986	1,068	986	1,092
Guaranteed Notes Due 2060, \$500 million 3.800%	490	534	490	544
Term Loan due 2022, \$4,000 million	—	—	1,449	1,466
Term loan due 2027 \$1,657 million 5.61%	571	571	667	667
Other	220	220	114	111
Total	12,007	13,547	16,048	18,068
Current:				
Commercial Paper	204	204	500	500
Other	291	266	231	222
Total	495	470	731	722
Total borrowings	\$ 12,502	\$ 14,017	\$ 16,779	\$ 18,790

The fair values of the senior notes and guaranteed notes are based on data obtained from well-established and recognized vendors of market data for debt valuations. The fair value of the finance payable to investees and the Other equals the carrying amount, as the impact of discounting is not significant.

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The following table sets out an analysis of the cash movements in borrowings for the period.

<u>Millions of U.S. Dollars</u>	Current	Non-current	Total
	Borrowings	Borrowings	
Balance as at 1 January 2020	\$ 472	\$ 11,740	\$ 12,212
Acquisitions of Joint Operation	35	597	632
Net Cash Flows	221	3,539	3,760
Foreign Exchange Adjustments	3	239	242
Other Non-cash movements	—	(67)	(67)
Balance as at 31 December 2020	731	16,048	16,779
Acquisitions of Joint Operations	—	141	141
Net Cash Flows	(237)	(4,021)	(4,258)
Foreign Exchange Adjustments	0	—	—
Other Non-cash movements	1	(161)	(160)
Balance as at 31 December 2021	<u>\$ 495</u>	<u>\$ 12,007</u>	<u>\$ 12,502</u>

Gains (losses) related to fair value adjustments associated with the fair value hedge accounting of our fixed-for-floating interest rate swaps for the applicable periods are as follows:

<u>Millions of dollars</u>	Gains (Losses)		Cumulative Fair Value Hedging Adjustments Included in Carrying Amount of Debt	
	Year Ended December 31,		Year Ended December 31,	
	2021	2020	2021	2020
Senior Notes due 2021, 6.0%	\$ —	\$ 1	\$ —	\$ —
Guaranteed Notes due 2022, 1.875%	—	2	—	—
Guaranteed Notes due 2025, 1.25%	2	—	2	—
Guaranteed Notes due 2026, 0.875%	3	(2)	1	(2)
Guaranteed Notes due 2027, 3.5%	56	(65)	(46)	(102)
Guaranteed Notes due 2030, 3.375%	(2)	—	(2)	—
Guaranteed Notes due 2030, 2.25%	2	—	2	—
Guaranteed Notes due 2050, 4.2%	3	—	3	—
Total	<u>\$ 64</u>	<u>\$ (64)</u>	<u>\$ (40)</u>	<u>\$ (104)</u>

These fair values adjustments are recognized in finance cost in the Consolidated Statement of income.

The carrying amounts of our borrowings are denominated in the following currencies:

<u>Millions of U.S. Dollars</u>	31 December	
	2021	2020
USD	\$ 10,458	\$ 14,716
EUR	1,128	1215
CNY	814	667
Other	102	181
	<u>\$ 12,502</u>	<u>\$ 16,779</u>

Long-Term Debt

Senior Revolving Credit Facility—In November 2021, we entered into a second amendment and restatement of our credit agreement (the “Amended and Restated Credit Agreement”) to provide for a \$3,250 million senior unsecured revolving credit facility (the “Senior Revolving Credit Facility”) that matures in November 2026. Our Senior Revolving Credit Facility which may be used for dollar and euro denominated borrowings, has a \$200 million sub-limit for dollar and euro denominated letters of credit, a \$1,000 million uncommitted accordion feature, and supports our commercial paper program. Borrowings under the facility bear interest at either a base rate, LIBOR rate or EURIBOR rate, plus an applicable margin.

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Additional fees are incurred for the average daily unused commitments. At December 31, 2021, we had no borrowings or letters of credit outstanding and \$3,046 million of unused availability under this facility.

The facility contains customary covenants and warranties, including specified restrictions on indebtedness and liens. Additionally, we are required to maintain a maximum leverage ratio (calculated as the ratio of total net funded debt to consolidated earnings before interest, taxes and depreciation and amortization, both as defined in the Amended and Restated Credit Agreement) financial covenant of (i) 4.00 to 1.00 for the fiscal quarter ending March 31, 2022; and (ii) 3.50 to 1.00 for the fiscal quarter ending June 30, 2022 and thereafter. In the event an acquisition meeting certain thresholds is consummated at any time after March 31, 2022 we can elect to increase the maximum leverage ratio for each of the first six fiscal quarters ending after such acquisition as indicated in the Amended and Restated Credit Agreement. The Amended and Restated Credit Agreement also removes minimum liquidity requirements for dividends and share repurchases contained in the previous agreement.

Term Loan due 2022—In March 2019, LYB Americas Finance Company LLC (“LYB Americas Finance”), a wholly owned subsidiary of LyondellBasell Industries N.V., entered into a \$4,000 million senior unsecured delayed draw term loan credit facility that matures in March 2022. Borrowings under the credit agreement were available through December 31, 2019, subsequent to which no further borrowings could be made under the agreement. In October 2020 we repaid \$500 million of the indebtedness outstanding under this Term Loan, using the proceeds from guaranteed notes issued in October 2020 as discussed below. In 2021, we repaid the remaining \$1,450 million outstanding under our Term Loan due 2022.

Outstanding borrowings bore interest at either a base rate or LIBOR rate, as defined, plus in each case, an applicable margin determined by reference to LyondellBasell N.V.’s current credit ratings. The credit agreement contained customary representations and warranties and contained certain restrictive covenants regarding, among other things, secured indebtedness, subsidiary indebtedness, mergers and sales of assets.

Covenants and Provisions—Our \$300 million 8.1% Guaranteed Notes due 2027, which are guaranteed by LyondellBasell Industries Holdings B.V., a wholly owned subsidiary of LyondellBasell Industries N.V., contain certain restrictions with respect to the level of maximum debt that can be incurred and security that can be granted by certain operating companies that are direct or indirect wholly owned subsidiaries of LyondellBasell Industries Holdings B.V. These notes contain customary provisions for default, including, among others, the non-payment of principal and interest, certain failures to perform or observe obligations under the Agreement on the notes, the occurrence of certain defaults under other indebtedness, failure to pay certain indebtedness and the insolvency or bankruptcy of certain LyondellBasell Industries N.V. subsidiaries.

The indentures governing all other notes contain limited covenants, including those restricting our ability and the ability of our subsidiaries to incur indebtedness secured by significant property or by capital stock of subsidiaries that own significant property, enter into certain sale and lease-back transactions with respect to any significant property or enter into consolidations, mergers or sales of all or substantially all of our assets.

We may redeem some of our notes in whole or in part, prior to their respective maturity dates, at a redemption price equal to the greater of (i) 100% of the principal amount of the notes redeemed and (ii) the sum of the present values of the remaining scheduled payments of principal and interest (discounted at the applicable treasury yield or comparable government bond rate plus their respective basis points) on the notes to be redeemed. Some of our notes may also be redeemed prior to their respective maturity dates, at a redemption price equal to 100% of the principal amount of the notes redeemed plus accrued and unpaid interest. Certain notes are also redeemable upon certain tax events.

Additionally, our Senior Notes due 2024 may be redeemed and repaid, in whole at any time or in part from time to time prior to the date that is 90 days prior to the scheduled maturity date of the notes at a redemption price equal to 100% of the principal amount of the notes redeemed plus a premium for each note redeemed equal to the greater of 1.00% of the then outstanding principal amount of the note and the excess of: (a) the present value at such redemption date of (i) the principal amount of the note at maturity plus (ii) all required interest payments due on the note through maturity (excluding accrued but unpaid interest), computed using a discount rate equal to the Treasury Rate as of such redemption date plus 50 basis points; over (b) the outstanding principal amount of the note. These notes may also be redeemed, in whole or in part, at any time on or after the date which is 90 days prior to the final maturity date of the notes, at a redemption price equal to 100% of the principal amount of the notes redeemed plus accrued and unpaid interest.

As of December 31, 2021, we are in compliance with our debt covenants.

Guaranteed Notes—In June 2021, we redeemed \$325 million of the outstanding \$750 million 4.0% guaranteed notes due 2023. In conjunction with the partial redemption, we recognized \$25 million of debt extinguishment costs which are reflected in Interest expense in the Consolidated Statements of Income. The debt extinguishment costs include \$23 million

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paid for make-whole premiums and non-cash charges of \$2 million for the write-off of unamortized debt discount and issuance costs.

In September 2021, we redeemed the entire \$500 million outstanding of 2.875% guaranteed notes due 2025. In conjunction with the redemption, we recognized \$37 million of debt extinguishment costs which are reflected in Interest expense in the Consolidated Statements of Income. The debt extinguishment costs include \$34 million paid for make-whole premiums and non-cash charges of \$3 million for the write-off of unamortized debt issuance costs.

In October 2021, we redeemed the entire \$650 million outstanding guaranteed floating rate notes due 2023. In conjunction with the redemption, we recognized \$3 million of debt extinguishment costs related to the non-cash write-off of unamortized debt issuance costs which are reflected in Interest expense in the Consolidated Statements of Income.

Pursuant to a cash tender offer, in December 2021 we repaid \$775 million principal outstanding of our guaranteed notes, comprising \$409 million of our \$1,000 million 3.5% guaranteed notes due 2027, \$358 million of our \$500 million 3.375% guaranteed notes due 2030, and \$8 million of our \$500 million 1.25% guaranteed notes due 2025. In conjunction with the tender offer, we recognized \$42 million of debt extinguishment costs which are reflected in Interest expense in the Consolidated Statements of Income. The debt extinguishment costs include \$71 million paid for make-whole premiums and non-cash charges of \$7 million for the write-off of unamortized debt discount and issuance costs, partially offset by \$36 million in gains resulting from the write-off of the cumulative fair value hedge accounting adjustments.

In April 2020, LYB International Finance III, LLC (“LYB Finance III”) a wholly owned finance subsidiary of LyondellBasell Industries N.V., as defined in Rule 3-10(b) of Regulation S-X, issued \$500 million of 2.875% guaranteed notes due 2025 (the “2025 Notes”) at a discounted price of 99.911%, \$500 million of 3.375% guaranteed notes due 2030 (the “2030 Notes”) at a discounted price of 99.813% and \$1,000 million of 4.2% guaranteed notes due 2050 (the “2050 Notes”) at a discounted price of 99.373%. Net proceeds from the sale of the notes totaled \$1,974 million. We used the net proceeds from the sale of the notes for general corporate purposes, including to increase our liquidity and manage short-term debt maturities.

In October 2020, LYB Finance III, issued \$3.9 billion of guaranteed notes. The notes included \$500 million of 1.25% guaranteed notes due 2025 (the “1.25% 2025 Notes”) at a discounted price of 99.683%; \$500 million of 2.25% guaranteed notes due 2030 (the “2.25% 2030 Notes”) at a discounted price of 99.203%; \$750 million of 3.375% guaranteed notes due 2040 (the “2040 Notes”) at a discounted price of 99.77%; \$1,000 million of 3.625% guaranteed notes due 2051 (the “2051 Notes”) at a discounted price of 99.707%; \$500 million of 3.8% guaranteed notes due 2060 (the “2060 Notes”) at a discounted price of 99.166% and \$650 million of guaranteed floating rate notes due 2023 (the “Floating Rate Notes”). The Floating Rate Notes will bear interest equal to the three-month LIBOR rate, plus 1.000% per annum.

