

Company Registration No. 10747130

VENATOR MATERIALS PLC

Annual Report and Financial Statements

For the year ended 31 December 2021

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For the year ended 31 December 2021****CONTENTS**

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PARENT COMPANY INFORMATION

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Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****STRATEGIC REPORT**

The directors present their Strategic Report on the Group for the year ended 31 December 2021, which further complies with the requirements of s414CB of the Companies Act 2006 by including certain non-financial information. Venator Materials PLC is a public limited company incorporated under the laws of England and Wales, and listed on the New York Stock Exchange. The term "Venator", "company", "we", "our" and "Group" refer to Venator Materials PLC and its consolidated subsidiaries, unless the context otherwise requires.

I. STRATEGY AND OUTLOOK**Overview**

Venator Materials PLC, a public limited company incorporated under the laws of England and Wales, ("Venator"), is a leading global manufacturer and marketer of chemical products that improve the quality of life for downstream customers and promote a sustainable future. Our products comprise a broad range of innovative chemicals and formulations that bring color and vibrancy to a variety of applications, protect and extend product life, and reduce energy consumption. We market our products globally to a diversified group of industrial customers through two segments: Titanium Dioxide, which consists of our TiO₂ business, and Performance Additives, which consists of our functional additives, color pigments and timber treatment businesses. We are a leading global producer in many of our key product lines, including those within TiO₂, color pigments and functional additives, and a leading North American producer of timber treatment products. Headquartered in Wynyard, U.K., we employ approximately 3,500 associates worldwide and sell our products in more than 110 countries.

We operate in a variety of end markets, including industrial and architectural paints and coatings, plastics, construction materials, paper, printing inks, pharmaceuticals, food, cosmetics, fibers and films and personal care. Within these end markets, our products serve approximately 3,000 customers globally. Our production capabilities allow us to manufacture a broad range of high quality functional TiO₂ products as well as specialty and differentiated TiO₂ products that provide critical performance for our customers and sell at a premium for certain end-use applications. Our functional additives, color pigments and timber treatment products provide essential properties for our customers' end-use applications by enhancing the color and appearance of construction materials and delivering performance benefits in other applications such as corrosion and fade resistance, water repellence and flame suppression. We believe that our global footprint and broad product offerings differentiate us from our competitors and allow us to better meet our customers' needs.

For the year ended 31 December 2021, we had total revenues of \$2,212 million (2020: \$1,938 million) and a net loss of \$90 million (2020: \$125 million). Adjusted EBITDA was \$165 million (2020: 118 million), which includes \$145 million (2020: \$107 million) from our Titanium Dioxide segment and \$70 million (2020: \$57 million) from our Performance Additives segment. For a reconciliation of net loss to adjusted EBITDA see page 52 of this Strategic Report.

Our Titanium Dioxide and Performance Additives segments have evolved in recent years through certain site closures, reductions in operating costs and new product introductions. We have a well-established position in each of the industries in which we operate. We continue to implement business improvements within our Titanium Dioxide and Performance Additives segments which are expected to provide incremental benefit in our earnings as these programs are achieved.

Our Values

Our aim is to be the world's best pigments and additives business. Our values reflect behaviours that will help us to become the best and deliver the greatest value to our customers and shareholders. They unite and guide us and reflect the culture of our business.

- Integrity: Winners never cheat
- Zero Harm: We care
- Teamwork: We are stronger together
- Innovation: We make it possible
- Performance: We deliver results

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For the year ended 31 December 2021****STRATEGIC REPORT (CONTINUED)****I. STRATEGY AND OUTLOOK (CONTINUED)****Key Decisions in 2021**

The Pori, Finland plant closure was announced in the third quarter of 2018. During the third quarter 2021, we decided to terminate production at the Pori site in the first quarter of 2022. We will continue to remain focused on controlling our cash uses. Optimising our exit from Pori is one of the key actions in delivering our target of being free cash flow positive in 2022.

On 15 October 2021, we and certain of our wholly-owned subsidiaries entered into the Amendment and Restatement Agreement, which amended and restated our revolving credit agreement (as amended and restated, the "ABL Credit Agreement"). Among other things, the amendment provides for (i) an extension of the revolving loan commitments pursuant to the ABL Credit Agreement until October 15, 2026, or if earlier, 91 days prior to maturity date of any indebtedness in an amount in excess of \$75 million and (ii) a reduction in the revolving loan commitments to \$330 million.

Recent Developments*Scarlino Gypsum Developments*

Our Scarlino, Italy TiO₂ manufacturing facility, which has a nameplate capacity of 80,000 metric tons and represents approximately 13% of our global nameplate capacity, generates gypsum as a by-product of the manufacturing process, which has been landfilled on-site and also transported for use in the reclamation of a nearby former quarry owned and operated by third parties. Our Scarlino site and the quarry and their respective owner entities and site management are subjects of an investigation by the Italian Public Prosecutor's Office concerning whether our Scarlino site and the quarry operator are in full compliance with applicable laws and permits with regard to the use of gypsum for reclamation at the quarry. Additionally, we expect there will be limited capacity for gypsum at the quarry under existing required governmental approvals beyond the second quarter of 2022.

In the second quarter of 2021, we requested government approval for a project for the use of gypsum in a specified on-site area on our Scarlino site in an amount that would be sufficient to operate the facility for another approximately twelve months from the date of approval at current operating rates. In the fourth quarter of 2021, we received a notice of a negative opinion from relevant authorities in relation to that project. Subsequently, we engaged with those authorities to determine appropriate revisions to the project. We have submitted a revised request for government approval in the first quarter of 2022, regarding which we await a further determination by authorities. During the first half of 2022, we also intend to apply for approval for a second-phase project to use gypsum in an adjacent on-site area which would provide additional capacity sufficient to operate the site for a second additional year. If governmental authorities do not timely approve the proposals for additional capacity at the on-site area, we intend to curtail TiO₂ production at the facility to reduce the rate at which the remaining capacity at the quarry is consumed and, if necessary, to stop production at the facility, until such time as approvals are received or an alternative solution for gypsum becomes available. We continue to pursue longer term options, including off-site landfill capacity, reducing the volume of gypsum produced in our process and developing new business opportunities for the sale of gypsum for commercial use.

See note 19 Impairment Sensitivities which include a sensitivity scenario where production at Scarlino would cease.

Outlook for 2022 and Beyond

In our Titanium Dioxide segment, we expect the following in the near term: (i) strong demand for all of our functional and specialty businesses limited by historically low inventory levels across our manufacturing network; (ii) continued challenges in our supply chain as we manage through an environment of constrained supply of ore feedstocks and other raw materials, and availability of shipping; (iii) increased energy, including the cost of carbon emissions credits, raw material and shipping costs, which we expect to recover through increases in pricing (energy costs in Europe are expected to remain elevated during the first half of 2022 with potential for increases from supply constraints as well as current political turmoil in Eastern Europe); and (iv) benefit from our 2020 business improvement program.

In our Performance Additives segment, we expect the following in the near term: (i) strong demand across all of our businesses with sequential increase in volumes across the segment during the first half of 2022 due to normal seasonal demand trends, limited by our ability to ship inventory to customers due to the availability of shipping; (ii) increased energy, shipping and logistics, and raw materials costs, which we expect to recover through increases in pricing; (iii) product portfolio optimisation including increased focus on differentiated product sales; and (iv) benefit from our 2020 business improvement program.

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STRATEGIC REPORT (CONTINUED)

I. STRATEGY AND OUTLOOK (CONTINUED)

Outlook for 2022 and Beyond (continued)

During the third quarter of 2020, we announced our 2020 business improvement program that we expect will save approximately \$55 million compared to 2019. The actions associated with this plan have been substantively complete and we expect to realise the full benefit of the program by the end of 2022. We have realised approximately \$51 million of savings to date of which \$35 million was recognised during 2021.

We expect total capital expenditures in 2022 to be approximately \$85 million to \$95 million. This includes maintenance capital expenditures and the cost of implementing business improvement projects.

The Group's objectives when managing capital are to:

- Maintain investor, creditor and market confidence as well as sustaining the future development of the business,
- Ensuring an appropriate return for shareholders and other benefits for stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital, manage financial risk, such as foreign exchange and interest risk, and provide appropriate liquidity to the business.

For the foreseeable future, we do not expect to pay dividends. However, we anticipate that our board of directors will consider the payment of dividends from time to time to return a portion of our profits to our shareholders when we experience adequate levels of profitability and associated reduced debt leverage. If our board of directors determines to pay any dividend in the future, there can be no assurance that we will continue to pay such dividends or the amount of such dividends.

On the short term, we will continue our efforts to strengthen our underlying business to position Venator for success, by increasing production, delivering on our customer tailored approach and controlling our costs which will enable margin expansion. We will continue to remain focused on controlling our cash uses such as pension, working capital and optimising our exit from Pori. These actions are instrumental in delivering our target of being free cash flow positive in 2022.

Our longer term objective remained focused on maximising shareholder value by applying our customer-tailored approach, by focusing on specialty and differentiated products, by enhancing our competitive position and by improving our free cash flow generations.

In December 2019, the European Commission presented its vision to tackle climate and environmental-related challenges in the form of the European Green Deal, which underpins work to implement the United Nation's 2030 Agenda and the sustainable development goals. With nearly half of our sales in European markets, the newly announced EU Green Deal enables us to explore new possibilities that will make our business more sustainable and help our customers achieve their sustainability goals.

The Green Deal provides a renewed growth strategy which aims to transform the EU into a society that is resource-efficient and has net zero greenhouse gas (GHG) emissions by 2050. Venator has been closely following these developments since their inception and we will use these to inform our broader ESG (Environment, Social, Governance) program.

From a sustainability perspective we are in the process of identifying the policy areas that impact Venator, and we will emerge with a refocused and stronger sustainability strategy that will help us deliver our ambition in this critical area. We believe that the vision of the European Green Deal aligns with our values and presents significant opportunities for Venator to continue to produce products and technologies that link strongly to safe and sustainable design. We also see this as an avenue to continue reducing our GHG emissions, recycling waste and reducing energy consumption, whilst manufacturing safe and environmentally beneficial products.

The group is currently in the process of determining suitable sustainability targets including those related to Carbon (GHG) and Environmental emissions. This will include a decarbonisation programme to support reduction and efficiencies. Targets are expected to be set by Q4 2022.

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STRATEGIC REPORT (CONTINUED)

II. BUSINESS OVERVIEW

Our Business

Venator manufactures high quality TiO₂, functional additives, color pigments and timber treatment products. Our broad product range, coupled with our ability to develop and supply specialised products into technically exacting end-use applications, has positioned us as a leader in the markets we serve. We are a leader in the specialty and differentiated TiO₂ industry segments, which includes products that sell at a premium and have more stable margins than functional TiO₂. We also have complementary functional additives, color pigments and timber treatment businesses. We have 20 manufacturing facilities operating in nine countries with a total nameplate production capacity of approximately 937,000 metric tons per year. Of these facilities, seven are TiO₂ manufacturing facilities in Europe, North America and Asia, and 13 are color pigments, functional additives, and timber treatment manufacturing and processing facilities in Europe, North America, Asia and Australia.

Titanium Dioxide Segment

TiO₂ is derived from titanium-bearing ores and is a white inert pigment that provides whiteness, opacity and brightness to thousands of everyday items, including coatings, plastics, paper, printing inks, fibers, food and personal care products. We own a portfolio of brands, including the TIOXIDE®, HOMBITAN®, HOMBITEC®, UVTITAN® and HOMBIKAT® ranges, the products for which are produced in our seven manufacturing facilities around the globe. We service over 1,200 customers in most major industries and geographic regions. Our global manufacturing footprint allows us to service the needs of both local and global customers, including AkzoNobel, Ampacet group, Avient, BASF, DSM, Flint, LyondellBasell, PPG, Sherwin-Williams and Sun Chemical. Annual industry demand for TiO₂ products tends to correlate with GDP growth rates over time and is seasonal. This seasonality is subject to global, regional, end-use application and other factors.