The net proceeds of the Floating Rate Notes, 1.25% 2025 Notes, 2.25% 2030 Notes, 2040 Notes, 2051 Notes and 2060 Notes (collectively, the “October Notes”) were \$3,848 million. We used the proceeds to repay debt as discussed below and the remaining proceeds were used to fund a portion of the purchase price for the Louisiana Joint Venture.

In October 2020, we used \$500 million of the net proceeds to repay a portion of the indebtedness outstanding under our Term Loan due 2022. In November 2020, proceeds from the October Notes were used to redeem €750 million aggregate principal amount of our 1.875% guaranteed notes due 2022. In conjunction with the redemption of these notes, we recognized \$23 million of debt extinguishment costs which are reflected in Interest expense in the Consolidated Statements of Income. The debt extinguishment costs include \$22 million paid for make-whole premiums and non-cash charges of \$2 million for the write-off of unamortized debt discount and issuance costs, partially offset by \$1 million in gains resulting from the write-off of the cumulative fair value hedge accounting adjustments.

Senior Notes—Pursuant to a cash tender offer, in December 2021 we repaid \$225 million principal outstanding of our \$1,000 million 5.75% senior notes due 2024. In conjunction with the tender offer, we recognized \$23 million of debt extinguishment costs which are reflected in Interest expense in the Consolidated Statements of Income. The debt extinguishment costs include \$22 million paid for make-whole premiums, fees and expenses related to the redemption of the notes and non-cash charges of \$1 million for the write-off of unamortized debt issuance costs.

In November 2020, proceeds from the October Notes were used to redeem \$1,000 million aggregate principal amount of our 6% senior notes due 2021. In conjunction with the redemption of these notes, we recognized \$46 million of debt extinguishment costs which are reflected in Interest expense in the Consolidated Statements of Income. The debt extinguishment costs include \$55 million paid for make-whole premiums and non-cash charges of \$2 million for the write-off of unamortized debt discount and issuance costs, partially offset by \$11 million in gains resulting from the write-off of the cumulative fair value hedge accounting adjustments.

Short-Term Debt

U.S. Receivables Facility—Our U.S. Receivables Facility has a purchase limit of \$900 million in addition to a \$300 million uncommitted accordion feature. In June 2021, we extended the term of the facility to June 2024 in accordance with the terms of the agreement. This facility provides liquidity through the sale or contribution of trade receivables by certain of our U.S. subsidiaries to a wholly owned, bankruptcy-remote subsidiary on an ongoing basis and without recourse. The bankruptcy-remote subsidiary may then, at its option and subject to a borrowing base of eligible receivables, sell undivided interests in the pool of trade receivables to financial institutions participating in the facility (“Purchasers”). The sale of the undivided interest in the pool of trade receivables is accounted for as a secured borrowing in the Consolidated Balance Sheets. We are responsible for servicing the receivables. We pay variable interest rates on our secured borrowings. Additional fees are incurred for the average daily unused commitments. In the event of liquidation, the bankruptcy-remote subsidiary’s assets will be used to satisfy the claims of the Purchasers prior to any assets or value in the bankruptcy-remote subsidiary becoming available to us. This facility also provides for the issuance of letters of credit up to \$200 million. Performance obligations under the facility are guaranteed by LyondellBasell Industries N.V. The term of the facility may be extended in accordance with the terms of the agreement. The facility is also subject to customary warranties and covenants, including limits and reserves and the maintenance of specified financial ratios. Under the terms of the U.S. Receivable Facility we are required to maintain a maximum leverage ratio consistent with the terms of the Senior Revolving Credit Facility as discussed above. At December 31, 2021, there were no borrowings or letters of credit outstanding and \$900 million unused availability under the facility.

Commercial Paper Program—We have a commercial paper program under which we may issue up to \$2,500 million of privately placed, unsecured, short-term promissory notes (“commercial paper”). This program is backed by our \$3,250 million Senior Revolving Credit Facility. Proceeds from the issuance of commercial paper may be used for general corporate purposes, including dividends and share repurchases. Interest rates on the commercial paper outstanding at December 31, 2021 are based on the terms of the notes and range from 0.11% to 0.21%. At December 31, 2021, we had \$204 million of outstanding commercial paper.

Precious Metal Financings—We enter into lease agreements for precious metals which are used in our production processes. All precious metal borrowings are classified as Short-term debt.

Weighted Average Interest Rate—At December 31, 2021 and 2020, our weighted average interest rate on outstanding Short-term debt was 0.9%.

Additional Information

Other Information—LYB International Finance B.V., LYB International Finance II B.V., LYB International Finance III, LLC and LYB Americas Finance Company LLC (“LYB Finance subsidiaries”) are wholly owned finance subsidiaries of LyondellBasell Industries N.V., as defined in Rule 3-10(b) of Regulation S-X. Any debt securities issued by LYB Finance subsidiaries will be fully and unconditionally guaranteed by LyondellBasell Industries N.V., and no other subsidiaries of LyondellBasell Industries N.V. guarantees these securities. Our unsecured notes rank equally in right of payment to each respective finance subsidiary’s existing and future unsecured indebtedness and to all of LyondellBasell Industries N.V.’s existing and future unsubordinated indebtedness. There are no significant restrictions that would impede LyondellBasell Industries N.V., as guarantor, from obtaining funds by dividend or loan from its subsidiaries.

27 Deferred Income Tax

The gross movement in the deferred income tax account is as follows:

<u>Millions of U.S. Dollars</u>	<u>Note</u>	<u>2021</u>	<u>2020</u>
Opening balance at 1 January		\$ 2,141	\$ 1,900
Income statement charge	12	186	270
Tax charge/(credit) relating to components of other comprehensive income	12	77	(46)
Tax charge/(credit) directly relating to equity	12	—	(7)
Tax charge/(credit) relating to reclass from deferred tax liabilities		4	(2)
Currency translation adjustment		(18)	26
Deferred tax liabilities, net		<u>\$ 2,390</u>	<u>\$ 2,141</u>

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The deferred tax movement of tax loss, credit and interest carryforwards ("tax attributes") and the tax effects of temporary differences between the tax basis of assets and liabilities and their reported amounts in the Consolidated Financial Statements are presented below.

Millions of U.S. Dollars	Retirement Benefit Obligation	Tax Attributes	Other	Total
Deferred income tax assets:				
Balance at 1 January 2020	\$ 420	\$ 83	\$ 107	\$ 610
(Charged)/credited to the income statement	14	26	11	51
(Charged)/credited to other comprehensive income	13	—	33	46
(Charged)/credited to equity	—	—	—	—
(Charged)/credited for deferred tax liabilities and current tax liabilities reclassification	(9)	(1)	(33)	(43)
Currency translation adjustment	19	2	(4)	17
Balance at 31 December 2020	<u>\$ 457</u>	<u>\$ 110</u>	<u>\$ 114</u>	<u>\$ 681</u>
Reclassification				(602)
Net deferred taxes				<u>\$ 79</u>
Balance at 1 January 2021	\$ 457	\$ 110	\$ 114	\$ 681
(Charged)/credited to the income statement	3	(52)	(34)	(83)
(Charged)/credited to other comprehensive income	(59)	—	(18)	(77)
(Charged)/credited to equity	—	—	—	—
(Charged)/credited for deferred tax liabilities and current tax liabilities reclassification	(1)	—	(8)	(9)
Currency translation adjustment	(17)	(1)	(2)	(20)
Balance at 31 December 2021	<u>\$ 383</u>	<u>\$ 57</u>	<u>\$ 52</u>	<u>\$ 492</u>
Reclassification				(300)
Net deferred taxes				<u>\$ 192</u>

Millions of U.S. Dollars	Intangible Assets	Accelerated Tax Depreciation	Inventory	Other	Total
Deferred income tax liabilities					
Balance at 1 January 2020	\$ 135	\$ 2,099	\$ 209	\$ 67	\$ 2,510
Charged/(credited) to the income statement	(44)	385	(70)	50	321
Reclass (to)/from deferred tax assets	—	(92)	3	44	(45)
(Charged)/credited to equity	—	(7)	—	—	(7)
Currency translation adjustment	—	37	6	—	43
Balance at 31 December 2020	<u>\$ 91</u>	<u>\$ 2,422</u>	<u>\$ 148</u>	<u>\$ 161</u>	<u>\$ 2,822</u>
Reclassification					(602)
Net deferred taxes					<u>\$ 2,220</u>
Balance at 1 January 2021	\$ 91	\$ 2,422	\$ 148	\$ 161	\$ 2,822
Charged/(credited) to the income statement	(34)	(131)	285	(17)	103
(Charged)/credited to equity	—	—	—	—	—
Reclass (to)/from deferred tax assets	(3)	(2)	(2)	3	(4)
Currency translation adjustment	(1)	(27)	(9)	(2)	(39)
Balance at 31 December 2021	<u>\$ 53</u>	<u>\$ 2,262</u>	<u>\$ 422</u>	<u>\$ 145</u>	<u>\$ 2,882</u>
Reclassification					(300)
Net deferred taxes					<u>\$ 2,582</u>

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At 31 December 2021 and 2020, we had realizable tax attributes available in the amount of \$368 million and \$520 million, respectively, for which a deferred tax asset was recognized at 31 December 2021 and 2020 of \$57 million and \$110 million, respectively.

Deferred tax assets are recognized for tax attributes to the extent that the realization of the related tax benefit through future taxable profits is probable. Prior to the close of each reporting period, management considers the weight of all evidence, both positive and negative, to determine if the deferred tax assets for tax attributes and deductible temporary differences for each jurisdiction can be valued at full value. We place greater weight on historical evidence over future predictions of our ability to utilize net deferred tax assets. We consider future reversals of existing taxable temporary differences, future taxable income exclusive of reversing temporary differences, and taxable income in prior carryback year(s) if carryback is permitted under applicable law, as well as available prudent and feasible tax planning strategies that would, if necessary, be implemented to ensure realization of the net deferred tax asset.

The Company did not recognize deferred tax assets of \$126 million and \$132 million with respect to tax attributes amounting to \$575 million and \$701 million for the years ended 31 December 2021 and 2020, respectively, which can be carried forward and utilized against future taxable income.

The expiration periods of tax attributes for which no deferred tax assets are recognized as of 31 December 2021 are as follows:

<u>Millions of U.S. Dollars</u>	<u>Gross Tax Attributes</u>	<u>Deferred Tax on Tax Losses</u>
In 2021	—	—
In 2022	1	—
In 2023	—	—
In 2024	—	—
In 2025	1	—
Thereafter	156	13
Indefinite	417	113
	<u>\$ 575</u>	<u>\$ 126</u>

As of 31 December 2021 and 2020, deferred taxes of \$94 million and \$89 million, respectively, have been provided on the unremitted earnings (to the extent such earnings are subject to taxation on their future remittance) of certain joint ventures, equity investments and subsidiaries. As of 31 December 2021 the Company intends to permanently reinvest approximately \$550 million of our non-U.S. earnings. Repatriation of these earnings to the U.S. in the future could result in a tax impact of approximately \$60 million. As it is not probable that this taxable temporary difference will reverse in the foreseeable future we have not recognized any deferred tax liabilities.