We are among the largest global TiO₂ producers, with nameplate production capacity of approximately 602,000 metric tons per year. We are able to manufacture a broad range of high quality TiO₂ products for functional, differentiated and specialty applications. Our specialty and differentiated product grades generally sell at a premium into more specialised applications such as fibers, catalysts, food, pharmaceuticals and cosmetics.

There are two manufacturing processes for the production of TiO₂; the sulfate process and the chloride process. We believe that the chloride process accounts for approximately 43% of global production capacity. Most end-use applications can use pigments produced by either process, although there are markets that prefer pigment from a specific manufacturing route—for example, the inks market prefers sulfate products whereas the automotive coatings market prefers chloride products. Regional customers typically favour products that are available locally. The sulfate process produces TiO₂ in both the rutile and anatase forms, the latter being used in certain high-value specialty applications.

Our production capabilities are distinguished from some of our competitors because of our ability to manufacture high quality TiO₂ using both sulphate and chloride manufacturing processes, which gives us the flexibility to tailor our products to meet our customers' needs. By operating both sulfate and chloride processes, we also have the ability to use a wide range of titanium feedstocks, which enhances the competitiveness of our manufacturing operations, by providing flexibility in the selection of raw materials. This mitigates, to some extent, fluctuations in availability for any particular feedstock and allows us to manage our raw material costs.

Once an intermediate TiO₂ pigment has been produced using either the chloride or sulfate process, it is "finished" into a product with specific performance characteristics for particular end-use applications. Certain co-products from both processes which are disposed of require treatment prior to disposal to comply with environmental regulations. In order to reduce our disposal costs and to increase our cost competitiveness, we have developed and marketed the co-products from the manufacture of titanium dioxide at our facilities. We sell approximately 39% of the co-products generated by our TiO₂ business.

We have a broad customer base and have successfully differentiated our business by establishing ourselves as a market leader in a variety of niche end-use applications where the innovation and specialisation of our products is rewarded with higher growth prospects and strong customer relationships.

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	Rutile TiO₂	Anatase TiO₂	Ultrafine TiO₂
Characteristics	Most common form of TiO ₂ . Harder and more durable crystal	Softer, less abrasive pigment, preferred for some specialty applications	Very small particles of either rutile or anatase TiO ₂ (typically less than 100nm in diameter)
Typical Applications	Coatings, printing inks, PVC window frames, plastic masterbatches	Cosmetics, pharmaceuticals, food, polyester fibers, polyamide fibers	Catalysts and cosmetics

Performance Additives Segment**Functional Additives**

Functional additives are barium and zinc based inorganic chemicals used to make colors more brilliant, coatings shine, plastic more stable and alter the flow properties of paints. We are a leading global manufacturer of zinc and barium functional additives. The demand dynamics of functional additives are closely aligned with those of functional TiO₂ products given the overlap in applications served, including coatings and plastics.

Our products are sold under a portfolio of brands that are targeted to the construction sector such as BLANC FIXE™, SACHTOLITH® and ECOLIFE® focused predominantly on the coatings and plastics sectors.

	Barium and Zinc Additives
Characteristics	Specialty pigments and fillers based on barium and zinc chemistry
Typical Applications	Coatings, films, paper and glass fiber reinforced plastics

Color Pigments

We produce colored inorganic pigments for the construction, coatings, plastics and specialty markets. We are one of three global leaders in the manufacture and processing of liquid, powder and granulated forms of iron oxide color pigments. We also sell complex inorganic colored pigments, carbon black and metal carboxylate driers. The cost effectiveness, weather resistance, chemical and thermal stability and coloring strength of iron oxide make it an ideal colorant for construction materials, such as concrete, brick and roof tile, and for coatings and plastics. We produce a wide range of color pigments and are the world's second largest manufacturer of technical grade ultramarine blue pigments, which have a unique blue shade and are widely used to correct colors, giving them a desirable clean, blue undertone. These attributes have resulted in ultramarine blue being used world-wide for polymeric applications such as construction plastics, food packaging, automotive polymers, consumer plastics, as well as coatings and cosmetics.

Our products are sold under a portfolio of brands that are targeted to the construction sector such as DAVIS COLORS®, GRANUFIN® and FERROXIDE®. Holliday Pigments, COPPERAS RED® and MAPICO® focused predominantly on the coatings and plastics sectors. Annual industry demand for our color pigments is seasonal and typically follows the construction market.

Our products are also used by manufacturers of colorants, rubber, paper, cosmetics, pet food, digital ink, toner and other industrial uses delivering benefits in other applications such as corrosion protection and catalysis.

Our construction customers value our broad product range and benefit from our custom blending, color matching and color dosing systems. Our coatings customers benefit from a consistent and quality product.

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	Iron Oxides	Ultramarines	Specialty Inorganic Chemicals	Driers
Characteristics	Powdered, granulated or in liquid form synthesised from a range of feedstocks	Range of ultramarine blue and violet and also manganese violet pigments	Complex inorganic pigments and cadmium pigments	A range of metal carboxylates and driers
Typical Applications	Construction, coatings, plastics, cosmetics, inks, catalyst and laminates	Predominantly used in plastics and also coatings and cosmetics	Coatings, plastics and inks	Predominantly coatings

Copperas, iron and alkali are raw materials for the manufacture of iron oxide pigments. They are used to produce colored pigment particles which are further processed into a finished pigment in powder, liquid, granule or blended powder form. Iron oxide pigment's cost effectiveness, weather resistance, chemical and thermal stability and coloring strength make it an ideal colorant for construction materials, such as concrete, brick and roof tile, and for coatings such as paints and plastics. We are one of the three largest inorganic color pigments producers which together represent more than 50% of the global market for iron oxide pigments. The remaining market share consists primarily of competitors based in China.

Made from clay, our ultramarine blue pigments are non-toxic, weather resistant and thermally stable. Ultramarine blue pigments are used world-wide for food contact applications and are used extensively in plastics and the paint industry. Our ultramarine pigments are permitted for unrestricted use in certain cosmetics applications. We focus on supplying our customers with technical grade ultramarine blues and violets to high specification markets such as the cosmetics industry.

Timber Treatment

We manufacture wood protection chemicals used primarily in residential and commercial applications to prolong the service life of wood through protection from decay and fungal or insect attack. Wood that has been treated with our products is primarily sold to consumers through major branded retail outlets.

We manufacture our timber treatment chemicals in the US and market our products primarily in North America through Viance, LLC ("Viance"), our 50%-owned joint venture with IFF. Our residential construction products such as ACQ, ECOLIFE™ and Copper Azole are sold for use in decking, fencing and other residential outdoor wood structures. Our industrial construction products such as Chromated Copper Arsenate are sold for use in telephone poles and salt water piers and pilings.

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****STRATEGIC REPORT (CONTINUED)****II. BUSINESS OVERVIEW (CONTINUED)****Customer, Sales, Marketing and Distribution*****Titanium Dioxide Segment***

We serve over 1,200 customers through our Titanium Dioxide segment. These customers produce paints and coatings, plastics, paper, printing inks, fibers and films, pharmaceuticals, food and cosmetics.

Approximately 86% of our TiO₂ sales are made directly to customers through our own global sales and technical services network. This network enables us to work directly with our customers and develop a deep understanding of our customers' needs resulting in valuable relationships. The remaining 14% of sales are made through our distribution network. We maximise the reach of our distribution network by utilising specialty distributors in selected markets.

Larger customers are typically served via our own sales network and these customers often have annual volume targets with associated pricing mechanisms. Smaller customers are served through a combination of our global sales teams and a distribution network, and the route to market decision is often dependent upon customer size and end-use application.

Our focus is on marketing products and services to higher growth and higher value applications. For example, we believe that our Titanium Dioxide segment is well-positioned to benefit from sectors such as fibers and films, catalysts, cosmetics, pharmaceuticals and food, where customers' needs are complex resulting in fewer companies that have the capability to support them. We maximise reach through specialty distributors in selected markets. Our focused sales effort, technical expertise, strong customer service and local manufacturing presence have allowed us to achieve leading market positions in a number of countries.

Performance Additives Segment

We serve over 1,800 customers through our Performance Additives segment. These customers produce materials for the construction industry, as well as coatings, plastics, pharmaceutical, personal care and catalyst applications.

Performance Additives segment sales are made directly to customers through our own global sales and technical services network, in addition to utilising distributors. Our focused sales effort, technical expertise, strong customer service and local manufacturing presence have allowed us to achieve leading market positions in a number of the countries where we manufacture our products. We sell iron oxides primarily through our global sales force whereas our ultramarine sales are predominantly through distributors. We sell the majority of our timber treatment products directly to end customers via our joint venture, Viance.

Manufacturing and Operations***Titanium Dioxide Segment***

As of 31 December 2021, our Titanium Dioxide segment had seven manufacturing facilities operating in six countries with a total nameplate production capacity of approximately 602,000 metric tons per year.

Production nameplate capacities of our TiO₂ manufacturing facilities are listed below.

Site	EMEA ⁽¹⁾	North America	APAC ⁽²⁾	Total	Process
Greatham, UK	150,000			150,000	Chloride TiO ₂
Uerdingen, Germany	107,000			107,000	Sulfate TiO ₂
Huelva, Spain	80,000			80,000	Sulfate TiO ₂
Scarlino, Italy	80,000			80,000	Sulfate TiO ₂
Duisburg, Germany	50,000			50,000	Sulfate TiO ₂
Lake Charles, Louisiana ⁽³⁾		75,000		75,000	Chloride TiO ₂
Teluk Kalung, Malaysia			60,000	60,000	Sulfate TiO ₂
Total	467,000	75,000	60,000	602,000	

(1) "EMEA" refers to Europe, the Middle East and Africa.

(2) "APAC" refers to the Asia- Pacific region including India.

(3) This facility is owned and operated by Louisiana Pigment Company L.P. ("LPC"), a manufacturing joint venture that is owned 50% by us and 50% by Kronos. The capacity shown reflects our 50% interest in LPC.

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As of 31 December 2021, our Performance Additives segment had 13 manufacturing facilities operating in seven countries with a total nameplate production capacity of approximately 335,000 metric tons per year.

Product Area	Annual Capacity (metric tons)			
	EMEA	North America	APAC	Total
Functional additives	50,000			50,000
Color pigments	85,000	40,000	20,000	145,000
Timber treatment		140,000		140,000
Total	135,000	180,000	20,000	335,000

Joint Ventures

LPC is our 50%-owned joint venture with Kronos. We share production offtake and operating costs of the plant with Kronos, though we market our share of the production independently. The operations of the joint venture are under the direction of a supervisory committee on which each partner has equal representation. Our investment in LPC is accounted for using the equity method.

Viance LLC is our 50%-owned joint venture with IFF. Viance markets timber treatment products for Venator. It was determined that the activity that most significantly impacts Viance's economic performance is manufacturing. The joint venture sources all of its products through a contract manufacturing arrangement at our Harrisburg, North Carolina facility and we bear a disproportionate amount of working capital risk of loss due to the supply arrangement whereby we control manufacturing on Viance's behalf. As a result, we concluded that we do have power over the investee, we have exposure to variable returns from involvement with the investee and we can use our power over the investee to affect the amount of the investor's returns and therefore do have control over the entity and would include this entity in the consolidated results.

Pacific Iron Products Sdn Bhd is our 50%-owned joint venture with Coogee Chemicals that manufactures products for Venator. It was determined that the activities that most significantly impact its economic performance are raw material supply, manufacturing and sales. In this joint venture we supply all the raw materials through a fixed cost supply contract, operate the manufacturing facility and market the products of the joint venture to customers. Through a fixed price raw materials supply contract with the joint venture we are exposed to the risk related to the fluctuation of raw material pricing. As a result, we concluded that we do have power over the investee, we have exposure to variable returns from involvement with the investee and we can use our power over the investee to affect the amount of the investor's returns and therefore do have control over the entity and would include this entity in the consolidated results.