Contingencies— Certain income tax returns of LyondellBasell N.V. and its subsidiaries are under examination by tax authorities. These audits may result in proposed assessments by the tax authorities. The Company believes that its tax positions comply with applicable tax law and intends to defend its positions through appropriate administrative and judicial processes.

Our current income tax payable is expected to be settled within the next 12 months.

28 Retirement Benefit Obligations

<u>Millions of U.S. Dollars</u>	<u>Note</u>	<u>2021</u>	<u>2020</u>
Asset in the Consolidated Statement of Financial Position:			
Defined benefit pension plans		\$ 25	\$ 7
Liabilities in the Consolidated Statement of Financial Position:			
Defined benefit pension plans		1,111	1,547
Other post-employment benefit plans		271	297
Total liabilities		<u>1,382</u>	<u>1,844</u>
Net defined benefit liabilities		<u>\$ 1,357</u>	<u>\$ 1,837</u>
Income statement charge:			
Defined benefit pension plans	7	\$ 119	\$ 121
Other post-employment benefit plans	7	10	12
Total charges		<u>\$ 129</u>	<u>\$ 133</u>
Remeasurements recognized in the Consolidated Statement of Other Comprehensive Income (loss) in the period (before tax):			
Defined benefit pension plans		\$ 261	\$ 87
Other post-employment benefit plans		9	(32)
Total recognized in Other Comprehensive Income in the period		<u>\$ 270</u>	<u>\$ 55</u>

We have defined benefit pension plans which cover employees in various countries. We also sponsor postretirement benefit plans other than pensions that provide medical benefits to certain of our U.S., Canadian, and French employees. In Italy and Germany, we provide other post-employment benefits such as early retirement and deferred compensation severance benefits. We use a measurement date of 31 December for all of our benefit plans.

The U.S. defined benefit pension plans are subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"), including minimum funding requirements. The benefits under the U.S. defined benefit plans are determined either under a cash balance formula or another formula based on the participant's earnings history or service or both. The benefit payments are made from a trust or insurance contract. The plans are administered by the Company's Benefits Administrative Committee ("BAC") and investment of the trust assets is directed by external investment managers hired and monitored by the Company's Benefits Finance Committee ("BFC"). Both the BAC and BFC consist of individuals appointed by the Board of Directors of Lyondell Chemical Company, a wholly owned subsidiary of the Company.

The non-U.S. defined benefit pension plans are subject to the regulatory framework and minimum funding requirements of applicable jurisdictions in which the plans are operated. The benefits under the non-U.S. defined benefit pension plan are also generally calculated based on the participant's earnings history or service or both. The benefit payments from certain non-U.S. plans are made from a trust or insurance contract; however, there are also a number of unfunded plans under which the Company meets each benefit payment obligation as it falls due. Management of non-U.S. plan assets is governed by local regulations and practice in each applicable jurisdiction.

Defined benefit pension plans

The amounts recognized in the Statement of Financial Position are determined as follows:

<u>Millions of U.S. Dollars</u>	<u>31 December</u>	
	<u>2021</u>	<u>2020</u>
Present value of benefit obligations	\$ (3,808)	\$ (4,173)
Fair value of plan assets	<u>2,730</u>	<u>2,640</u>
Deficit of defined benefit pension plans	(1,078)	(1,533)
Effect of asset limitation and minimum funding requirement	(8)	(7)
Net liability	<u>\$ (1,086)</u>	<u>\$ (1,540)</u>

The changes in the net defined benefit liability over the year are as follows:

Millions of U.S. Dollars	Present Value of Obligation	Fair value of plan assets	Total	Effect of asset limitation and minimum funding requirement	Total
At 1 January 2020	\$ 3,957	\$ (2,648)	\$ 1,309	\$ 12	\$ 1,321
Current service cost	109	—	109	—	109
Past service cost	(4)	—	(4)	—	(4)
Interest expense (income)	73	(57)	16	(5)	11
	<u>178</u>	<u>(57)</u>	<u>121</u>	<u>(5)</u>	<u>116</u>
Remeasurements:					
- Return on plan assets (excluding interest income)	—	(23)	(23)	—	(23)
- Effect of changes in demographic assumptions	(31)	—	(31)	—	(31)
- Effect of changes in financial assumptions	130	—	130	—	130
- Effect of changes in experience adjustments	15	—	15	—	15
- Effect of business combinations/divestitures/transfers	—	—	—	—	—
	<u>114</u>	<u>(23)</u>	<u>91</u>	<u>—</u>	<u>91</u>
Exchange differences	155	(70)	85	—	85
Contributions:					
- Employers	—	(73)	(73)	—	(73)
- Plan participants	2	(2)	—	—	—
Payments from plans:					
- Benefit payments	(209)	209	—	—	—
- Settlement payments	(24)	24	—	—	—
Effect of business combinations	—	—	—	—	—
At 31 December 2020	<u>\$ 4,173</u>	<u>\$ (2,640)</u>	<u>\$ 1,533</u>	<u>\$ 7</u>	<u>\$ 1,540</u>

<u>Millions of U.S. Dollars</u>	Present	Fair value	Total	Effect of	Total
	Value of	of plan		asset	
	Obligation	assets		limitation	
				and	
				minimum	
				funding	
				requirement	
At 1 January 2021	\$ 4,173	\$ (2,640)	\$ 1,533	\$ 7	\$ 1,540
Current service cost	102	—	102	—	102
Past service cost	1	—	1	—	1
Interest expense (income)	55	(39)	16	1	17
	<u>158</u>	<u>(39)</u>	<u>119</u>	<u>1</u>	<u>120</u>
Remeasurements:					
- Return on plan assets (excluding interest income)	—	(137)	(137)	—	(137)
- Effect of changes in demographic assumptions	—	—	—	—	—
- Effect of changes in financial assumptions	(169)	—	(169)	—	(169)
- Effect of changes in experience adjustments	24	—	24	—	24
- Effect of changes in asset ceiling	—	—	—	—	—
	<u>(145)</u>	<u>(137)</u>	<u>(282)</u>	<u>—</u>	<u>(282)</u>
Exchange differences	(134)	58	(76)	—	(76)
Contributions:					
- Employers	—	(216)	(216)	—	(216)
- Plan participants	2	(2)	—	—	—
Payments from plans:					
- Benefit payments	(246)	246	—	—	—
- Settlement payments	—	—	—	—	—
At 31 December 2021	<u>\$ 3,808</u>	<u>\$ (2,730)</u>	<u>\$ 1,078</u>	<u>\$ 8</u>	<u>\$ 1,086</u>

The defined benefit obligation and plan assets are composed by country as follows:

<u>Millions of U.S. Dollars</u>	2021							Total
	U.S.	Canada	France	Germany	Netherlands	U.K.	Other	
Present value of obligation	\$ 1,916	\$ 82	\$ 217	\$ 611	\$ 700	\$ 242	\$ 40	\$ 3,808
Fair value of plan assets	(1,743)	(91)	(9)	—	(623)	(253)	(11)	(2,730)
Effect of asset limitation and minimum funding requirement	—	8	—	—	—	—	—	8
Total	<u>\$ 173</u>	<u>\$ (1)</u>	<u>\$ 208</u>	<u>\$ 611</u>	<u>\$ 77</u>	<u>\$ (11)</u>	<u>\$ 29</u>	<u>\$ 1,086</u>

Millions of U.S. Dollars	2020							
	U.S.	Canada	France	Germany	Netherlands	U.K.	Other	Total
Present value of obligation	\$ 2,039	\$ 91	\$ 241	\$ 690	\$ 819	\$ 250	\$ 43	\$ 4,173
Fair value of plan assets	(1,548)	(100)	(10)	—	(728)	(242)	(12)	(2,640)
Effect of asset limitation and minimum funding requirement	—	7	—	—	—	—	—	7
Total	<u>\$ 491</u>	<u>\$ (2)</u>	<u>\$ 231</u>	<u>\$ 690</u>	<u>\$ 91</u>	<u>\$ 8</u>	<u>\$ 31</u>	<u>\$ 1,540</u>

As of 31 December 2021, the present value of the defined benefit obligation was comprised of approximately \$1,877 million relating to active employees, \$528 million relating to vested deferred members and \$1,403 million relating to members in retirement. As of 31 December 2020, the present value of the defined benefit obligation was comprised of approximately \$2,081 million relating to active employees, \$621 million relating to vested deferred members and \$1,471 million relating to members in retirement.

The expected contributions to be paid to the defined benefit pension plans and the multi-employer plan during 2022 are \$69 million and \$6 million, respectively.

Our goal is to manage pension investments over the longer term to achieve optimal returns with an acceptable level of risk and volatility. The assets are externally managed by professional investment firms and performance is evaluated continuously against specific benchmarks. The Company or other oversight bodies actively monitor investment results.

The actual return on plan assets was a gain of \$176 million (gain of \$80 million in 2020).

The major categories of plan assets as a percentage of total plan assets are:

	<u>2021</u>	<u>2020</u>
Equity securities	23 %	25 %
Fixed income securities	20 %	20 %
U.S. government securities	14 %	12 %
Alternatives ^(a)	17 %	13 %
Insurance arrangements	26 %	30 %

^(a) Include investments in real estate, hedge funds, private equity and insurance annuity contracts.

LyondellBasell Industries N.V.

The plan assets are summarized as follows at 31 December:

Millions of U.S. Dollars	2021			2020		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
Common and preferred stock						
Domestic	\$ 150	\$ —	\$ 150	\$ 156	\$ —	\$ 156
International	129	—	129	125	—	125
Commingled funds						
Domestic equity	183	—	183	203	—	203
International equity	195	—	195	186	—	186
Fixed income	486	—	486	505	—	505
Real estate	—	113	113	—	100	100
Hedge funds	—	171	171	—	114	114
Private equity	—	203	203	—	137	137
U.S. government securities						
U.S. Treasury securities	401	—	401	339	—	339
Cash and cash equivalents	66	—	66	45	—	45
Insurance arrangements	—	737	737	—	825	825
Total Pension Assets	<u>\$ 1,610</u>	<u>\$ 1,224</u>	<u>\$ 2,834</u>	<u>\$ 1,559</u>	<u>\$ 1,176</u>	<u>\$ 2,735</u>

Our pension plans have not directly invested in securities of LyondellBasell Industries N.V. and there have been no significant transactions between any of the pension plans and the Company or related parties thereof.