Raw Materials***Titanium Dioxide Segment***

The primary raw materials that are used to produce TiO₂ are various types of titanium feedstock, which include ilmenite, rutile, titanium slag (chloride slag and sulfate slag) and synthetic rutile. The world market for titanium-bearing ores has a diverse range of suppliers with the seven largest accounting for approximately 42% of global supply. The majority of our titanium-bearing ores are sourced from Africa, Canada, Australia and India. Ore accounts for approximately 47% of TiO₂ variable manufacturing costs, while utilities (electricity, gas and steam), sulfuric acid and chlorine collectively account for approximately 48% of variable manufacturing costs. Utilities can be volatile and we have recently experienced significant increases in the price of our utilities across our business, particularly in Europe, during 2021 and we anticipate that we will continue to experience volatility in 2022.

The majority of the titanium-bearing ores market is transacted on short-term contracts, or longer-term volume contracts with market-based pricing re-negotiated several times per year. This form of market-based ore contract provides flexibility and responsiveness in terms of pricing and quantity obligations.

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Our primary raw materials for our Performance Additives segment are as follows:

	Functional Additives	Color Pigments	Timber Treatment
Primary raw materials	Barium and zinc based inorganics	Iron oxide particles, scrap iron, copperas, alkali	DCOIT, copper, monoethanolamine

The primary raw materials for functional additives production are barite and zinc. We currently source barite from China, where we have long standing supplier relationships and pricing is negotiated largely on a purchase by purchase basis. The quality of zinc required for our business is mainly mined in Australia but can also be sourced from Canada and South America. The majority of our zinc is sourced from two key suppliers with whom we have long standing relationships.

We source our raw material for the majority of our color pigments business from China, the U.S., France and Italy. Key raw materials are iron powder and metal scrap that are sourced from various mid-size and smaller producers primarily on a spot contract basis.

The primary raw materials for our timber treatment business are dichloro-octylisothiazolinone ("DCOIT") and copper. We source the raw materials for the majority of our timber treatment business from China and the U.S. DCOIT is sourced on a long-term contract whereas copper is procured from various mid-size and larger producers primarily on a spot basis.

Competition

The global markets in which our business operates are highly competitive and vary according to segment.

Titanium Dioxide Segment

Competition for Titanium Dioxide products is based on price, product quality and service. Our key competitors are The Chemours Company, Tronox Holdings plc ("Tronox"), Kronos and LB Group each of which has the ability to service global markets. Unlike our chloride technology, the sulfate based TiO₂ technology used by our Titanium Dioxide segment is widely available. Accordingly, barriers to entry, apart from capital availability, may be low. The entrance of new competitors into the industry, the ability of existing or future competitors to increase production in low cost markets, and the development of proprietary technology that enables current or future competitors to produce functional grade products at a significantly lower cost, could render our technology uneconomic and reduce our ability to capture improving margins in circumstances where capacity utilisation in the industry is increasing.

Competition within the specialty and differentiated TiO₂ markets is based on technical expertise in the customers' applications, customer service, product attributes (such as product form and quality), and price. Product quality is particularly critical in the technically demanding applications in which we focus as inconsistent product quality adversely impacts consistency in the end-product. Our primary competitors within specialty and differentiated TiO₂ applications include Fuji Titanium Industry, ISK, Sakai Chemical Industry Co., Tayca Corporation and Precheza a.s.

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****STRATEGIC REPORT (CONTINUED)****II. BUSINESS OVERVIEW (CONTINUED)****Competition (continued)*****Performance Additives Segment***

Competition within the functional additives market is primarily based on technical expertise, brand recognition, product quality and price. Key competitors for barium-based additives include 20 Microns Ltd, Sakai Chemical Industry Co., Ltd., Solvay S.A. and various Chinese barium producers. Key competitors for zinc-based additives include various Chinese lithopone producers.

Competition within the color pigments market is based on price, product quality, technical capability, brand recognition and innovation. Our primary competitors within color pigments include Cathay Pigments Group, Ferro Corporation, Lanxess AG, and Shanghai Yipin Pigments Co., Ltd.

Competition within the timber treatment market is based on price, customer support services, innovative technology, including sustainable solutions and product range. Our primary competitors are Koppers Inc. and Lonza Group.

Intellectual Property

Proprietary protection of our processes, apparatuses, and other technology and inventions is important to our businesses. When appropriate, we file patent and trademark applications, often on a global basis, for new product development technologies. For example, we have obtained patents and trademark registrations covering relevant jurisdictions for key product platforms related to functional pigments and additives and active materials technologies. These platforms are used for solar reflection (ALTIRIS® pigments), to keep colored surfaces cooler when they are exposed to the sun, enhance air purification, improve catalytic processes (HOMBIKAT®) or lead to products that help manage heat in plastic applications or lead to metal deactivation in cables (SACHTOLITH®).

We own a total of approximately 717 issued patents and pending patent applications. Our patent portfolio includes approximately 39 issued U.S. patents, approximately 489 patents issued in countries outside the U.S. and 189 pending patent applications, worldwide. While a presumption of validity exists with respect to issued U.S. patents, we cannot assure that any of our patents will not be challenged, invalidated, circumvented or rendered unenforceable. Furthermore, we cannot assure the issuance of any pending patent application, or that if patents do issue, that these patents will provide meaningful protection against competitors or against competitive technologies. Additionally, our competitors or other third parties may obtain patents that restrict or preclude our ability to lawfully produce or sell our products in a competitive manner.

We also rely upon unpatented proprietary know-how and continuing technological innovation and other trade secrets to develop and maintain our competitive position. There can be no assurance, however, that confidentiality and other agreements into which we enter and have entered will not be breached, that they will provide meaningful protection for our trade secrets or proprietary know-how, or that adequate remedies will be available in the event of an unauthorised use or disclosure of such trade secrets and know-how. In addition, there can be no assurance that others will not obtain knowledge of these trade secrets through independent development or other access by legal means.

In addition to our own patents, patent applications, proprietary trade secrets and know-how, we are a party to certain licensing arrangements and other agreements authorising us to use trade secrets, know-how and related technology and/or operate within the scope of certain patents owned by other entities. We also have licensed or sub-licensed intellectual property rights to third parties.

Certain of our products are well-known brand names and we have approximately 820 global trademark registrations and applications. Some of these registrations and applications include filings under the Madrid system for the international registration of marks and may confer rights in multiple countries. However, there can be no assurance that the trademark registrations will provide meaningful protection against the use of similar trademarks by competitors, or that the value of our trademarks will not be diluted. In our Titanium Dioxide segment, we consider our TIOXIDE®, HOMBITAN®, HOMBITEC®, UVTITAN®, HOMBIKAT®, DELTIO® and ALTIRIS® trademarks to be valuable assets. In our Performance Additives segment, we consider BLANC FIXE™, GRANUFIN®, SACHTOLITH®, FERROXIDE® and ECOLIFE® trademarks to be valuable assets.

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We own or lease chemical manufacturing and research facilities in the locations indicated in the list below which we believe are adequate for our short-term and anticipated long-term needs. We own or lease office space and storage facilities throughout the world. Our headquarters and principal executive offices are located at the Wynyard location, with the address of Titanium House, Hanzard Drive, Wynyard Park, Stockton-On-Tees, TS22 5FD, United Kingdom.

The following is a list of our principal owned or leased properties where manufacturing, research and main office facilities are located.

Location ⁽²⁾	Business Segment ⁽⁴⁾	Description of Facility
Duisburg, Germany	Various	TiO ₂ Functional Additives, Research Facility and Administrative Offices
Greatham, UK	TiO ₂	TiO ₂ Manufacturing Facility
Huelva, Spain	TiO ₂	TiO ₂ Manufacturing Facility
Lake Charles, Louisiana ⁽³⁾	TiO ₂	TiO ₂ Manufacturing Facility
Pori, Finland ⁽⁵⁾	TiO ₂	TiO ₂ Manufacturing Facility
Scalino, Italy	TiO ₂	TiO ₂ Manufacturing Facility
Teluk Kalung, Malaysia ⁽¹⁾	TiO ₂	TiO ₂ Manufacturing Facility
Uerdingen, Germany ⁽¹⁾	TiO ₂	TiO ₂ Manufacturing Facility
Augusta, Georgia	Additives	Color Pigments Manufacturing Facility
Birtley, UK	Additives	Color Pigments Manufacturing Facility
Comines, France	Additives	Color Pigments Manufacturing Facility
Dandenong, Australia ⁽¹⁾	Additives	Color Pigments Manufacturing Facility
Freeport, Texas	Additives	Timber Treatments Manufacturing Facility
Harrisburg, North Carolina	Additives	Timber Treatments Manufacturing Facility
Kidsgrove, UK	Additives	Color Pigments Manufacturing Facility
Los Angeles, California	Additives	Color Pigments Manufacturing Facility
Sudbury, UK	Additives	Color Pigments Manufacturing Facility
Taicang, China	Additives	Color Pigments Manufacturing Facility
Turin, Italy	Additives	Color Pigments Manufacturing Facility
Walluf, Germany ⁽¹⁾	Additives	Color Pigments Manufacturing Facility
Everberg, Belgium ⁽¹⁾	Various	Shared Services Centre and Administrative Offices
Kuala Lumpur, Malaysia ⁽¹⁾	Various	Shared Services Centre and Administrative Offices
The Woodlands, Texas ⁽¹⁾	Various	Administrative Offices
Wynyard, UK ⁽¹⁾	Various	Facility and Shared Services Centre

(1) Leased land and/or building

(2) Excludes plant in Calais, France which was closed in 2017.

(3) Owned by LPC, our unconsolidated manufacturing joint venture which is owned 50% by us and 50% by Kronos.

(4) Solely for the purposes of this column, "TiO₂" and "Additives" represent the Titanium Dioxide and Performance Additives segments, respectively.

(5) The Pori, Finland plant closure was announced in the third quarter of 2018 and we will terminate production at the Pori site in the first quarter of 2022.

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We are subject to extensive federal, state, local and international laws, regulations, rules and ordinances relating to occupational health and safety, process safety, pollution, protection of the environment and natural resources, product management and distribution, and the generation, storage, handling, transportation, treatment, disposal and remediation of hazardous substances and waste materials. In the ordinary course of business, we are subject to frequent environmental inspections and monitoring and occasional investigations by governmental enforcement authorities. In the U.S., these laws include the Resource Conservation and Recovery Act ("RCRA"), the Occupational Safety and Health Act, the Clean Air Act, the Clean Water Act, the Safe Drinking Water Act, and Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"), as well as the state counterparts of these statutes.

In the EU, we are subject to numerous environmental, health and safety related provisions. EU regulations are automatically applicable to EU Member States from the date they enter into force, while directives become binding upon incorporation into member states' national legislation. Incorporation of directives into national law must take place by the deadline set by the relevant directive, usually within two years. Applicable laws include Directive 2004/35/CE on environmental liability with regard to the prevention and remedying of environmental damage, Directive 2008/98/EC on waste ("Waste Framework Directive"), Directive 1999/31/EC on the landfill of waste, the Seveso-III Directive on prevention of major accident hazards involving dangerous substances, Directive 2000/60/EC known as the EU Water Framework Directive, Directive 2010/75/EU on industrial emissions and Regulation (EC) 1907/2006 on REACH. Additionally, member states operate their own domestic legislation where not prescribed by EU law, including in the core areas of health and safety in the workplace, statutory nuisance and land contamination legislation, which are subject to national jurisdiction.

On 31 January 2020, the U.K. withdrew from the EU. As a result, the regulatory regime applicable to EHS matters in the U.K. has changed from the EU to the U.K, which has and may continue to impact our operations as follows:

- product registration requirements have changed;
- we have transferred our existing EU REACH Only Representative ("OR") responsibilities away from U.K. legal entities;
- we transferred our REACH registration dossiers held by Venator U.K. legal entities to alternative EU-based entities before the end of the transition period;
- we assigned EU OR to support transactions of our U.K. manufactured products into the EU; and
- we are monitoring developments on the new U.K. REACH regime and will participate, as appropriate, in the initial notification scheme.