The weighted average assumptions used to determine benefit obligations were as follows:

	2021	2020
Discount rate	2.13 %	1.75 %
Rate of salary increase	3.62 %	3.57 %
Rate of price inflation	2.16 %	1.97 %
Rate of pension increase	2.27 %	1.48 %

The weighted average assumptions used to determine net pension cost were as follows:

	2021	2020
Discount rate	1.75 %	2.07 %
Rate of salary increase	3.57 %	3.59 %
Rate of price inflation	1.97 %	2.27 %
Rate of pension increase	1.48 %	1.77 %

The sensitivity analysis presented in the following table is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

The sensitivity of the benefit obligations to changes in the discount rate is as follows:

	Effects on		Effects on	
	benefit obligations in 2021	Change %	benefit obligations in 2020	Change %
Millions of U.S. Dollars				
Present value of obligations	\$ 3,808		\$ 4,173	
Discount rate increases by 50 basis points	(249)	(6.5)%	(281)	(6.7)%
Discount rate decreases by 50 basis points	284	7.5 %	317	7.6 %

Reasonably foreseeable changes to the other principal assumptions would not result in a material impact to the benefit obligations and the benefit costs of our pension plans.

The defined benefit pension plans and the other post-employment benefit plans are subject to a number of risks, the most significant of which are discussed below:

Market price risk- Significant changes in investment performance may result in corresponding increases and decreases in the value of the plan assets.

Changes in bond yields- A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plan's bond holdings.

Inflation risk- Some of the pension plans' benefit arrangements are directly related to the salary levels so that a significant increase in salaries could lead to an increase in the pension obligations of the plans.

Life expectancy- Some plan obligations provide benefits for the lifetime of the member and so increases in life expectancy could result in an increase in the plans' liabilities.

Multi-employer Plan—The Company participates in a multi-employer pension arrangement Pensionskasse der BASF WaG V.VaG (Pensionskasse), which provides for benefits to the majority of our employees in Germany. The plan provides fixed, monthly retirement payments on the basis of the credits earned by the participating employees. The Company-specific plan information for the Pensionskasse is not publicly available and the plan is not subject to a collective-bargaining agreement. Up to a certain salary level, the benefit obligations are covered by contributions of the Company and the employees to the Pensionskasse. To the extent that the Pensionskasse is underfunded or for benefits owed but not subject to the Pensionskasse arrangement, the Company's future contributions to the plan or payments to retirees may increase. To the extent that benefit obligations under the plan are funded by Pensionskasse, the related Company contributions are expensed as incurred. The amounts accrued for expected future benefits payable which are not funded by Pensionskasse were \$95 million and \$80 million at 31 December 2021 and 2020, respectively. The re-measurements recognized in the Consolidated Statement of Other Comprehensive Income are a loss of \$21 million and \$5 million at 31 December 2021 and 2020, respectively.

The amounts recognized in the Consolidated Statement of Income are as follows:

Millions of U.S. Dollars	31 December	
	2021	2020
Company contributions to Pensionskasse	\$ 6	\$ 7

Other post-employment benefits plans

The amounts recognized in the Consolidated Statement of Financial Position are determined as follows:

Millions of U.S. Dollars	31 December	
	2021	2020
Present value of benefit obligations	\$ 271	\$ 297
Fair value of plan assets	—	—
Net liability	\$ 271	\$ 297

The changes in the net defined benefit liability over the year are as follows:

<u>Millions of U.S. Dollars</u>	Present value of obligation	Fair value of plan assets	Total
At 1 January 2020	\$ 330	\$ —	\$ 330
Current service cost	4	—	4
Interest expense	8	—	8
	<u>12</u>	<u>—</u>	<u>12</u>
Remeasurements:			
- Effect of changes in demographic assumptions	(42)	—	(42)
- Effect of changes in financial assumptions	14	—	14
- Effect of changes in experience adjustments	(5)	—	(5)
	<u>(33)</u>	<u>—</u>	<u>(33)</u>
Exchange differences	6	—	6
Contributions:			
- Employers	—	(18)	(18)
- Plan participants	7	(7)	—
Payments from plans:			
- Benefit payments	(25)	25	—
At 31 December 2020	<u>\$ 297</u>	<u>\$ —</u>	<u>\$ 297</u>

<u>Millions of U.S. Dollars</u>	Present value of obligation	Fair value of plan assets	Total
At 1 January 2021	\$ 297	\$ —	\$ 297
Current service cost	4	—	4
Past service cost	2	—	2
Interest expense	5	—	5
	<u>11</u>	<u>—</u>	<u>11</u>
Remeasurements:			
- Effect of changes in demographic assumptions	—	—	—
- Effect of changes in financial assumptions	(12)	—	(12)
- Effect of changes in experience adjustments	3	—	3
	<u>(9)</u>	<u>—</u>	<u>(9)</u>
Exchange differences	(6)	—	(6)
Contributions:			
- Employers	—	(22)	(22)
- Plan participants	7	(7)	—
Payments from plans:			
- Benefit payments	(29)	29	—
At 31 December 2021	<u>\$ 271</u>	<u>\$ —</u>	<u>\$ 271</u>

The weighted average assumptions used to determine benefit obligations were as follows:

	<u>2021</u>	<u>2020</u>
Discount rate	2.43 %	2.08 %
Rate of salary increase	4.17 %	4.83 %
Rate of price inflation	1.90 %	1.90 %

The weighted average assumptions used to determine net benefit cost were as follows:

	<u>2021</u>	<u>2020</u>
Discount rate	2.08 %	2.66 %
Rate of salary increase	4.83 %	4.50 %
Rate of price inflation	1.90 %	1.80 %

The following table reflects the sensitivity of the benefit obligations of our other post-employment benefit plans to changes in the discount rate:

<u>Millions of U.S. Dollars</u>	<u>Effects on benefit obligations in 2021</u>	<u>Change %</u>	<u>Effects on benefit obligations in 2020</u>	<u>Change %</u>
Present value of obligations	\$ 271		\$ 297	
Discount rate increases by 50 basis points	(18)	(6.5)%	(21)	(7.1)%
Discount rate decreases by 50 basis points	20	7.4 %	25	8.3 %

Reasonably foreseeable changes to the other principal assumptions would not result in a material impact to the benefit obligations and the benefit costs of our other post-employment benefit plans.

The weighted average duration of the defined benefit obligation for the defined benefit pension plans and other post-employment benefit plans is 13.9 years, respectively.

As of 31 December 2021, future expected benefit payments by our defined benefit pension plans and other post-employment benefit plans which reflect expected future service, as appropriate, are as follows:

<u>Millions of U.S. Dollars</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>Thereafter</u>	<u>Total</u>
Defined benefit pension plans	\$ 205	\$ 205	\$ 205	\$ 203	\$ 204	\$ 992	\$ 2,014
Other post-employment benefit plans	16	16	15	15	15	72	149
Total	<u>\$ 221</u>	<u>\$ 221</u>	<u>\$ 220</u>	<u>\$ 218</u>	<u>\$ 219</u>	<u>\$ 1,064</u>	<u>\$ 2,163</u>

29 Trade and Other Payables

<u>Millions of U.S. Dollars</u>	<u>31 December</u>	
	<u>2021</u>	<u>2020</u>
Trade payables	\$ 3,579	\$ 2,557
Amounts due to related parties	1,093	591
Social securities and other taxes	25	38
Accrued expenses	1,768	1,235
	<u>\$ 6,465</u>	<u>\$ 4,421</u>

30 Provisions

<u>Millions of U.S. Dollars</u>	Asset Retirement				Total
	Obligation	Environmental	Restructuring	Other	
Balance at 1 January 2020	\$ 77	\$ 132	\$ 33	\$ 29	\$ 271
Charged/(credited) to the income statement:					
Additional provisions	—	—	—	2	2
Changes in estimate	(1)	3	13	6	21
Used during the period	(6)	(7)	(26)	(2)	(41)
Exchange differences	6	5	—	5	16
At 31 December 2020	<u>\$ 76</u>	<u>\$ 133</u>	<u>\$ 20</u>	<u>\$ 40</u>	<u>\$ 269</u>
Of which:					
Non-current	\$ 69	\$ 117	\$ 3	\$ 31	\$ 220
Current	7	16	17	9	49
Closing balance	<u>\$ 76</u>	<u>\$ 133</u>	<u>\$ 20</u>	<u>\$ 40</u>	<u>\$ 269</u>
Balance at 1 January 2021	\$ 76	\$ 133	\$ 20	\$ 40	\$ 269
Charged/(credited) to the income statement:					
Changes in estimate	3	25	6	1	35
Used during the period	(3)	(14)	(11)	(1)	(29)
Exchange differences	(4)	(4)	(1)	(3)	(12)
Other	—	(1)	—	—	(1)
At 31 December 2021	<u>\$ 72</u>	<u>\$ 139</u>	<u>\$ 14</u>	<u>\$ 37</u>	<u>\$ 262</u>
Of which:					
Non-current	\$ 65	\$ 120	\$ 1	\$ 29	\$ 215
Current	7	19	13	8	47
Closing balance	<u>\$ 72</u>	<u>\$ 139</u>	<u>\$ 14</u>	<u>\$ 37</u>	<u>\$ 262</u>

Asset retirement obligations—At some locations, we are contractually obligated to decommission our plants upon site exit. We have provided for the net present value of the estimated costs. Typically such costs are incurred within three years of a plant's closure.

Environmental Remediation—Our accrued liability for future environmental remediation costs at current and former plant sites and other remediation sites totaled \$139 million and \$133 million as of 31 December 2021 and 2020, respectively. At 31 December 2021, the accrued liabilities for individual sites range from less than \$1 million to \$27 million. The remediation expenditures are expected to occur over a number of years, and not concentrated in any single year. In our opinion, it is reasonably possible that losses in excess of the liabilities recorded may have been incurred. However, we cannot estimate any amount or range of such possible additional losses. New information about sites, new technology or future developments such as involvement in investigations by regulatory agencies, could require us to reassess our potential exposure related to environmental matters.

31 Contingencies and Commitments

Contingencies-Litigation and Other Matters

Indemnification—We are parties to various indemnification arrangements, including arrangements entered into in connection with acquisitions, divestitures and the formation and dissolution of joint ventures. Pursuant to these arrangements, we provide indemnification to and/or receive indemnification from other parties in connection with liabilities that may arise in connection with the transactions and in connection with activities prior to completion of the transactions. These indemnification arrangements typically include provisions pertaining to third party claims relating to environmental and tax matters and various types of litigation. As of 31 December 2021, we had not accrued any significant amounts for our indemnification obligations, and we are not aware of other circumstances that would likely lead to significant future indemnification obligations. We cannot determine with certainty the potential amount of future payments under the indemnification arrangements until events arise that would trigger a liability under the arrangements.

As part of our technology licensing contracts, we give indemnifications to our licensees for liabilities arising from possible patent infringement claims with respect to certain proprietary licensed technologies. Such indemnifications have a stated maximum amount and generally cover a period of 5 to 10 years.

Legal Proceedings—We are subject to various lawsuits and claims, including but not limited to, matters involving contract disputes, environmental damages, personal injury and property damage. We vigorously defend ourselves and prosecute these matters as appropriate.

Our legal organization applies its knowledge, experience and professional judgment to the specific characteristics of our cases, employing a litigation management process to manage and monitor legal proceedings in which we are a party. Our process facilitates the early evaluation and quantification of potential exposures in individual cases. This process also enables us to track those cases that have been scheduled for trial, mediation or other resolution. We regularly assess the adequacy of legal accruals based on our professional judgment, experience and the information available regarding our cases.

Based on a consideration of all relevant facts and circumstances, we do not believe the ultimate outcome of any currently pending lawsuit against us will have a material adverse effect upon our operations, financial condition or Consolidated Financial Statements.

Commitments

Commitments—We have various purchase commitments for materials, supplies and services incidental to the ordinary conduct of business, generally for quantities required for our businesses and at prevailing market prices. These commitments are designed to assure sources of supply and are not expected to be in excess of normal requirements. As of 31 December 2021, we had capital expenditure commitments, which we incurred in our normal course of business, including commitments of approximately \$276 million related to building our new PO/TBA plant in Houston, Texas.

The aggregate future estimated purchase obligations are as follows:

<u>Millions of U.S. Dollars</u>	<u>As of 31 December 2021</u>	
	<u>Purchase Obligation</u>	
	<u>Joint Ventures</u>	<u>Consolidated Entities</u>
No later than 1 year	\$ 505	\$ 9,104
Later than 1 year and no later than 5 years	1,166	11,402
Later than 5 years	533	12,315
Total	<u>\$ 2,204</u>	<u>\$ 32,821</u>

Financial Assurance Instruments—We have obtained letters of credit, performance and surety bonds and have issued financial and performance guarantees to support trade payables, potential liabilities and other obligations. Considering the frequency of claims made against the financial instruments we use to support our obligations, and the magnitude of those financial instruments in light of our current financial position, management does not expect that any claims against or draws on these instruments would have a material adverse effect on our Consolidated Financial Statements. We have not experienced any unmanageable difficulties in obtaining the required financial assurance instruments for our current operations.

32 Related Parties

The Company has related party transactions with its associates and joint ventures. These related party transactions include the sales and purchases of goods in the normal course of business as well as certain financing arrangements and are at arm's length basis. In addition, under contractual arrangements with certain of the Company's equity investees, we receive certain services, utilities and materials at some of our manufacturing sites and we provide certain services to our associates and joint ventures.

We have guaranteed \$30 million of the indebtedness of two of our joint ventures as of 31 December 2021.

The related party transactions are summarized as follows:

<u>Millions of U.S. Dollars</u>	<u>2021</u>	<u>2020</u>
The Company billed related parties for:		
Sale of products -		
Joint Ventures	\$ 13	\$ 9
Associates	28	65
Shared services agreements -		
Joint Ventures	1	1
Associates	1	1
Related parties billed the Company for:		
Sale of products -		
Joint Ventures	\$ 583	\$ 388
Associates	675	534
Shared services agreements -		
Associates	84	74
Year-end balances with related parties:		
Receivable from Joint Ventures	\$ 3	\$ 9
Receivable from Associates	32	—
Loans to Associate and Joint Ventures	11	11
Loans from Associates and Joint Ventures	1	2
Payables to Joint Ventures	238	96
Payables to Associates	138	45

33 Segment and Related Information

Our operations are managed by senior executives who report to our Chief Executive Officer, the chief operating decision maker. Discrete financial information is available for each of the segments, and our Chief Executive Officer uses the operating results of each of the operating segments for performance evaluation and resource allocation. The activities of each of our segments from which they earn revenues and incur expenses are described below:

- *Olefins and Polyolefins—Americas* (“O&P—Americas”). Our O&P—Americas segment produces and markets olefins and co-products, polyethylene and polypropylene.
- *Olefins and Polyolefins—Europe, Asia, International* (“O&P—EAI”). Our O&P—EAI segment produces and markets olefins and co-products, polyethylene, and polypropylene.
- *Intermediates and Derivatives* (“I&D”). Our I&D segment produces and markets propylene oxide and its derivatives; oxyfuels and related products; and intermediate chemicals such as styrene monomer, acetyls, ethylene oxide and ethylene glycol.
- *Advanced Polymer Solutions* (“APS”). Our APS segment produces and markets compounding and solutions, such as polypropylene compounds, engineered plastics, masterbatches, engineered composites, colors and powders, and advanced polymers, which includes *Catalloy* and polybutene-1.
- *Refining*. Our Refining segment refines heavy, high-sulfur crude oil and other crude oils of varied types and sources available on the U.S. Gulf Coast into refined products, including gasoline and distillates.
- *Technology*. Our Technology segment develops and licenses chemical and polyolefin process technologies and manufactures and sells polyolefin catalysts.

Our chief operating decision maker uses EBITDA as the primary measure for reviewing profitability of our segments, and therefore, we have presented EBITDA for all segments. We define EBITDA as earnings before interest, income taxes, and depreciation and amortization.

“Other” includes intersegment eliminations and items that are not directly related or allocated to business operations, such as foreign exchange gains or losses and components of pension and other postretirement benefit costs other than service costs. Sales between segments are made primarily at prices approximating prevailing market prices.

Accounting policies for internal reporting are based on U.S. GAAP and are materially similar to those described in Summary of Significant Accounting Policies (See Note 2) except for

Inventories—The Group measures its inventories in accordance with the Last In, First Out (“LIFO”) method, which is permitted under U.S. GAAP. According to IAS 2, *Inventories*, the LIFO method is prohibited under IFRS. Therefore, the inventories are measured using the First In, First Out (“FIFO”) method for the Consolidated Financial Statements. This inventory measurement difference between the reportable segments and the consolidated information results in different costs of sale and net profit for the period.

Employee Benefits—Under U.S. GAAP, ASC Topic 715, *Compensation-Retirement Benefits* (“ASC 715”) requires the interest expense component of pension expense to be calculated as the product of the defined benefit liability and the discount rate. Such interest expense is netted against interest income resulting from the expected rate of return on plan assets applied to the market value of assets. The expected rate of return on plan assets is a longer term rate, and is expected to change less frequently than the discount rate, reflecting long-term market expectations, rather than current fluctuations in market conditions. Under IFRS, in accordance with IAS 19, *Employee Benefits* the Company recognizes a net interest expense (income), which is the product of the net defined benefit liability (asset) and the discount rate, as a component of its pension expense on defined benefit plans.

Under ASC 715, past service cost and actual return on plan assets in excess of expected return are initially recorded in other comprehensive income and subsequently recognized in earnings over the average remaining service period of the participants to the extent it exceeds the “corridor”. The corridor is defined as the greater of 10 percent of the accumulated projected benefit obligation or the fair value of the plan assets as of the beginning of the year. Under IFRS, the Company recognizes immediately past service cost and net interest expense (income) as discussed above in the Consolidated Statement of Income. Actual return of plan assets in excess of recognized interest income is permanently recorded in other comprehensive income.

Other- There are minor differences between IFRS and U.S. GAAP with respect to IFRS 11, *Joint Arrangements* as well as, leases, discontinued operations, the subsequent measurement of asset retirement obligations, capitalization of development costs related to Research and development and amortization of debt issuance costs. If material, these differences are separately disclosed in the Consolidated Financial Statements reconciliation.

Summarized financial information concerning reportable segments is shown in the following table for the periods presented:

		Year Ended December 31, 2021						
<u>Millions of dollars</u>	O&P – Americas	O&P – EAI	I&D	APS	Refining	Technology	Other	Total
Sales and other operating revenues:								
Customers	\$ 10,502	\$ 12,685	\$ 9,968	\$ 5,133	\$ 7,178	\$ 707	\$ —	\$ 46,173
Intersegment	4,500	805	212	12	824	136	(6,489)	—
	15,002	13,490	10,180	5,145	8,002	843	(6,489)	46,173
Depreciation and amortization expense	578	197	379	117	79	43	—	1,393
Other income (expense), net	28	11	(2)	7	(7)	—	25	62
Income (loss) from equity investments	115	313	34	(1)	—	—	—	461
EBITDA	5,273	1,749	1,378	409	(624)	514	(10)	8,689
Capital expenditures	319	249	1,112	85	74	91	29	1,959
		Year Ended December 31, 2020						
<u>Millions of dollars</u>	O&P – Americas	O&P – EAI	I&D	APS	Refining	Technology	Other	Total
Sales and other operating revenues:								
Customers	\$ 5,032	\$ 7,809	\$ 6,144	\$ 3,903	\$ 4,346	\$ 519	\$ —	\$ 27,753
Intersegment	2,243	558	125	10	381	140	(3,457)	—
	7,275	8,367	6,269	3,913	4,727	659	(3,457)	27,753
Depreciation and amortization expense	525	214	305	152	152	37	—	1,385
Other income (expense), net	70	14	1	1	1	—	(2)	85
Income (loss) from equity investments	45	186	26	(1)	—	—	—	256
EBITDA	1,810	826	833	378	(871)	324	(15)	3,285
Capital expenditures	543	166	880	63	63	111	121	1,947

The difference between sales reported and the IFRS income statement and the difference between capital expenditures reported and the IFRS statement of cash flows are caused by the difference in accounting for joint arrangements under IFRS and U.S. GAAP as explained in this note.

Reconciliation of EBITDA for reportable segments to the Company's Consolidated Statement of Income is summarized in the following table:

Millions of U.S. Dollars	Note	31 December	
		2021	2020
EBITDA:			
Total segment EBITDA		\$ 8,699	\$ 3,300
Other EBITDA		(10)	(15)
		<u>8,689</u>	<u>3,285</u>
Less:			
Depreciation and amortization expense		(1,393)	(1,385)
Other income (expense), net		(62)	(85)
Income from equity investments		(461)	(256)
U.S. GAAP operating income		<u>6,773</u>	<u>1,559</u>
Measurement difference:			
Inventory valuation		1,612	(200)
Classification difference:			
Other income (expense), net	10	233	(74)
Joint Arrangements		119	168
Other		<u>37</u>	<u>3</u>
Total Company's operating profit		<u>\$ 8,774</u>	<u>\$ 1,456</u>

Long-lived assets include Property, plant and equipment, Right-of-use assets, Intangible assets excluding goodwill and Investments in associates and joint ventures. The following long-lived assets data is based upon the location of the assets:

Millions of U.S. Dollars	Long-Lived Assets	
	2021	2020
United States	\$ 15,634	\$ 15,184
Germany	1,525	1,578
The Netherlands	1,034	1,079
China	1,440	1,221
France	736	630
Italy	327	369
Mexico	308	260
Other	1,632	1,583
Total	<u>\$ 22,636</u>	<u>\$ 21,904</u>

34 Subsequent Events

As a result of Russia's military action in Ukraine, on March 3, we announced that effective immediately, LyondellBasell will not enter into any new business transactions or relationships with Russian state-owned entities; and also that we intend to discontinue business relationships with Russian state-owned entities to the extent legally possible.

We are in the process of assessing how this will affect our operations. Based on our assessment at the time of issuance of these Consolidated Financial Statements, we do not expect these measures will have a material impact in our operations or financial position.