In addition, our production facilities require operating permits that are subject to renewal, modification and, in certain circumstances, revocation. Actual or alleged violations of safety laws, environmental laws or permit requirements could result in restrictions or prohibitions on plant operations or product distribution, substantial civil or criminal sanctions, or injunctions limiting or prohibiting our operations altogether. In addition, some environmental laws may impose liability on a strict, joint and several basis. Moreover, changes in environmental regulations could inhibit or interrupt our operations, or require us to modify our facilities or operations and make significant environmental compliance expenditures. Accordingly, environmental or regulatory matters may cause us to incur significant unanticipated losses, costs or liabilities. Information related to EHS matters may also be found in other areas of this report including part III. Principal Risks and Uncertainties, and Note 29. Commitments and Contingencies.

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We are subject to a wide array of laws governing chemicals, including the regulation of chemical substances and inventories under TSCA in the U.S., and REACH, and the CLP regulation in Europe. Analogous regimes exist in other parts of the world, including the U.K., China, South Korea, and Taiwan. Several other countries, including Turkey and Russia, have announced that they will be introducing similar systems in the future. In addition, a number of countries where we operate, including the U.K., have adopted rules to conform chemical labelling in accordance with the globally harmonised system. Many of these foreign regulatory regimes are in the process of a multi-year implementation period for these rules. For example, the Globally Harmonised System ("GHS") established a uniform system for the classification, labelling and packaging of certain chemical substances and the European Chemicals Agency ("ECHA") is currently in the process of determining if certain chemicals should be proposed to the European Commission to receive a carcinogenic classification.

Certain of our products are being evaluated under the CLP regulation and REACH and their classification or restriction could negatively impact sales. On 4 October 2019, the European Commission published a regulation, which classified certain forms of TiO₂ (in a powder form containing 1% or more of particles with aerodynamic diameter $\leq 10 \mu\text{m}$) as a category 2 carcinogen, which is a suspected human carcinogen based on evidence obtained from human and/or animal studies but which is not sufficient for a category 1 classification. The regulation applied from 1 October 2021. Following the U.K.'s withdrawal from the EU, the same classification of TiO₂ as a suspected carcinogen was also published in the U.K.'s mandatory classification and labelling list and applied from 1 October 2021.

We have evaluated our TiO₂ products using internationally recognised tests methods and determined that these are not subject to classification in the EU or U.K. as the products do not contain 1% or more of particles with aerodynamic diameter $\leq 10 \mu\text{m}$. However, it remains possible that the European Commission, the European Member States or the U.K could issue additional guidance, which could result in certain of our TiO₂ products being subject to classification as a carcinogen.

On 13 May 2020, we and a number of other applicants filed a legal challenge seeking the annulment of the TiO₂ classification in the General Court of the EU. If successful the delegated act will be annulled, however, a decision by the General Court is unlikely to be received before 2023.

Adoption of the category 2 carcinogen classification in the EU or U.K. may negatively impact on public perception, market demand and prices of products containing TiO₂. The classification could also impact our manufacturing operations leading to increased costs. The classification could also impact other regulations, such as those affecting medical and pharmaceutical applications, cosmetics, food packaging and food additives, or trigger enhanced regulatory scrutiny outside the EU of products containing TiO₂, or powdered products with different chemistries but similar particle characteristics from our Performance Additives segment.

The European Commission has indicated it will revise guidance on classification of waste further to the classification of TiO₂ under the EU's CLP regulation. The guidance should clarify how the classification of TiO₂ will apply for waste classification purposes and avoid the potential for certain materials to be incorrectly classified as hazardous waste with consequential negative impacts on recycling rates and the circular economy. Guidance is expected to be published during 2022.

The failure of the European Commission to publish this guidance, or the failure of any European Member States to follow the same, could lead to the incorrect classification of certain waste streams containing TiO₂ as hazardous waste, as separately determined by each member state, which could result in significant impacts on our customers' products and wastes from our operations. It is also possible that heightened regulatory scrutiny could lead to claims by employees or consumers of such products alleging adverse health impacts.

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On 6 May 2021 the EFSA published an opinion regarding the use of TiO₂ (E171) as a food additive. The EFSA Opinion did not identify any immediate health concern linked to E171, however it identified uncertainties regarding the genotoxic effects of E171 used in food with a need to further investigation and concluded that TiO₂ (E171) can no longer be considered safe when used as a food additive.

Following the EFSA opinion, the European Commission published a draft regulation to remove E171 from the list of approved food additives in the EU and to assess the approval for use of E171 in pharmaceutical products within three years of the publication of the regulation, which occurred on 18 January 2022. The regulation includes a six month transition period from its entry into force under which food products containing E171 may still be placed on the EU market and marketed until their 'use by' date.

The removal of E171 as an approved food additive in Europe may have additional effects under other EU laws e.g., those affecting cosmetic and pharmaceutical applications and food packaging. The EFSA Opinion could also trigger enhanced regulatory scrutiny in other jurisdictions outside the EU of products containing E171, which may increase our compliance obligations, impact consumer sentiment and decrease market demand.

In July 2021, ECHA published its final decision regarding the substance evaluation of TiO₂ pursuant to article 46 of the REACH Regulation, the Community rolling action plan ("CoRap"). Following the decision, the registrants of TiO₂ are required to conduct and submit the results of a number of toxicological studies carried out on various forms of TiO₂ to ECHA, and provide an updated REACH registration dossier, within 30 months of the date of the decision.

On 14 October 2020, the European Commission published a Chemical Strategy for Sustainability. This is part of the EU's zero pollution ambition, which is a key commitment of the European Green Deal. The strategy aims to protect citizens and the environment by reforming chemicals regulation in Europe and regulating substances classified as hazardous, including, but not limited to, carcinogenic, mutagenic or toxic for reproduction in consumer products. The strategy may introduce new regulatory categories and impact the future regulation of our products.

Environmental, Health and Safety Systems

We are committed to achieving and maintaining compliance with all applicable EHS legal requirements, and we have developed policies and management systems that are intended to identify the multitude of EHS legal requirements applicable to our operations, enhance compliance with applicable legal requirements, improve the safety of our employees, contractors, community neighbours and customers and minimise the production and emission of wastes and other pollutants. We cannot guarantee, however, that these policies and systems will always be effective or that we will be able to manage EHS legal requirements without incurring substantial costs. Although EHS legal requirements are constantly changing and are frequently difficult to comply with, these EHS management systems are designed to assist us in our compliance goals while also fostering efficiency and improvement and reducing overall risk to us.

Environmental Remediation

We have incurred, and we may in the future incur, liability to investigate and clean up waste or contamination at our current or former facilities or facilities operated by third parties at which we may have disposed of waste or other materials. Similarly, we may incur costs for the clean-up of waste that was disposed of prior to the purchase of our businesses. Under some circumstances, the scope of our liability may extend to damages to natural resources. At the current time, we are unable to estimate the total cost to remediate contaminated sites.

For a discussion of remediation matters, see Note 29. Commitments and Contingencies - Environmental Liabilities.

We are undertaking detailed assessments of the environmental status of three facilities in the EU and one in the U.S. as part of detailed site investigation and remediation processes. The assessment of the environmental status may lead to a requirement for environmental remediation as a part of these processes.

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STRATEGIC REPORT (CONTINUED)

II. BUSINESS OVERVIEW (CONTINUED)

ENVIRONMENTAL, HEALTH AND SAFETY MATTERS (CONTINUED)

Environmental Remediation (continued)

Under CERCLA and similar laws in other jurisdictions, a current or former owner or operator of real property may be liable for remediation costs regardless of whether the release or disposal of hazardous substances was in compliance with law at the time it occurred, and a current owner or operator may be liable regardless of whether it owned or operated the facility at the time of the release. Outside the U.S., analogous contaminated property laws, such as those in effect in the EU, can hold past owners and/or operators liable for remediation at former facilities. We have not been notified by third parties of claims against us for clean-up liabilities at former facilities or third-party sites, including, but not limited to, sites listed under CERCLA.

Under the RCRA in the U.S. and similar laws in other jurisdictions, we may be required to remediate contamination originating from our properties as a condition to our hazardous waste permit. Some of our manufacturing sites have an extended history of industrial chemical manufacturing and use, including on-site waste disposal. We are aware of soil, groundwater or surface contamination from past operations at some of our sites, and we may find contamination at other sites in the future. Similar laws exist in a number of locations in which we currently operate, or previously operated, manufacturing facilities.

China has implemented and continues to develop new laws and regulations covering environmental contamination and created the Ministry for Environment Protection. We are currently assessing whether these regulatory changes will have a material effect on our financial statements.

Climate Change

Globally, our operations are increasingly subject to regulations that seek to reduce emissions of GHGs, such as carbon dioxide and methane, which may be contributing to changes in the earth's climate. Increasing presence of climate change at the top of the global political and media agenda may lead to further domestic regulations and international agreements and commitments to restrict GHG emissions, all of which can lead to the necessity for increased investment in innovative energy sources and increased capital expenditure.

Recent developments in climate change related policy and regulations include the Green Deal in the EU, mandatory disclosures in the U.K. by the TCFD, the U.K. commitment to becoming carbon neutral by 2050, and similar policy changes and commitments in other nations worldwide including the announcement that the U.S. is re-joining the Paris climate agreement. These changes could affect us in a number of ways including potential requirements to decarbonise manufacturing processes and increased costs of GHG allowances. As with other jurisdictions, our operations in the U.S. may become subject to increasing climate change regulations and we are currently monitoring these developments closely while investigating appropriate climate change strategies to enable us to comply with the new regulations and conform to new disclosure requirements such as TCFD.

Whilst Venator discloses some information in this Strategic Report that is required by the TCFD disclosures, mandatory compliance to the disclosures is not required for the group until year ended 31 December 2023.

We are already managing and reporting GHG emissions, to varying degrees, at our sites worldwide. These locations are subject to a number of existing GHG related laws and regulations. Potential consequences of such restrictions include capital requirements to modify assets to meet GHG emission restrictions and/or increases in energy costs above the level of general inflation, as well as direct compliance costs. Currently, however, it is not possible to estimate the likely financial impact of potential future regulation on any of our sites.

Increasing concentrations of GHGs in the earth's atmosphere may produce climate changes that have significant physical effects, such as increased frequency and severity of storms, droughts, floods and other extreme climatic events. The potential severity of the changes varies in accordance with the Representative Concentration Pathway ("RPC") used to predict the changes, however, they could have adverse effects on our assets and operations. For example, we have a number of operations in low lying areas that may be at increased risk due to flooding, rising sea levels or disruption of operations from more frequent and severe weather events. We are assessing the potential impact of climate change on our business and manufacturing facilities to determine the physical risks that might be experienced by our sites under different climate change scenarios. The results of this study will be available in 2023, with key requirements ready for the UK TCFD mandatory disclosure requirements.

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For the year ended 31 December 2021****STRATEGIC REPORT (CONTINUED)****II. BUSINESS OVERVIEW (CONTINUED)****ENVIRONMENTAL, HEALTH AND SAFETY MATTERS (CONTINUED)*****Making effective use of resources to reduce waste and landfill***

Environmental impact is an important component of a sustainable future. With fast-paced regulatory developments and changes occurring globally, it is critical that we keep track of and continue to improve our environmental emissions to land, water and air. Our stakeholders, including customers, regulators and business partners, demand it. And as a global corporate citizen, we believe it is the right thing to do.

Reducing our impact on the environment aligns closely with our values of Integrity, Innovation and ZERO Harm. Using innovation, we are engaged in a variety of long- and short-term projects to minimise our environmental impact. We're transforming co-products into valuable products that can be used in environmental restoration and improvement projects. We're investing in effluent treatment capability at our manufacturing facilities to reduce the impact on the natural environment around our facilities, and we're developing detailed climate change strategies for our sites to decarbonise to comply with net zero targets being implemented worldwide.

In addition to the practical work going on around the company, we are developing our existing environmental liability management system to be compliant with the Taskforce on Climate related Financial Disclosures' (TCFD) requirements that will allow investors and customers to understand our advanced strategies and initiatives first hand.

Example

Venator's Huelva, Spain, manufacturing facility is a global supplier of TiO₂ to major polymer producers. Over the years, the Huelva site has eliminated its landfill waste by improving processes, processing co-products to create new ecoProducts that address environmental megatrends by helping to provide clean water, fertilise crops and feed animals. In one such project aimed at reducing landfill waste, the Huelva site transformed 55kt of a co-product into a commercial product called Ironcal. The product is used in water treatment, combined heat and power plants, steam boilers, air compressors, vacuum compressors and as reagents.