Entity Name	Jurisdiction of Formation
Subsidiaries	
A. Schulman AG	Switzerland
A. Schulman Belgium BV	Belgium
A. Schulman Canada Ltd.	Canada (Ontario)
A. Schulman Castellon S.L.	Spain
A. Schulman de Mexico S.A. de C.V.	Mexico
A. Schulman del Peru S.A.C.	Peru
A. Schulman Europe GmbH & Co. KG	Germany
A. Schulman Europe International B.V.	Netherlands
A. Schulman Europe Verwaltungs GmbH	Germany
A. Schulman Gainsborough Ltd	United Kingdom
A. Schulman GmbH	Germany
A. Schulman GmbH (Austrian Branch)	Austria
A. Schulman Holdings (France) S.A.S.	France
A. Schulman Inc. Limited	United Kingdom
A. Schulman International Inc.	USA (Delaware)
A. Schulman International Services BV	Belgium
A. Schulman Magyarország Kereskedelmi Korlátolt Felelősségű Társaság	Hungary
A. Schulman Nordic AB	Sweden
A. Schulman Plásticos do Brasil Ltda.	Brazil
A. Schulman Plastics (Branch)	United Arab Emirates
A. Schulman Plastics BV	Belgium
A. Schulman Plastics S.r.l.	Italy
A. Schulman Plastics SAS	France
A. Schulman Plastik Sanayi ve Ticaret Anonim Sirketi	Turkey
A. Schulman Polska Sp. z o.o.	Poland
A. Schulman Real Estate GmbH & Co. KG	Germany
A. Schulman S.A.S.	France
A. Schulman 's-Gravendeel B.V.	Netherlands
A. Schulman Thermoplastic Compounds Limited	United Kingdom
A.Schulman Poznan Sp. Z o.o.	Poland
Al Waha Petrochemical Company	Saudi Arabia
AS Mex Hold S.A. de C.V.	Mexico
AS Worldwide LLC & Cie, S.C.S.	Luxembourg
AS Worldwide, LLC	USA (Delaware)
ASI Investments Holding Co.	USA (Delaware)
Basell (Thailand) Holdings B.V.	Netherlands
Basell Advanced Polyolefins (Dalian) Co. Ltd.	China
Basell Advanced Polyolefins (Suzhou) Co. Ltd.	China
Basell Advanced Polyolefins (Thailand) Company Ltd.	Thailand
Basell Arabie Investissements SAS	France
Basell Asia Pacific Limited	China
Basell Bayreuth Chemie GmbH	Germany
Basell Benelux B.V.	Netherlands
Basell Chemie Köln GmbH	Germany
Basell Germany Holdings GmbH	Germany
Basell Holdings Middle East GmbH	Germany
Basell International Holdings B.V.	Netherlands
Basell International Trading FZE	United Arab Emirates
Basell Moyen Orient Investissements SAS	France
Basell North America Inc.	USA (Delaware)
Basell Orlen Polyolefins Sp. Z.o.o.	Poland
Basell Orlen Polyolefins Sprzedaz Sp. Z.o.o.	Poland
Basell Poliolefinas Iberica S.L.	Spain
Basell Poliolefinas Ltda.	Brazil
Basell Poliolefinas, S. de R.L. de C.V.	Mexico

LyondellBasell Industries N.V.

Basell Poliolefine Italia S.r.l.	Italy
Basell Polyolefin Istanbul Ticaret Limited Sirketi	Turkey
Basell Polyolefine GmbH	Germany
Basell Polyolefines France S.A.S.	France
Basell Polyolefins India Private Limited	India
Basell Polyolefins Korea Ltd.	Korea, Republic Of
Basell Polyolefins UK Limited	United Kingdom
Basell Sales & Marketing Company B.V.	Netherlands
Basell Sales & Marketing Company B.V. (Branch)	Germany (Frankfurt am Main)
Basell Sales & Marketing Company B.V. (Branch)	Germany (Kerpen)
Basell Sales & Marketing Company B.V. (Branch)	France
Basell Sales & Marketing Company B.V. (Branch)	Italy
Basell Sales & Marketing Company B.V. (Branch)	Germany (Wesseling)
Basell Sales & Marketing Company B.V. (Branch)	United Kingdom
Basell Sales & Marketing Company B.V. (Branch)	Belgium
Basell Sales & Marketing Company B.V. Magyarországi Fióktelepe (Branch)	Hungary
Basell Sales & Marketing Company B.V. Sucursal en España (Branch)	Spain
Basell Sales & Marketing Company B.V. Svensk Filial (Branch)	Sweden
Basell Sales & Marketing Company B.V. Zweigniederlassung Österreich (Branch)	Austria
Basell Sales & Marketing Company B.V., organizacná zložka (Branch)	Slovakia (Slovak Republic)
Basell Sales & Marketing Company BV Sp. z o.o. oddzial w Polsce (Branch)	Poland
Basell Slovakia s.r.o.	Slovakia (Slovak Republic)
Basell Trading (Shanghai) Co. Ltd.	China
Basell UK Holdings Limited	United Kingdom
Basell UK Ltd.	United Kingdom
BKV GmbH	Germany
BMC Deutschland GmbH	Germany
BMC TetraDURTurkey Plastik Hammadde Kompozit Üretim Sanayi ve Ticaret Limited Şirketi	Turkey
Bora LyondellBasell Petrochemical Co., Ltd.	China
Brindisi Servizi Generali S.c.a.r.l.	Italy
Bulk Molding Compounds do Brasil Industria de Plásticos Reforçados Ltda.	Brazil
Bulk Molding Compounds Mexico, S. de R.L. de C.V.	Mexico
Bulk Molding Compounds, Inc.	United States (Illinois)
Citadel Plastics Mexico Holdings, LLC	USA (Delaware)
Closed Loop Circular Plastics Fund, LP	USA (Delaware)
Compagnie de Distribution des Hydrocarbures SAS	France
Compagnie Petrochimique de Berre SAS	France
Elian S.A.S.	France
EPS Ethylen-Pipeline-Süd Geschäftsführungs GmbH	Germany
EPS Ethylen-Pipeline-Süd GmbH & Co. KG	Germany
Equistar Bayport, LLC	USA (Delaware)
Equistar Chemicals, LP	USA (Delaware)
Equistar GP, LLC	USA (Delaware)
Equistar LP, LLC	USA (Delaware)
Equistar Mont Belvieu Corporation	USA (Delaware)
GSB Sonderabfall-Entsorgung Bayern GmbH	Germany
Guangzhou Basell Advanced Polyolefins Co., Ltd.	China
HGGC Citadel Plastics Holdings, Inc.	USA (Delaware)
HMC Polymers Company Limited	Thailand
Houston Refining LP	USA (Delaware)
HPC Holdings, LLC	USA (Delaware)
I.F.M. S.c.a.r.l.	Italy
Indelpro, S.A. de C.V.	Mexico
Infraserv GmbH & Co. Höchst KG	Germany
Innovación Y Desarrollo en Materiales Avanzados, A.C.	Mexico
Limited Liability Company "LyondellBasell Polyolefins"	Russian Federation
Limited Liability Company A. Schulman	Russian Federation
Louisiana Integrated PolyEthylene JV LLC	USA (Delaware)
LYB (Barbados) SRL	Barbados

LyondellBasell Industries N.V.

LYB Advanced Polymer Solutions Ireland Limited	Ireland
LYB Americas Finance Company LLC	USA (Delaware)
LYB Bayport Ethers LLC	USA (Delaware)
LYB Brazil Holdings LLC	USA (Delaware)
LYB Channelview POTBA LLC	USA (Delaware)
LYB Equistar Holdings LLC	USA (Delaware)
LYB Export Holdings Limited	United Kingdom
LYB Exports Inc.	USA (Delaware)
LYB Finance Company B.V.	Netherlands
LYB International Finance B.V.	Netherlands
LYB International Finance II B.V.	Netherlands
LYB International Finance III, LLC	USA (Delaware)
LYB Ireland Limited	Ireland
LYB Luxembourg S.à r.l.	Luxembourg
LYB Matrixx Holdings Inc.	USA (Delaware)
LYB Premix Holding LLC	USA (Delaware)
LYB Premix LLC	USA (Ohio)
LYB Receivables LLC	USA (Delaware)
LYB Trading Company B.V.	Netherlands
LYB Treasury Services Ltd.	United Kingdom
Lyondell Asia Holdings Limited	Hong Kong
Lyondell Chemical Company	USA (Delaware)
Lyondell Chemical Europe, Inc.	USA (Delaware)
Lyondell Chemical Overseas Services, Inc.	USA (Delaware)
Lyondell Chemical Properties, L.P.	USA (Delaware)
Lyondell Chemical Technology 1 Inc.	USA (Delaware)
Lyondell Chemical Technology Management, Inc.	USA (Delaware)
Lyondell Chemical Technology, L.P.	USA (Delaware)
Lyondell Chemie (PO-11) B.V.	Netherlands
Lyondell Chemie (POSM) B.V.	Netherlands
Lyondell Chemie Nederland B.V.	Netherlands
Lyondell Chimie France SAS	France
Lyondell China Holdings Limited	Hong Kong
Lyondell Greater China Holdings Limited	Hong Kong
Lyondell Greater China Trading Limited	China
Lyondell Japan, Inc.	Japan
Lyondell PO-11 C.V.	Netherlands
Lyondell POJVG, LLC	USA (Delaware)
Lyondell POJVLP, LLC	USA (Delaware)
Lyondell POTechGP, Inc.	USA (Delaware)
Lyondell POTechLP, Inc.	USA (Delaware)
Lyondell Refining Company LLC	USA (Delaware)
Lyondell Refining I LLC	USA (Delaware)
Lyondell South Asia Pte Ltd	Singapore
LyondellBasell Acetyls Holdco, LLC	USA (Delaware)
LyondellBasell Acetyls, LLC	USA (Delaware)
LyondellBasell Advanced Polymer (Changshu) Co., Ltd.	China
LyondellBasell Advanced Polymer (Dongguan) Co. Ltd.	China
LyondellBasell Advanced Polymers (Malaysia) Sdn. Bhd.	Malaysia
LyondellBasell Advanced Polymers Inc.	USA (Delaware)
LyondellBasell Advanced Polyolefins (Malaysia) Sdn. Bhd.	Malaysia
LyondellBasell Advanced Polyolefins Pty Ltd	Australia
LyondellBasell Australia (Holdings) Pty Ltd	Australia
LyondellBasell Australia Pty Ltd	Australia
LyondellBasell Brasil Ltda.	Brazil
LyondellBasell Canada Inc.	Canada (British Columbia)
LyondellBasell Central Europe Kft.	Hungary
LyondellBasell China Holdings B.V.	Netherlands
LyondellBasell Circular Economy B.V.	Netherlands

LyondellBasell Industries N.V.

LyondellBasell Covestro Manufacturing Maasvlakte V.O.F.	Netherlands
LyondellBasell Disaster Relief Fund	USA (Delaware)
LyondellBasell Egypt LLC	Egypt
LyondellBasell Finance Company	USA (Delaware)
LyondellBasell Holdings France SAS	France
LyondellBasell Hungary Kft	Hungary
LyondellBasell Industries Holdings B.V.	Netherlands
LyondellBasell Industries N.V.	Netherlands
LyondellBasell Investment LLC	USA (Delaware)
LyondellBasell LC Offtake LLC	USA (Delaware)
LyondellBasell Malaysia Sdn. Bhd.	Malaysia
LyondellBasell Polymers (Malaysia) Sdn. Bhd.	Malaysia
LyondellBasell Polyolefin (Shanghai) Co., Ltd.	China
LyondellBasell SCS UK Ltd	United Kingdom
LyondellBasell Services France S.A.S.	France
LyondellBasell Subholdings B.V.	Netherlands
LyondellBasell Taiwan Co., Ltd.	Taiwan
LyondellBasell Transportation Company, LLC	USA (Delaware)
Maiden Lane Investors, Inc.	USA (Ohio)
Natpet Schulman Specialty Plastic Compounds	Saudi Arabia
Ningbo ZRCC Lyondell Chemical Co. Ltd.	China
Ningbo ZRCC LyondellBasell New Material Company Limited	China
OE Insurance Ltd	Bermuda
Oil Casualty Insurance, Ltd.	Bermuda
Oil Insurance Limited	Bermuda
PD Glycol LP	USA (Texas)
PO JV, LP	USA (Delaware)
PO Offtake, LP	USA (Delaware)
PolyMirae Co., Ltd.	Korea, Republic Of
PT LyondellBasell Advanced Polyolefins	Indonesia
PT LyondellBasell Advanced Polyolefins Commercial	Indonesia
PTT Chemical PCL	Thailand
QCP B.V.	Netherlands
QCP Holding B.V.	Netherlands
QCP IP B.V.	Netherlands
Quantum Composites, Inc.	USA (Ohio)
Rayong Olefins Co., Ltd.	Thailand
RIGK GmbH Gesellschaft zur Rückführung industrieller and gewerblicher Kunststoffverpackungen mbH	Germany
San Jacinto Rail Limited	USA (Delaware)
Saudi Ethylene & Polyethylene Company	Saudi Arabia
Saudi Polyolefins Company	Saudi Arabia
SCG ICO Polymers Company Limited	Thailand
Sociedad Espanola De Materiales Plasticos, Semap, S.A.	Spain
Société des Stockages Petroliers du Rhône SA	France
Technology JV, LP	USA (Delaware)
tetra-DUR Kunststoff-Produktion GmbH	Germany
TIVACO S.A.	Belgium
TRV Thermische Rückstandsverwertung GmbH & Co. KG	Germany
TRV Thermische Rückstandsverwertung Verwaltungs-GmbH	Germany
ULSAN PP Co., Ltd.	Korea, Republic Of
YNCORIS GmbH & Co. KG	Germany

Corporate Financial Statements

CORPORATE STATEMENT OF INCOME

Millions of U.S. Dollars

Income from Group companies after tax
Other income (expense), net of tax
Profit attributable to the equity holders

	Year Ended 31 December	
	2021	2020
	\$ 6,189	\$ 1,430
	260	290
	<u>\$ 6,449</u>	<u>\$ 1,720</u>

CORPORATE STATEMENT OF FINANCIAL POSITION**Before appropriation of profit**

Millions of U.S. Dollars	Note	31 December	
		2021	2020
<i>Non-current assets</i>			
Goodwill	2	\$ 324	\$ 327
Investments in Group companies	2	13,057	9,003
Long-term loans to Group companies	6	4,785	6,984
Deferred tax assets		—	3
Other Assets		1	4
Total non-current assets		18,167	16,321
<i>Current assets</i>			
Receivables from Group companies		36	41
Prepaid expense and other current assets		3	4
Short-term loans to Group companies	6	1,974	—
Cash and cash equivalents	3	44	138
Total current assets		2,057	183
Total assets		\$ 20,224	\$ 16,504
<i>Equity</i>			
Share capital	4	\$ 19	\$ 19
Share premium		94	35
Legal reserves		(991)	(1,282)
Other reserves		6,748	7,102
Profit for the year		6,449	1,720
Total equity attributable to equity holders		12,319	7,594
<i>Non-current liabilities</i>			
Long-term debt	5	1,747	1,971
Deferred income	7	2,932	5,572
Other long-term liabilities		36	36
Deferred tax liabilities		2	—
Total non-current liabilities		4,717	7,579
<i>Current liabilities</i>			
Bank overdraft	3	689	1
Short-term loans from Group companies	6	2,445	1,284
Current Maturities of long-term debt	5	—	—
Other liabilities		54	46
Total current liabilities		3,188	1,331
Total equity and liabilities		\$ 20,224	\$ 16,504

Notes to the Corporate Financial Statements

1 General

LyondellBasell Industries N.V. (the "Company" or "LyondellBasell N.V."), together with its consolidated subsidiaries (collectively, the "Group") applies the option provided in Section 2:362 (8) of the Dutch Civil Code for the principles applicable to the recognition and measurement of assets and liabilities and the determination of results for its Corporate Financial Statements. Accordingly, the principles for recognition and measurement of assets and liabilities and determination of results (hereinafter referred to as "accounting policies") of the Company's Corporate Statement of Financial Position are the same as those applied for the Consolidated Financial Statements under International Financial Reporting Standards ("IFRS"), as adopted by the European Union, for the periods ended 31 December 2021 and 2020, except as noted below:

- Investments in subsidiaries and other companies in which the Company has control are measured at net asset value, which is based on the net book value of assets, provisions and liabilities, in accordance with the accounting policies applied in the Consolidated Financial Statements.
- Goodwill presented in the Corporate Statement of Financial Position reflects the goodwill of subsidiaries directly acquired by the Company and is measured in accordance with the accounting policies of the Consolidated Financial Statements. Goodwill of subsidiaries indirectly owned (via intermediate subsidiaries) is recognized as part of the net asset value of such intermediate subsidiary.

At 31 December 2021 and 2020, the Company had sixteen and respectively sixteen full-time employees all located outside of The Netherlands.

2 Goodwill and Investments

<u>Millions of U.S. Dollars</u>	Goodwill	Investments
Balance at 1 January 2020	\$ 321	\$ 9,234
Income from investments, net of tax	—	1,430
Equity settled transactions	—	74
Dividends received	—	(1,487)
Additions to other reserves	6	(248)
	<u>327</u>	<u>9,003</u>
Balance at 31 December 2020	<u>\$ 327</u>	<u>\$ 9,003</u>
Balance at 1 January 2021	\$ 327	\$ 9,003
Income from investments, net of tax	—	3,549
Equity settled transactions	—	75
Dividends received	—	(1,366)
Transfers and capital contribution	—	1660
Additions to other reserves	(3)	136
	<u>324</u>	<u>13,057</u>
Balance at 31 December 2021	<u>\$ 324</u>	<u>\$ 13,057</u>

Equity settled transactions- Equity settled transactions represent share-based compensation granted to directors and employees.

Dividends received—During 2021, the Company received the following dividends from direct subsidiaries:

- \$1,075 million from LyondellBasell Subholdings B.V.;
- \$135 million from LYB Export Holdings Limited; and
- \$156 million from LyondellBasell Hungary Kft.

Additions to other reserves— This mainly represents movements for currency translation differences and remeasurements of post-employment benefits obligations, which are non-distributable.

3 Cash and Cash Equivalents

The Company's cash and cash equivalents are held by its in-house banking unit, LYB Finance Company B.V. The interest rate on the account with LYB Finance Company B.V. is subject to a floating interest rate, based on current market rates. Cash at bank and in-hand are freely disposable. At 31 December 2021 and 2020 the rates were as follows:

	2021		2020	
	Borrowing	Lending	Borrowing	Lending
US Dollar	1.34 %	— %	1.4 %	— %
Great British pound	1.31 %	— %	1.29 %	— %
Euro	1.25 %	— %	1.25 %	— %

4 Equity Attributable to Equity Holders

For a breakdown of Equity attributable to equity holders, see table below.

Millions of U.S. Dollars			Legal Reserve		Other reserves			Total Equity Attributable to equity holders
	Share Capital	Share premium	Currency translation differences	Group Companies	Retained earnings	Treasury Shares	Profit for the year	
Balance as at 1 January 2020	\$ 19	\$ 6	\$ (844)	\$ (302)	\$ 6,046	\$ (580)	\$ 3,102	\$ 7,447
Previous year results	—	—	—	—	3,102	—	(3,102)	—
Employee share-based payments:								
- Issuance of shares	—	29	—	—	(15)	53	—	67
- Tax credits related to share-based payments	—	—	—	—	—	—	—	—
Purchase of non-controlling interest	—	—	—	—	7	—	—	7
Shares purchased	—	—	—	—	—	(4)	—	(4)
Net current period change	—	—	64	(294)	(1)	—	—	(231)
Profit for the year	—	—	—	—	—	—	1,720	1,720
Additions to legal reserve	—	—	—	94	(94)	—	—	—
Common stock dividends paid	—	—	—	—	(1,405)	—	—	(1,405)
Preferred stock dividends paid	—	—	—	—	(7)	—	—	(7)
Balance as at 31 December 2020	<u>\$ 19</u>	<u>\$ 35</u>	<u>\$ (780)</u>	<u>\$ (502)</u>	<u>\$ 7,633</u>	<u>\$ (531)</u>	<u>\$ 1,720</u>	<u>\$ 7,594</u>

Millions of U.S. Dollars			Legal Reserve		Other reserves			Total Equity Attributable to equity holders
	Share Capital	Share premium	Currency translation differences	Group Companies	Retained earnings	Treasury Shares	Profit for the year	
Balance as at 1 January 2021	\$ 19	\$ 35	\$ (780)	\$ (502)	\$ 7,633	\$ (531)	\$ 1,720	\$ 7,594
Previous year results	—	—	—	—	1,720	—	(1,720)	—
Employee share-based payments:								
- Issuance of shares	—	59	—	—	—	43	—	102
Shares purchased	—	—	—	—	—	(477)	—	(477)
Net current period change	—	—	(140)	284	—	—	—	144
Profit for the year	—	—	—	—	—	—	6,449	6,449
Additions to legal reserve	—	—	—	147	(147)	—	—	—
Common stock dividends paid	—	—	—	—	(1,486)	—	—	(1,486)
Preferred stock dividends paid	—	—	—	—	(7)	—	—	(7)
Balance as at 31 December 2021	<u>\$ 19</u>	<u>\$ 94</u>	<u>\$ (920)</u>	<u>\$ (71)</u>	<u>\$ 7,713</u>	<u>\$ (965)</u>	<u>\$ 6,449</u>	<u>\$ 12,319</u>

LyondellBasell Industries N.V.

Share capital—The Company's authorized share capital totals €51 million divided into 1,275 million ordinary shares of €0.04 each. The issued and fully paid up share capital amounted to €15 million divided in 333 million ordinary shares.

The item "Group Companies" relates to the "*Wettelijke reserve deelnemingen*," which is required by Dutch Law. This reserve relates to any legal or economic restrictions on the ability of group companies to transfer funds to the parent in the form of dividends.

Pursuant to Dutch Law, limitations exist relating to the distribution of share capital of \$19 million (\$19 million in 2020) and Legal reserves of (\$991) million at 31 December 2021 ((\$1,282) million in 2020).

In general, gains related to currency translation differences cannot be distributed as part of shareholders' equity as they form part of the legal reserves protected under Dutch Law. By their nature, losses related to currency translation differences and "group companies" reduce shareholders' equity and thereby distributable amounts.