The site also increased sales of ferric sulfate, with more than 3 million people benefiting from the sale of these co-products to several utilities that use it to convert wastewater into clean drinking water. As a result of its efforts to create new products, the site has almost halved the waste it sends to landfill, and our ambition is to reduce it to zero.

Addressing the environmental challenges

As society faces growing environmental challenges due to climate change, governments are introducing regulations to limit greenhouse gas emissions and seeking ways to move from fossil fuel energy sources to low or zero carbon fuels. Equally, elected leaders are looking to find better ways to preserve scarce resources and use materials in a "circular" manner by recycling or repurposing products.

Venator is committed to addressing these challenges. We're making differentiated pigments for thinner plastic film to help our customers reduce the amount of packaging used to protect our food. We're producing products that help to reduce energy consumption when blended with polymers. Our TiO₂ portfolio is helping make vehicles lighter and windows and doorframes more energy efficient to reduce the environmental footprints of homes. Our catalysts strip pollutants out of power station exhaust gases and convert potential domestic waste into fuel.

We are mindful that our products play an important role in improving the sustainability of our downstream supply chain. When developing our products and technologies, we take a "life cycle" approach, applying a rigorous risk assessment process to consider their environmental impact.

Venator is seeking to future-proof our products by actively increasing product life spans, improving product durability and investing in research and development to meet the demand for materials that are recyclable and reusable, therefore contributing to a circular economy.

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STRATEGIC REPORT (CONTINUED)

II. BUSINESS OVERVIEW (CONTINUED)

ENVIRONMENTAL, HEALTH AND SAFETY MATTERS (CONTINUED)

Addressing the environmental challenges (continued)

Example

Titanium dioxide (TiO₂) is the world's most widely used inorganic pigment. It is used extensively as a bright white opacifier in surface coatings, plastics, paper, inks, food, fibre and pharmaceutical applications. However, the product can be difficult to handle, especially where complex networks of piping exist to transport the powder from its storage place to the final usage point.

Venator developed a new technology to help overcome the handling problem by generating a micro-granulated free-flowing form of TiO₂. The DELTIO™ product range helps customers streamline their processes, reduce energy consumption and make the work environment cleaner and more manageable.

In 2020, Venator introduced DELTIO 48X pigment, which provides a low-dust, free-flowing solution for masterbatch producers and compounders who want to improve material flow through their system. The product, manufactured at our Greatham, UK, plant, offers continuous flow without costly interruptions and blockages for increased extruder throughput and lower extruder downtime. It improves the operator environment when compared to standard TiO₂ pigments through low dust levels whilst in addition offers a more economic solution through lower levels of TiO₂ being left in the packaging.

Driving efficient energy use to reduce CO₂ emissions

Reducing environmental impact starts with us. We're looking internally to improve the efficiency of our operations at manufacturing sites to reduce emissions and lower energy and water usages.

Over the years, our sites have implemented many energy-saving projects. While some have involved major construction expenditures, many are on a smaller scale – such as managing office heating and lighting that help generate a culture of energy conservation at our worksites. Together, they add up to significant environmental benefit.

By constantly looking at new ways of running our operations and processes more efficiently, we are able to save energy and reduce emissions to lower our own operational footprint.

Examples

Investment in sustainable technology at Greatham - For almost 50 years, Venator's Greatham manufacturing site in the United Kingdom has been a leading global supplier of a wide range of titanium dioxide pigment grades. Greatham's 240 Venator associates and 100 on-site contractors work together to produce world-class pigments used in paints and plastics.

In 2018, the site began a multimillion-dollar construction project to replace original boiler equipment with four fuel-efficient boilers that reduce NO_x emissions by 75% and significantly reduce the site's consumption of natural gas to improve its already world-class performance.

The new boilers will see Greatham's annual consumption of natural gas decrease by 2.1 million cubic meters based on current pigment production, the equivalent of 4.4kt of CO₂ – which is approximately the equivalent energy needed to power 800 UK homes. In addition, more than 90% of finished materials used in the construction project were sourced in the UK, greatly reducing the carbon footprint of the construction process. The expertise used in the design and construction of the new facility was also more than 90% local.

Plant construction, temporarily delayed due to the global pandemic, got back on track in September 2020, with the plant coming online in 2021.

The Greatham upgrade is a sign of Venator's commitment to investment in sustainable technology that not only improves our energy efficiency but also sets the site up for future operations that continue to reduce our environmental impact.

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For the year ended 31 December 2021****STRATEGIC REPORT (CONTINUED)****II. BUSINESS OVERVIEW (CONTINUED)****ENVIRONMENTAL, HEALTH AND SAFETY MATTERS (CONTINUED)*****Driving efficient energy use to reduce CO₂ emissions (continued)******Examples (continued)***

At our Sudbury site in England, Venator manufactures liquid dispersions for the coatings industry, producing a range of products for various water- and solvent-based applications.

In September 2019, the site began an initiative to reduce its energy use. The team discovered it could use intelligent software to communicate with site services to shut down power when processing equipment stops, thereby eliminating unnecessary energy use and cutting energy costs. As a result, site electricity consumption has been reduced by 26 megawatts per year, a 2.4% decrease, for annual savings of £4,000, proving that even the smallest adjustments can have a meaningful impact.

Greenhouse Gas Emissions ("GHG")

Our global scope 1 and 2 GHG emissions have reduced by 23% since 2017. In 2021, scope 1 emissions accounted for 68% total emissions. GHG emission intensities range between 0.92 and 1.04 tCO₂eq per tonne of product during this period.

At present, Venator does not report its scope 3 value chain emissions. However, we are assessing all sources in our supply chain and aim to publish in future reports.

Energy Usage

Our total energy consumption has decreased by 15% since 2017, whilst our product energy intensity has remained steady. This is in line with the overall reduction in production since 2017.

Natural gas was responsible for 74% of total energy consumption in 2021, with electricity and steam contributing 11% and 13%, respectively.

We will continue to focus on how we can reduce our energy usage and improve efficiency.

Air Emissions

Across our sites, we track our air emissions, categorised as NOX, SOX and the 'other' following emissions: Hydrochloric acid (HCl), Chlorine (Cl₂), Carbonyl Sulfide (COS), Carbon Monoxide (CO), Hydrogen Sulfide (H₂S) and Particulates. Venator's total air emissions have decreased by 24% since 2017. The main contributor to this was carbon monoxide, which dropped significantly in 2020 and again in 2021, following an improvement program to specifically address this issue.

Chemical Waste

Although total waste produced by our operations has fluctuated, we are pleased to report that the level of hazardous waste remains low and continues to decrease. Non-hazardous waste is predominantly gypsum, and all efforts are made to convert this material into salable eco-product and reclamation materials.

Total waste increased by 10% between 2019 and 2020; however, hazardous waste decreased by 13% in that period. Waste reduction and recycling remains a high priority for Venator, and following an improvement program total waste fell by 4% between 2020 and 2021, despite a rise of 10% in hazardous waste in the same period.

Water

It is our intention to reduce Venator's consumption of water where possible. We take responsible sourcing of water very seriously and adhere to all regulations regarding water use across our sites.

Venator has reviewed the water risk across each of our sites. We monitor our use and implement measures to sustainably source and reduce water consumption where possible.

Total water consumption has fallen by 15% since 2017. We also record chemical oxygen demand in the water that we discharge, and in 2021 this was at a level of 292 tonnes. In 2020 it was at its lowest recorded level of 280 tonnes, the rise in 2021 correlating with an increase in production.

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For the year ended 31 December 2021****STRATEGIC REPORT (CONTINUED)****II. BUSINESS OVERVIEW (CONTINUED)****Information about our Executive Officers**

The following table sets forth information, as of 22 February 2022, regarding the individuals who are our executive officers.

Name	Age	Position (s) at Venator
Simon Turner	58	President and Chief Executive Officer, Director
Kurt Ogden	53	Executive Vice President and Chief Financial Officer
Russ Stolle	59	Executive Vice President, General Counsel and Chief Compliance Officer
Mahomed Maiter	60	Executive Vice President, Business Operations
Rob Portsmouth	56	Senior Vice President, EHS, Innovation and Technology
Kevin Wilson	49	Senior Vice President, Human Resources

Simon Turner has served as President and Chief Executive Officer and as a director since the second quarter of 2017. Mr. Turner served as Division President, Pigments & Additives, at Huntsman Corporation from November 2008 to August 2017, Senior Vice President, Pigments & Additives, from April 2008 to November 2008, Vice President of Global Sales from September 2004 to April 2008 and General Manager Co-Products and Director Supply Chain and Shared Services from July 1999 to September 2004. Prior to joining Huntsman Corporation, Mr. Turner held various positions with Imperial Chemical Industries PLC ("ICI").

Kurt Ogden was named Executive Vice President and Chief Financial Officer of Venator in February 2019. Prior to then, he served as Venator's Senior Vice President and Chief Financial Officer from the second quarter of 2017. Mr. Ogden served as Vice President, Investor Relations and Finance of Huntsman from February 2009 until August 2017 and as Director, Corporate Finance from October 2004 to February 2009. Between 2000 and 2004, he was Executive Director Financial Planning and Analysis with Hillenbrand Industries and Vice President Treasurer with Pliant Corporation. Mr. Ogden began his career with Huntsman Chemical Corporation in 1993 and held various positions with related companies up to 2000. Mr. Ogden is a Certified Public Accountant.

Russ Stolle was named Executive Vice President, General Counsel and Chief Compliance Officer of Venator in February 2019. Prior to then, he served as Venator's Senior Vice President, General Counsel and Chief Compliance Officer from the second quarter of 2017. Mr. Stolle served as Senior Vice President and Deputy General Counsel of Huntsman from January 2010 until August 2017. From October 2006 to January 2010, Mr. Stolle served as Huntsman's Senior Vice President, Global Public Affairs and Communications, from November 2002 to October 2006, he served as Huntsman's Vice President and Deputy General Counsel, from October 2000 to November 2002, he served as Huntsman's Vice President and Chief Technology Counsel and from April 1994 to October 2000 he served as Huntsman's Chief Patent and Licensing Counsel. Prior to joining Huntsman in 1994, Mr. Stolle had been an attorney with Texaco Inc. and an associate with the law firm of Baker Botts L.L.P.

Mahomed Maiter was named Executive Vice President, Business Operations of Venator in February 2019. Prior to then he served as Venator's Senior Vice President, White Pigments from the second quarter of 2017. He has over 36 years of experience in the chemical and pigment industry covering a range of senior commercial, global sales and marketing, business development, manufacturing and business roles. From January 2007 to April 2017, Mr. Maiter served as Vice President Global Sales and Marketing, Vice President Revenue and Vice President Business Development of Huntsman's Pigments and Additives business. From August 2005 to December 2006, he was Vice President of Huntsman's European Polymers business. Mr. Maiter started his career in the chemical industry in 1985 when he joined the Tioxide business of ICI in South Africa where he held various operations and manufacturing roles. He relocated to the U.K. in June 1995 to take up a General Manager position in ICI in the Tioxide business and was subsequently appointed to Global Marketing Director and Vice President Commercial.

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****STRATEGIC REPORT (CONTINUED)****II. BUSINESS OVERVIEW (CONTINUED)****Information about our Executive Officers (continued)**

Rob Portsmouth has served as Senior Vice President, EHS, Innovation and Technology of Venator since January 2019. Dr. Portsmouth previously served as Vice President, Innovation of Venator since April 2017. He has over 27 years of experience in the chemical industry having started his career with Royal Dutch Shell in South Africa before joining the Tioxide business of ICI in South Africa in 1996 where he held roles in manufacturing, operations and technical management. Dr. Portsmouth relocated to the U.K. in 2003 where he served as Director of Global Marketing and Director of Business Development for Huntsman's Pigments and Additives business between 2003 and 2017. Dr. Portsmouth received his Doctorate in Chemical Engineering from the University of Cambridge (U.K.).

Kevin Wilson has served as Senior Vice President, Human Resources since August 2021. Mr. Wilson previously served as Vice President, Human Resources of Venator since August 2017 and as Global Human Resources Director of Huntsman's Pigments division since 2012. Mr. Wilson has over 20 years of human resources experience and prior to joining Venator and Huntsman held various positions with Siemens, TATA Group and BASF. Before moving into human resources, Mr. Wilson qualified as a mechanical engineer and worked in a variety of engineering and manufacturing roles. He holds a Msc in Quality Management from the University of Sunderland.

III. PRINCIPAL RISKS AND UNCERTAINTIES

The directors of the Venator group confirm that we have carried out a robust assessment of the emerging and principal risks facing the company, including those that would threaten our business model, future performance, solvency or liquidity.

We are subject to certain risks and hazards due to the nature of the business activities we conduct. The risks discussed below, any of which could materially and adversely affect our business, financial condition, cash flows, results of operations and share price, are not the only risks we face. We may experience additional risks and uncertainties not currently known to us or, as a result of developments occurring in the future, conditions that we currently deem to be immaterial may ultimately materially and adversely affect our business, financial condition, cash flows, results of operations and share price.

Risks Related to COVID-19 and the Economy

The COVID-19 pandemic and related economic repercussions have created significant disruptions to the global economy and have adversely affected our business. There is uncertainty around the duration of the pandemic and its ultimate impacts on the global economy and our business and we may not be able to effectively mitigate such impacts, any of which could have a material adverse effect on our results of operations, financial condition and liquidity.

As a result of the COVID-19 pandemic, governmental authorities have implemented and are continuing to implement numerous and constantly evolving measures to try to contain the virus, such as travel bans and restrictions, limits on gatherings, quarantines, shelter-in-place orders and business shutdowns. We have manufacturing and other operations that are important to our company in areas significantly affected by the outbreak and have implemented these measures, particularly in Europe, which is our largest market and in which we have important manufacturing facilities.

Existing or future restrictions on our manufacturing, operations or employees, or similar limitations for our customers, partners and suppliers, could negatively impact demand for our products or could limit our ability to meet customer demand, which could have a material adverse effect on our results of operations and financial condition. Furthermore, disruptions of transportation, such as reduced availability of shipping vessels, port closures and increased border controls or closures, could result in increased costs, or negatively impact our relationships with our existing customers. In addition, restrictions in certain countries could result in delays in obtaining needed approvals by governmental and regulatory authorities, including approvals for applications, renewals or extensions of waste disposal permits at our manufacturing sites.

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**Annual Report and Financial Statements
For the year ended 31 December 2021**

STRATEGIC REPORT (CONTINUED)

III. PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Risks Related to COVID-19 and the Economy (continued)

The COVID-19 pandemic and related economic repercussions have created significant disruptions to the global economy and have adversely affected our business..... (continued).

In response to the pandemic, we enacted rigorous safety measures across our organisation, including stopping non-essential business travel, increasing the personal protective equipment requirements at our manufacturing sites, removing non-essential contractors from our sites, increasing cleaning and sanitising measures, implementing social distancing protocols, requiring work-from-home arrangements as appropriate, and reducing the amount of employees working at a site at any given time. Many of these measures remain in place and we continue to evaluate the appropriate measures to have in place to safeguard our employees and our business. We may take further actions as government authorities require or recommend, or as we determine to be in the best interest of our employees, customers, partners and suppliers. We cannot be certain that the measures we are taking will continue to be successful in ensuring the health of our workforce. Workforce disruptions as a result of incidents of COVID-19 in our workforce could significantly impact our ability to maintain our operations and adversely affect our financial results. In addition, as a result of the pandemic and the related increase in remote working by our personnel and personnel of other companies, the risk of cyber-attacks, data breaches or similar events, whether through our systems or those of third parties on which we rely, has increased. Further risks associated with the increase in remote working by our personnel may include a diminished ability to deter and detect any unlawful activity by our personnel, such as noncompliance with the U.S. Foreign Corrupt Practices Act ("FCPA") or the United Kingdom ("U.K.") Bribery Act.

The impacts of the COVID-19 pandemic on our supply chain and the sudden return of global demand have increased global shipping and logistics challenges. We have seen constrained global supplies of ore feedstocks and other raw materials. The continued impact of COVID-19 on the global supply of raw materials and the ongoing lack of availability of freight and logistics capacity could cause material disruptions in our raw material supply. Some of our suppliers are sole-source suppliers for which we may have no alternative source of supply. Further, if we, our suppliers or customers are unable to perform our contractual obligations due to the COVID-19 pandemic, a force majeure event may be declared, rendering us, our suppliers or our customers unable to deliver all, or a portion of, any impacted orders or other contractual arrangements. If this were to occur, we may be forced to limit production and our customers could choose to discontinue or decrease the purchase of our products as a result of these measures. Such force majeure events could have significant negative impacts on our business.

The COVID-19 pandemic and the return of global demand have also impacted our costs as we have seen significant increases in raw materials, freight and energy costs. We may not be able to recover these increases in costs, and continued cost inflation may significantly impact our business.

We cannot be certain that the measures we have taken to mitigate the economic impact of COVID-19 will be effective nor that these measures will not have unintended consequences. For example, in response to the financial impact of COVID-19, we reduced our capital expenditures. Part of our capital expenditures are used on facility upgrades and maintenance, including EHS maintenance. While we continue to fund capital expenditures for essential maintenance and safety measures, the reduction in capital expenditures on other items during this period could result in a decrease in reliability at our manufacturing sites. In addition, in response to COVID-19, we have made workforce reductions and have in the past reduced working hours for many positions across the Company. It is possible that these actions could result in decreased effectiveness in our internal controls, which could result in significant deficiencies or material weaknesses. As the COVID-19 pandemic continues, we may experience additional adverse impacts on our results of operations, including our ability to access capital on favourable terms.

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STRATEGIC REPORT (CONTINUED)

III. PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Risks Related to COVID-19 and the Economy (continued)

Our industry is affected by global economic factors, including risks associated with volatile economic conditions.

Our financial results are substantially dependent on overall economic conditions globally, and particularly those in the U.S., Europe and Asia. Volatility in global market conditions, whether it is declining economic conditions globally or in any of these locations, or robust economic conditions contributing to sudden increases in inflation, could adversely affect our businesses. We experienced global inflationary pressures during 2021, particularly in Europe and the U.K. where our energy costs have seen significant increases in the periods subsequent to the COVID-19 pandemic shutdowns. We cannot predict whether European or U.K. energy costs will continue to rise, whether these costs will normalise or whether they will remain at inflated levels.

During downturns and periods of decreasing demand, such as the downturn we saw at the onset of the COVID-19 pandemic, our revenues are reduced, and we typically experience greater pricing pressure and shifts in product demand and mix. Greater substitution of product imports from China may also occur. Uncertain and volatile economic, political, public health or business conditions in any of the regions in which we operate can impact demand for our products. These conditions can cause material adverse changes in our results of operations and financial condition, including:

- a decline in demand for our products, which has an immediate impact on our revenues;
- lower utilisation of our manufacturing facilities as a result of measures taken to respond to such conditions, which results in lower fixed cost absorption;
- potential impairment charges relating to manufacturing equipment or other long-lived assets, to the extent that any downturn indicates that the carrying amount of the asset may not be recoverable;
- greater challenges in forecasting results of operations, making business decisions, and identifying and prioritising business risks;
- higher financing costs which could impact our ability to invest in our business;
- higher raw materials, freight and energy costs as a result of global inflation, or inflation in the regions in which we operate; and
- inability to increase our revenues sufficiently to cover the increases in costs due to inflation or other factors.

Further, during periods of economic disruption, more of our customers than normal may experience financial difficulties, including bankruptcies, restructurings and liquidations, which could affect our business by reducing sales, increasing our risk in extending trade credit to customers and reducing our profitability. A significant adverse change in a customer relationship or in a customer's financial position could cause us to limit or discontinue business with that customer, require us to assume more credit risk relating to that customer's receivables or limit our ability to collect accounts receivable from that customer.

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**Annual Report and Financial Statements
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STRATEGIC REPORT (CONTINUED)

III. PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Risks Related to COVID-19 and the Economy (continued)

The market for many of our TiO₂ products is cyclical and volatile, and we may experience depressed market conditions for such products.

Historically, the market for large volume TiO₂ applications, including coatings, paper and plastics, has experienced alternating periods of tight supply, causing prices and margins to increase, followed by periods of lower capacity utilisation resulting in declining prices and margins. The volatility this market experiences occurs as a result of significant changes in the demand for products as a consequence of global and regional economic activity and changes in customers' requirements. The supply-demand balance is also impacted by capacity additions or reductions, including unplanned outages, that result in changes of utilisation rates. In addition, TiO₂ margins are impacted by significant changes in major input costs such as titanium bearing ores, energy and other feedstocks. Demand for TiO₂ depends in part on the housing and construction industries. These industries are cyclical in nature and have historically been impacted by economic downturns. Relative changes in the selling prices for our products are one of the main factors that affect the level of our profitability. In addition, pricing may affect customer inventory levels as customers may from time to time accelerate purchases of TiO₂ in advance of anticipated price increases or defer purchases of TiO₂ in advance of anticipated price decreases.

The cyclicity and volatility of the TiO₂ industry results in significant fluctuations in profits and cash flow from period to period and over the business cycle. Our ability to successfully implement price increases depends on the current economic factors regionally and globally, including industry operating rates. A continued decline in selling prices, or the inability to successfully implement price increases in future periods could negatively impact our business, results of operations and/or financial condition.

In addition, the demand for TiO₂ and certain of our other products during a given year are subject to seasonal fluctuations. Because TiO₂ is widely used in paint and other coatings, demand is higher in the painting seasons of spring and summer in the Northern Hemisphere. We may also be adversely affected by anticipated or unanticipated changes in regional weather conditions. For example, poor weather conditions in a region can lead to an abbreviated painting season, which can depress consumer sales of paint products that use TiO₂, which could have a negative effect on our cash position.

Risks Related to Competition

The industries in which we operate are highly competitive, and we may not be able to compete effectively with our competitors that have greater financial resources or those that are vertically integrated or those that have a more advantageous geographic footprint, which could have a material adverse effect on our business, results of operations and financial condition.

The industries in which we operate are highly competitive. Among our competitors are companies that are vertically-integrated (those that have their own raw material resources) and those who operate with a more favourable geographic footprint. Our manufacturing operations are primarily in Europe where we experience higher labour and energy costs, and where there is increased regulatory scrutiny driving increases in costs such as carbon emissions credits and capital investment to make our manufacturing sites compliant with increasingly restrictive regulatory requirements. Changes in the competitive landscape could make it more difficult for us to retain our competitive position in various products and markets throughout the world. Our competitors with their own raw material resources may have a competitive advantage during periods of higher or rising raw material prices and competitors with manufacturing operations outside of Europe may have cost advantages if European regulatory requirements continue to outpace the rest of the world. In addition, some of the companies with whom we compete may be able to produce products more economically than we can. Furthermore, some of our competitors have greater financial resources, which may enable them to invest significant capital into their businesses, including expenditures for research and development, or debottlenecking or other capacity expansions.

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****STRATEGIC REPORT (CONTINUED)****III. PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)****Risks Related to Competition (continued)****The industries in which we operate are highly competitive.... (continued)**

The global TiO₂ market is highly competitive, with the top producers accounting for a significant portion of the world's production capacity. Competition is based on a number of factors, such as price, product quality and service. Some of our competitors may be able to drive down prices for our products if their costs are lower than our costs. In addition, our TiO₂ business competes with numerous regional producers, including producers in China, who have significantly expanded their sulfate production capacity during the past several years and have continued to develop the commercial production of TiO₂ via chloride technology. The risk of our customers substituting our products with those made by Chinese producers could increase as the Chinese producers improve their quality levels and increase production capacity. Further, consolidation of our competitors or customers may result in reduced demand for our products or make it more difficult for us to compete with our competitors. The occurrence of any of these events could result in reduced earnings or operating losses.