The reconciliation of the Company's retained earnings to those of the Group reflected in the Group's Consolidated Statement of Financial Position is as follows:

<u>Millions of U.S. Dollars</u>	<u>31 December</u>	
	<u>2021</u>	<u>2020</u>
Retained earnings as per Consolidated Statement of Financial Position	\$ 14,749	\$ 9,421
Non-distributable reserves of Group companies	(587)	(438)
Profit for the year	(6,449)	(1,720)
LyondellBasell Finance Company net loss in 2020 not recognised (Note 7)	—	370
Retained earnings as per Corporate Statement of Financial Position	<u>\$ 7,713</u>	<u>\$ 7,633</u>

The Company is not liable for the losses incurred by LyondellBasell Finance Company during the year ended 31 December 2020 in excess of its net asset value. Refer to Note 7 for additional information.

Proposed Appropriation of Result—The Board of Directors paid an aggregate dividend of \$4.44 per share from its 2021 annual accounts. This included an interim dividend of \$1.05 per share paid to shareholders of record on 8 March 2021 and \$1.13 per share on 7 June 2021, 31 August 2021 and 29 November 2021. These dividend payments, totaling \$1,486 million, have been charged to retained earnings.

The Board of Directors will propose that the general meeting approve the dividends already paid, as described above.

5 Long-term Debt

Senior Notes due 2055—In March 2015, we issued \$1,000 million of 4.625% Notes due 2055 at a discounted price of 98.353%.

5.75% Senior Notes—In April 2012, the Company issued \$1,000 million aggregate principal amount of 5.75% senior notes due 2024, at an issue price of 100%. In December 2021 the company made a repayment of \$225 million. The balance remaining on the loan is \$775 million.

6% Senior Notes—In November 2011, the Company issued \$1,000 million of 6% senior notes due 2021. In November 2020 this loan was redeemed.

6 Group Company Loans

The following table summarizes, as of 31 December 2021, the maturities of our Long-term Loan Receivable from our Subsidiary and Loans Payable to our Subsidiaries for the next five years and thereafter:

Millions of U.S. Dollars	Total	2022	2023	2024	2025	2026	Thereafter
Non-current receivables:							
Subordinate note receivable due July 2025, \$2,000 million	\$ 2,000	\$ —	\$ —	\$ —	\$ 2,000	\$ —	\$ —
Subordinate note receivable due July 2026, \$500 million	500	—	—	—	—	500	0
Note receivable due April 2024, \$986 million	285	—	—	285	—	—	—
Senior note receivable due June 2023, \$2,000 million	2,000	—	2,000	—	—	—	—
Total non-current receivables	<u>\$ 4,785</u>	<u>\$ —</u>	<u>\$ 2,000</u>	<u>\$ 285</u>	<u>\$ 2,000</u>	<u>\$ 500</u>	<u>\$ —</u>
Current-receivable							
Note receivable due August 2022, \$1,974 million	\$ 1,974	\$ 1,974	\$ —	\$ —	\$ —	\$ —	\$ —
Current payables:							
Revolving credit facility agreement	\$ 1,660	\$ 1,660	\$ —	\$ —	\$ —	\$ —	\$ —
Loan payable due October 2028, \$2,000 million	785	785	—	—	—	—	—
Total current payables	<u>\$ 2,445</u>	<u>\$ 2,445</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

Long-term Loan Receivable from our Subsidiary—In July 2014, we and our wholly owned subsidiary, LyondellBasell Finance Company, entered into five separate notes with an aggregate principal amount of \$7,500 million in lieu of a \$7,500 million inter-company dividend. These notes consist of; a \$1,000 million 3.09% senior note due 30 December 2018. The loan has been settled in 2018; \$2,000 million 3.75% senior note due 1 July 2018. In May 2018 the maturity of the loan was extended from 1 July 2018 to 30 June 2020. In June 2020 the loan was settled; a \$2,000 million 4.63% senior note due 1 July 2020. On 1 July 2020 the loan was extended to 30 June 2023. The fair value of the loan as at 31 December 2021 is \$2,051 million; a \$2,000 million 6.14% senior note due 1 July 2025 with fair value of \$2,099 million, and; a \$500 million 6.30% senior note due 1 July 2026 with fair value of \$531 million.

In April 2012, we and our indirectly wholly owned subsidiary, Lyondell Chemical Company ("Lyondell Chemical"), entered into a \$1,974 million note receivable. The note bears per annum interest at 5.23% and matures on 15 April 2022. Interest is due semi-annually on 15 April and 15 October. In April 2019, we amended the terms of the note to include early prepayment restrictions and reduce the applicable interest. Lyondell Chemical may prepay all or part of the note at a specified redemption premium plus accrued and unpaid interest on the redemption date. At 31 December 2021 and 2020, the outstanding balance was \$1,974 million which approximates the fair value.

In April 2012, we and Lyondell Chemical entered into another \$986 million note receivable. The note bears per annum interest at 6.14% and matures on 15 April 2024. Interest is due semi-annually on 15 April and 15 October. In July 2012, we amended the terms of the note to include early prepayment restrictions and reduce the applicable interest. Lyondell Chemical may prepay all or part of the note at a specified redemption premium plus accrued and unpaid interest on the redemption date. In December 2017 an amount of \$476 million was repaid. In December 2021 \$224 million was repaid. As at 31 December 2021 the balance remaining on the loan is \$285 million which approximates the fair value,

Loans Payable to our Subsidiaries—In October 2015, we and our indirect, wholly owned subsidiary, LYB Treasury Services Ltd., entered into a \$2,000 million loan, which matures on 6 October 2018. The loan is repayable on demand. In October 2018 the repayment date was extended to 6 October 2021, In October 2021 the loan was extended to October 2028 all other terms of the loan remain unchanged. The loan bears interest at a variable rate, which is set for a period of 3 months, using the U.S. LIBOR rate, plus 125 basis points. At 31 December 2021, the outstanding balance was \$785 million which approximates the fair value.

In September 2021 we entered into a revolving credit facility agreement with our wholly owned subsidiary, LYB Finance company B.V. for a maximum principal amount of \$2,500 million. The interest rate is 3 month USD LIBOR plus a spread of 1.055%. The loan is payable on demand from the lender. At 31 December 2021 the outstanding balance on the loan is \$1,660 million.

Movements in Group Company loans are presented below:

Millions of U.S. Dollars

	Receivables	Payables
Balance at 1 January 2020	\$ 9,984	\$ 1,226
Borrowings	—	862
Discharge and assignments	(3,000)	(804)
Balance at 31 December 2020	<u>6,984</u>	<u>1,284</u>
Of which:		
Non-current	6,984	—
Current	—	1,284
Balance at 31 December 2020	<u>\$ 6,984</u>	<u>\$ 1,284</u>
Balance at 1 January 2021	\$ 6,984	\$ 1,284
Borrowings	—	1,660
Discharge and assignments	(225)	(499)
Balance at 31 December 2021	<u>6,759</u>	<u>2,445</u>
Of which:		
Non-current	4,785	—
Current	1,974	2,445
Balance at 31 December 2021	<u>\$ 6,759</u>	<u>\$ 2,445</u>

7 Deferred Income

Deferred income represents the excess dividend paid by LyondellBasell Finance Company over its net asset value. This amount is reduced as the Company recognizes its share of LyondellBasell Finance Company's income. After the Deferred income is fully recognized, we will record our earnings from LyondellBasell Finance Company as additions to Investments in Group companies. During the year ended 31 December 2020 LyondellBasell Finance Company incurred a \$370 million loss over its net asset value. Such loss, as well as an equal amount of income incurred during the year ended 31 December 2021 were not recognized by the Company on each respective year.

The movement in Deferred income, summarized below, represents our share of LyondellBasell Finance Company profit.

Millions of U.S. Dollars

Balance at 1 January 2021	\$ 5,572
Income from Group Companies, net of tax	(2,640)
Balance at 31 December 2021	\$ 2,932

8 Commitments and Contingencies not included in the Balance Sheet

The Company has entered into guarantee agreements with counterparties on behalf of some of its subsidiaries for the supply of raw materials. At 31 December 2021, the total guaranteed amount was \$19.3 billion (2020 20.0 billion).

The Company receives an annual fee of 0.13% for guarantees of aggregate \$2 billion and an annual fee between 0.17% and 0.19% for all other outstanding guarantees as of 31 December 2021. Fee levels applied in 2020 were an annual fee of 0.13% for guarantees of aggregate \$2 billion and an annual fee of 0.17% and 0.19% for all other outstanding guarantees.

LyondellBasell Industries N.V.

The Company is jointly and severally liable, as intended in article 403, Book2, of the Dutch Civil Code for the following subsidiaries in the Consolidated Financial Statements:

- LyondellBasell Subholdings B.V.
- LyondellBasell Circular Economy B.V.
- LYB International Finance B.V.
- LYB International Finance II B.V.
- Basell International Holdings B.V.
- Basell Europe Holdings B.V.
- LyondellBasell Industries Holdings B.V.
- LYB Trading Company B.V.
- LyondellBasell China Holdings B.V.

9 Independent Auditor's Fees

The fees listed below relate to the procedures applied to the Company and its consolidated group entities by PricewaterhouseCoopers Accountants N.V., The Netherlands, the external independent auditor as referred to in section 1(1) of the Dutch Accounting Firms Oversight Act (Dutch acronym: Wta), as well as by other Dutch and foreign-based PricewaterhouseCoopers individual partnerships and legal entities, including their tax services and advisory groups.

<u>Millions of U.S. Dollars</u>	<u>Year Ended 31 December</u>	
	<u>2021</u>	<u>2020</u>
Financial statements audit fees	\$ 10.7	\$ 10.0
Other assurance fees	0.9	1.1
All other fees	0.4	0.5
	<u>\$ 12.0</u>	<u>\$ 11.6</u>

The total audit fees of PricewaterhouseCoopers Accountants N.V, The Netherlands, charged to the Company and its consolidated group entities amounted to \$1.6 million and \$1.8 million, respectively, in 2021 and 2020.

The financial statements audit fees above include the aggregate fees billed for professional services rendered for the audit of LyondellBasell Industries N.V.'s annual financial statements, annual statutory financial statements of subsidiaries and services that are normally provided by the independent auditor in connection with these audits. This category also includes services such as comfort letters, statutory audits, attest services, consents and assistance with and review of documents.

The other assurance fees include the aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Group's financial statements and are not reported under audit services. This category includes fees related to the performance of audits of benefit plans, agreed-upon or expanded audit procedures relating to accounting records required to respond to or comply with financial, accounting or regulatory reporting matters and consultations as to the accounting or disclosure treatment of transactions or events and/or the actual or potential impact of final or proposed rules, standards or interpretations by regulatory or standard setting bodies. Other fees relate to permitted services that are not included in the above categories.

10 Directors' Remuneration

Reference is made to Note 9, Directors' Remuneration of the Consolidated Financial Statements.

4 April 2022

The Board of Directors

Jacques Aigrain

Lincoln Benet

Jagjeet S. Bindra

Robin W.T. Buchanan

Anthony R. Chase

Stephen F. Cooper

Nance K. Dicciani

Robert W. Dudley

Claire S. Farley

Michael S. Hanley

Albert J. Manifold

Peter Vanacker

Other Information

Proposed Appropriation of Result

Profit remaining after the appropriation to reserves shall be at the disposal of the general meeting (article 22 sub 3 Articles of Association). The Board of Directors may also appropriate the complete profit to the reserves.

Legal Structure

The list of our subsidiaries and associates as of 31 December 2021 is included in Appendix A of this report.