The failure to develop new products, processes or applications could make us less competitive. Moreover, if any of our current or future competitors develops proprietary technology that enables them to produce products at a significantly lower cost, our technology could be rendered uneconomical or obsolete.

In addition, certain of our competitors in various countries in which we do business, including China, may be owned by or affiliated with members of local governments and political entities. These competitors may get special treatment with respect to regulatory compliance and product registration, while certain of our products, including those based on new technologies, may be delayed or even prevented from entering into the local market.

Certain of our businesses use technology that is widely available. Accordingly, barriers to entry, apart from capital availability, may be low in certain product segments of our businesses. The entrance of new competitors into the industry may reduce our ability to maintain margins or capture improving margins in circumstances where capacity utilisation in the industry is increasing. Increased competition in any of our businesses could compel us to reduce the prices of our products, which could result in reduced margins and loss of market share and have a material adverse effect on our business, results of operations, financial condition and liquidity.

If we are unable to innovate and successfully introduce new products, or new technologies or processes, our profitability could be adversely affected.

Our industries and the end-use markets into which we sell our products experience periodic technological change and product improvement. Our future growth will depend on our ability to gauge the direction of commercial, technological and regulatory progress in key end-use markets and on our ability to fund and successfully develop, manufacture and market products in such changing end-use markets. We must continue to identify, develop and market innovative products or enhance existing products on a timely basis to maintain our profit margins and our competitive position. We may be unable to develop new products or technology, either alone or with third parties, or license intellectual property rights from third parties on a commercially competitive basis. If we fail to keep pace with the evolving technological innovations in our end-use markets on a competitive basis, including with respect to innovation or the development of alternative uses for, or application of, our products, our financial condition and results of operations could be adversely affected. We cannot predict whether technological innovations will, in the future, result in a lower demand for our products or affect the competitiveness of our business. We may be required to invest significant resources to adapt to changing technologies, markets, competitive environments and laws and regulations. We cannot anticipate market acceptance of new products or future products. In addition, we may not achieve the expected benefits associated with new products or technologies developed to meet new laws or regulations if the implementation of such laws or regulations is delayed or accelerated.

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****STRATEGIC REPORT (CONTINUED)****III. PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)****Risks Related to Competition (continued)**

Our business is dependent on our intellectual property. If we are unable to enforce our intellectual property rights and prevent use of our intellectual property by third parties, our ability to compete may be adversely affected. Further, third parties may claim that we infringe on their intellectual property rights, and resulting litigation may be costly.

Protection of our proprietary processes, apparatuses and other technology is important to our business. We rely on patent protection, as well as a combination of copyright and trade secret laws to protect and prevent others from duplicating our proprietary processes, apparatuses and technology. While a presumption of validity exists with respect to patents issued to us in the U.S., there can be no assurance that any of our patents will not be challenged, invalidated, circumvented or rendered unenforceable. Such means may afford only limited protection of our intellectual property and may not (i) prevent our competitors from duplicating our processes or technology; (ii) prevent our competitors from gaining access to our proprietary information and technology; or (iii) permit us to gain or maintain a competitive advantage. In addition, our competitors or other third parties may obtain patents that restrict or preclude our ability to lawfully produce or sell our products in a competitive manner, which could have a material adverse effect on our business, results of operations, financial condition and liquidity.

We rely upon trade secrets and other confidential and proprietary know-how and continuing technological innovation to develop and maintain our competitive position. While it is our policy to enter into agreements imposing nondisclosure and confidentiality obligations upon our employees and third parties to protect our intellectual property, these confidentiality obligations may be breached, may not provide meaningful protection for our trade secrets or proprietary know-how, or adequate remedies may not be available in the event of an unauthorised access, use or disclosure of our trade secrets and know-how. In addition, others could obtain knowledge of our trade secrets through independent development or other access by legal means.

Furthermore, we may not be able to effectively protect our intellectual property rights from misappropriation or infringement in countries where effective patent, trademark, trade secret and other intellectual property laws and judicial systems may be unavailable, or may not protect our proprietary rights to the same extent as U.S. law. The lack of adequate legal protections of intellectual property or failure of legal remedies for related actions could have a material adverse effect on our business, results of operations, financial condition and liquidity.

Our commercial success will also depend in part on not infringing, misappropriating or violating the intellectual property rights of others. From time to time, we may be subject to legal proceedings and claims, including claims of alleged infringement of trademarks, copyrights, patents and other intellectual property rights held by third parties. In the future, third parties may sue us for alleged infringement of their proprietary or intellectual property rights. We may not be aware of whether our products do or will infringe existing or future patents or the intellectual property rights of others. Any litigation in this regard, regardless of outcome or merit, could result in substantial costs and diversion of management and technical resources as well as harm to our brand, any of which could adversely affect our business, financial condition and results of operations. If the party claiming infringement were to prevail, we could be forced to discontinue the use of the related trademark, technology or design and/or pay significant damages unless we enter into royalty or licensing arrangements with the prevailing party or are able to redesign our products to avoid infringement. Any such license may not be available on reasonable terms, if at all, and there can be no assurance that we would be able to redesign our products in a way that would not infringe the intellectual property rights of others. We have already obtained licenses that give us rights to third-party intellectual property that is necessary or useful to our business. These license agreements covering our products impose various royalty and other obligations on us. One or more of our licensors may allege that we have breached our license agreement with them, and accordingly seek to terminate our license. In addition, any payments we are required to make and any injunction we are required to comply with as a result of such infringement could harm our reputation and financial results.

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**Annual Report and Financial Statements
For the year ended 31 December 2021**

STRATEGIC REPORT (CONTINUED)

III. PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Risks Related to our Liquidity and Capital Resources

Our indebtedness is substantial and a portion of our indebtedness is subject to variable interest rates. Our indebtedness may make us more vulnerable to financial market volatility and economic downturns and may limit our ability to respond to market conditions, to obtain additional financing or to refinance our debt. We may also incur more debt in the future.

As of 31 December 2021, we had \$945 million in debt outstanding under our \$375 million Term Loan Facility due 2024, \$225 million of 9.5% senior secured notes due 2025 which were issued on 22 May 2020 (the "Senior Secured Notes"), and \$375 million of 5.75% Senior Unsecured Notes due 2025. There are no borrowings under our ABL facility, which had \$201 million of available borrowing capacity at 31 December 2021. Our debt level and the fact that a significant percentage of our cash flow is required to make payments to service our debt, could have important consequences for our business, including but not limited to the following:

- we may be more vulnerable to business, industry or economic downturns, making it more difficult to respond to market conditions;
- cash flow available for other purposes, including the growth of our business, may be reduced;
- our ability to refinance or obtain additional financing may be constrained, particularly during periods when the capital markets are unsettled;
- our competitors with lower debt levels may have a competitive advantage relative to us; and
- part of our debt is subject to variable interest rates, which makes us more vulnerable to increases in interest rates (for example, a 1% increase in interest rates on our floating rate debt as of 31 December 2021, without giving effect to interest rate hedges or other offsetting items, would increase our annual interest expense by approximately \$4 million).

Our ability to make scheduled payments on or refinance our debt obligations depends on our financial condition and operating performance, which are subject to prevailing economic and competitive conditions and to certain financial, business, legislative, regulatory and other factors beyond our control. We may be unable to maintain a level of cash flows from operating activities sufficient to pay the principal, premium, if any, and interest on our indebtedness. Our inability to generate sufficient cash flows to satisfy our debt obligations, or to refinance our indebtedness on commercially reasonable terms, or at all, would materially and adversely affect our financial position and results of operations.

In addition, the availability and cost of credit for our businesses may be significantly affected by credit ratings. The credit rating agencies periodically review our ratings, considering factors such as our capital structure, earnings profile, and the condition of our industry and the credit markets generally. Credit ratings are subject to revision or withdrawal at any time by the assigning rating organisation. A drop in our credit ratings, such as that which occurred during the second quarter of 2020, could adversely impact our business, cash flows, results of operations, financial condition, liquidity and our ability to obtain additional financing or to refinance our debt.

Negative rating actions can adversely affect our ability to access capital at rates and on terms that are attractive. A negative rating action can also adversely impact our business relationships with suppliers and operating partners, who may be less willing to extend credit or offer us similarly favourable terms as secured in the past under such circumstances. The result of such impacts may be material and could adversely affect our cash flows, results of operations and financial condition.

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Annual Report and Financial Statements

For the year ended 31 December 2021

STRATEGIC REPORT (CONTINUED)

III. PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Risks Related to our Liquidity and Capital Resources (continued)

We may need additional capital in the future and may not be able to obtain it on favourable terms.

Our TiO₂ business is capital intensive, and our success depends to a significant degree on our ability to develop and market innovative products and to maintain and update our facilities and process technology. We may require additional capital in the future to finance our growth and development, implement further marketing and sales activities, meet new regulatory requirements, fund ongoing research and development activities, and meet general working capital needs. Our capital requirements will depend on many factors, including acceptance of, and demand for, our products, the extent to which we invest in new technology and research and development projects, and the status and timing of these developments, as well as general availability of capital from debt and/or equity markets. Additional financing may not be available when needed on terms favourable to us, or at all. Further, the terms of our debt agreements limit our ability to incur additional indebtedness or issue additional equity. If we are unable to obtain adequate funds on acceptable terms, we may be unable to develop or enhance our products, take advantage of future opportunities or respond to competitive pressures, which could harm our business.

If we are unable to generate sufficient cash flow from our operations, our business, financial condition and results of operations may be materially and adversely affected.

We are responsible for obtaining and maintaining sufficient working capital, funding our capital expenditure requirements and servicing our own debt. We may not generate sufficient funds to service our debt and meet our business needs, such as funding working capital, pension obligations, capital expenditures, restructuring activities or the transfer of our existing manufacturing operations to other parts of our business. Our ability to generate cash is subject in part to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. If we are unable to generate sufficient cash or repay or refinance our debt as it becomes due, we may be forced to take disadvantageous actions, including reducing spending on marketing and new product innovation, reducing financing in the future for working capital, capital expenditures and general corporate purposes, selling assets or dedicating an unsustainable level of our cash flow from operations to the payment of principal and interest on our indebtedness. In addition, our ability to withstand competitive pressures and to react to changes in our industry could be impaired.

Our customers, prospective customers, suppliers or other companies with whom we conduct business may need assurances that our financial stability is sufficient to satisfy their requirements for doing or continuing to do business with them.

Some of our customers, prospective customers, suppliers or other companies with whom we conduct business may need assurances that our financial stability is sufficient to satisfy their requirements for doing or continuing to do business with them, and may require us to provide additional credit support, such as letters of credit or other financial guarantees. Any failure of parties to be satisfied with our financial stability could have a material adverse effect on our business, financial condition, results of operations and cash flows.

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**Annual Report and Financial Statements
For the year ended 31 December 2021**

STRATEGIC REPORT (CONTINUED)

III. PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Risks Related to our Manufacturing Operations and Suppliers

Significant price increases in raw materials, energy or shipping, or interruptions in supply, may result in increased costs that we may be unable to pass on to our customers, which could reduce our profitability.

We incur substantial costs for raw materials, energy and shipping. These costs are subject to worldwide supply and demand as well as other factors beyond our control and we have recently experienced significant increases in costs in each of these areas. Variations in the cost for raw materials, energy, which primarily reflects market prices for oil and natural gas, and shipping may significantly affect our operating results from period to period. We purchase a substantial portion of our raw materials from third-party suppliers and the cost of these raw materials represents a substantial portion of our costs of goods sold. The prices of the raw materials that we purchase from third parties are cyclical and volatile. Our supply agreements with our TiO₂ feedstock suppliers provide us limited protection against price volatility as they mostly provide for market-based pricing. Contracts tend to be multi-year volume based with negotiated or formula driven short interval pricing. To the extent we do not have fixed price contracts with respect to specific raw materials, we have no control over the costs of raw materials and such costs may fluctuate widely for a variety of reasons, including changes in availability, major capacity additions or reductions, or significant facility operating problems. While we attempt to match cost increases with corresponding product price increases, we are not always able to raise product prices immediately or at all. Moreover, the outcome of these efforts is largely determined by existing competitive and economic conditions. Timing differences between raw material prices, which may change daily, and contract product prices, which in many cases are negotiated only monthly or less often, also have had and may continue to have a negative effect on our cash flow. Any raw materials or energy cost increase that we are not able to pass on to our customers could have a material adverse effect on our business, results of operations, financial condition and liquidity.

There are several raw materials for which there are only a limited number of suppliers or a single supplier. For example, certain types of titanium-containing feedstocks suitable for use in our TiO₂ facilities are available from a limited number of suppliers around the world. To mitigate potential supply constraints, we enter into supply agreements with particular suppliers, evaluate alternative sources of supply and evaluate alternative technologies to avoid reliance on limited or sole-source suppliers. Where supply relationships are concentrated, particular attention is paid by the parties to ensure strategic intentions are aligned to facilitate long term planning. If certain of our suppliers are unable to meet their obligations under present supply agreements, we may be forced to pay higher prices to obtain the necessary raw materials from other sources and we may not be able to increase prices for our finished products to recoup the higher raw materials costs. Any interruption in the supply of raw materials could increase our costs or decrease our revenues, which could reduce our cash flow. Certain of our suppliers have faced difficulties maintaining operations due to government-ordered restrictions and shelter-in-place mandates. While we have thus far been able to identify alternative sourcing arrangements without disrupting our supply chain, financial hardship on our suppliers caused by the COVID-19 pandemic could cause material disruptions in our raw material supply. The inability of a supplier to meet our raw material needs could have a material adverse effect on our financial statements and results of operations.

The number of sources for and availability of certain raw materials is also specific to the particular geographical region in which a facility is located. Political and economic instability in the countries from which we purchase our raw material supplies could adversely affect their availability. In addition, if raw materials become unavailable within a geographic area from which they are now sourced, then we may not be able to obtain suitable or cost-effective substitutes. We may also experience higher operating costs such as energy costs, which could affect our profitability. For example, we are currently experiencing the impact of a substantial increase in energy costs in Europe. We may not always be able to increase our selling prices to offset the impact of any higher productions costs or reduced production levels, which could reduce our earnings and decrease our liquidity.

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****STRATEGIC REPORT (CONTINUED)****III. PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)****Risks Related to our Manufacturing Operations and Suppliers (continued)**

Our manufacturing operations involve risks that may increase our operating costs, which could reduce our profitability.

Our operations are subject to hazards inherent in the manufacturing and marketing of chemical and other products. These hazards include chemical spills, pipeline leaks and ruptures, storage tank leaks, discharges or releases of toxic or hazardous substances or gases and other hazards incident to the manufacturing, processing, handling, transportation and storage of dangerous chemicals. We are also potentially subject to other hazards, including natural disasters and severe weather; explosions and fires; transportation problems, including interruptions, spills and leaks; mechanical failures; unscheduled downtimes; labour difficulties; remediation complications; and other risks. In addition, some equipment and operations at our facilities are owned or controlled by third parties who may not be fully integrated into our safety programs and over whom we are able to exercise only limited control. Many potential hazards can cause bodily injury or loss of life, severe damage to or destruction of property and equipment and environmental damage, and may result in suspension of operations and the imposition of civil or criminal penalties and liabilities. Furthermore, we are subject to present and future claims with respect to workplace exposure, exposure of contractors on our premises as well as other persons located nearby, workers' compensation and other matters.

As a result of and in response to the COVID-19 pandemic and the ensuing global economic impact, we implemented a number of cost saving measures, including reducing our capital expenditures. Capital expenditures are used on facility maintenance, including EHS maintenance. While we continue to fund capital expenditures for essential maintenance and safety measures, the reduction in capital expenditures on other items during this period could result in a decrease in reliability at our manufacturing sites.

We maintain property, business interruption, products liability and casualty insurance policies that we believe are in accordance with customary industry practices, as well as insurance policies covering other types of risks, including pollution legal liability insurance, but we are not fully insured against all potential hazards and risks incident to our business. Each of these insurance policies is subject to customary exclusions, deductibles and coverage limits, in accordance with industry standards and practices. As a result of market conditions, our loss history and other factors, our premiums and deductibles for certain insurance policies can increase substantially and, in some instances, certain insurance may become unavailable or available to us only for reduced amounts of coverage. If an incident were to occur or we were to incur a significant liability for which we were not fully insured, it could have a material adverse effect on our business, results of operations, financial condition and liquidity.

Disruptions in production at our manufacturing facilities may have a material adverse impact on our business, results of operations and/or financial condition.

Manufacturing facilities in our industry are subject to planned and unplanned production shutdowns, turnarounds, outages and other disruptions. Any serious disruption at any of our facilities could impair our ability to use our facilities and have a material adverse impact on our revenues and increase our costs and expenses. Alternative facilities with sufficient capacity may not be available, may cost substantially more or may take significant time to increase production or qualify with our customers, any of which could negatively impact our business, results of operations and/or financial condition. Long-term production disruptions may cause our customers to seek alternative supply which could further adversely affect our profitability. Unplanned production disruptions may occur for external reasons including natural disasters, weather, disease, strikes, power outages, telecommunication or utility failures, transportation interruption, government regulation, flood, political unrest, public crises, war or terrorism, or internal reasons, such as fire, unplanned maintenance or other manufacturing problems. Any such production disruption could have a material impact on our cash flows, results of operations and financial condition. We may also lose market share during a disruption in production due to customers who are forced to purchase products elsewhere and no longer purchase products from us after production is restored. The impacts of disruptions in production are exacerbated in periods of high demand such as the global economic re-emergence following the COVID-19 pandemic.

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**Annual Report and Financial Statements
For the year ended 31 December 2021**

STRATEGIC REPORT (CONTINUED)

III. PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Risks Related to our Manufacturing Operations and Suppliers (continued)

Disruptions in production at our manufacturing facilities may have a material adverse impact on our business, results of operations and/or financial condition (continued).

In addition, we rely on a number of vendors, suppliers and, in some cases, sole-source suppliers, service providers, toll manufacturers and collaborations with other industry participants to provide us with chemicals, feedstocks and other raw materials, along with energy sources and, in certain cases, facilities that we need to operate our business. If the business of these third parties is disrupted, some of these companies could be forced to reduce their output, shut down their operations or file for bankruptcy protection. If this were to occur, it could adversely affect their ability to provide us with the raw materials, energy sources or facilities that we need, which could materially disrupt our operations, including the production of certain of our products. Moreover, it could be difficult to find replacements for certain of our business partners without incurring significant delays or cost increases. Further, our ore feedstocks have a limited global supply and a change in the global supply landscape as a result of the closure of a mine could impact us even if we do not source our supply from that facility. All of these risks could have a material adverse effect on our business, results of operations, financial condition and liquidity.

While we maintain business recovery plans that are intended to allow us to recover from natural disasters or other events that could disrupt our business, we cannot provide assurances that our plans would fully protect us from the effects of all such disasters or from events that might increase in frequency or intensity due to climate change. In addition, insurance may not adequately compensate us for any losses incurred as a result of natural or other disasters. In areas prone to frequent natural or other disasters, insurance may become increasingly expensive or not available at all. Furthermore, some potential climate-driven losses, particularly flooding due to sea-level rises, may pose long-term risks to our physical facilities such that operations cannot be restored in their current locations.

We rely on our distributor network and third-party delivery services for the distribution and export of certain of our products. A significant disruption in these services or significant increases in prices for these services may disrupt our ability to deliver products or increase our costs.

We ship a significant portion of our products to our customers through our distributor network as well as independent third-party delivery companies. If any of our key distributors or third-party delivery providers experiences a significant disruption our products may not be delivered in a timely fashion. In addition, if our key distributors or third-party delivery providers increase prices and we are not able to pass along these increases to customers, find comparable alternatives or adjust our delivery network, our business, financial condition and results of operations could be adversely affected.

Differences in views with our joint venture participants may cause our joint ventures not to operate according to their business plans or be able to effectively compete with operations of our competitors, which may adversely affect our results of operations.

We currently participate in joint ventures in Lake Charles, Louisiana with Kronos Worldwide, Inc. ("Kronos") and in Harrisburg, North Carolina with International Flavours and Fragrances, Inc. ("IFF"), and may enter into additional joint ventures in the future. The nature of a joint venture requires us to share control with unaffiliated third parties. Differences in views among joint venture participants may result in delayed decisions or failure to agree on major decisions. If these differences cause the joint ventures to deviate from their business plans or to fail to achieve their desired operating performance, we may not be able to effectively compete with operations of our competitors and our results of operations could be adversely affected.

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For the year ended 31 December 2021**

STRATEGIC REPORT (CONTINUED)

III. PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Risks Related to Environmental, Health and Safety Matters

We are subject to many environmental, health and safety laws and regulations that may result in unanticipated costs or liabilities, which could reduce our profitability.

Our properties and operations, including our global manufacturing facilities, are subject to a broad array of EHS requirements, including extensive federal, state, local, foreign and international laws, regulations, rules and ordinances relating to pollution, protection of the environment and human health and safety, and the generation, storage, handling, transportation, treatment, disposal and remediation of hazardous substances and waste materials. There has been a global upward trend in the number and complexity of current and proposed EHS laws and regulations, including those relating to the chemicals used and generated in our operations and included in our substances and products. The costs to comply with these EHS laws and regulations, as well as internal voluntary programs and goals, are significant and will continue to be significant in the foreseeable future. Our facilities are dependent on environmental permits to operate. These operating permits are subject to modification, renewal and revocation, which could have a material adverse effect on our operations and our financial condition. In addition, third parties may contest our ability to receive or renew certain permits that we need to operate, which can lengthen the application process or even prevent us from obtaining necessary permits. Moreover, actual or alleged violations of permit requirements could result in restrictions or prohibitions on our operations and facilities. In the European Union ("EU"), a review of the Industrial Emissions Directive and the Large Volume Inorganic Chemicals BREF guidance are underway and these may result in changes to the operating permits at a number of plants operating in the EU.

In addition, we expect to incur significant capital expenditures and operating costs in order to comply with existing and future EHS laws and regulations. Capital expenditures and operating costs relating to EHS matters are subject to evolving requirements, and the timing and amount of such expenditures and costs will depend on the timing of the promulgation of the requirements as well as the enforcement of specific standards.

We are also liable for the costs of investigating and remediation of environmental contamination on or from our currently-owned and operated properties. We also may be liable for environmental contamination on or from our formerly-owned and operated properties, and on or from third-party sites to which we sent hazardous substances or waste materials for disposal. In many circumstances, EHS laws and regulations impose joint, several, and/or strict liability for contamination, and therefore we may be held liable for cleaning up contamination at currently owned properties even if the contamination was caused by former owners, or at third-party sites even if our original disposal activities were in accordance with all then existing regulatory requirements. Moreover, certain of our facilities are in close proximity to other industrial manufacturing sites. In these locations, the source of contamination resulting from discharges into the environment may not be clear. We could potentially be held responsible for such liabilities even if the contamination did not originate from our sites, and we may have to incur significant costs to respond to any remedies imposed, or to defend any actions initiated, by environmental agencies.

Changes in EHS laws and regulations, violations of EHS law or regulations that result in civil or criminal sanctions, the revocation or modification of EHS permits, the bringing of investigations or enforcement proceedings against us by governmental agencies, the bringing of private claims alleging environmental damages against us, the discovery of contamination on our current or former properties or at third-party disposal sites, could reduce our profitability or have a material adverse effect on our operations and financial condition.

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**Annual Report and Financial Statements
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STRATEGIC REPORT (CONTINUED)

III. PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Risks Related to Environmental, Health and Safety Matters (continued)

Classification of our products as a carcinogenic, mutagenic or reprotoxic chemical, known as a CMR chemical, or any increased regulatory scrutiny, could decrease demand for our products and subject us to manufacturing, labelling, transportation and waste disposal regulations that could significantly increase our costs.

On 4 October 2019, the European Commission published a regulation, which classified certain forms of TiO₂ (in a powder form containing 1% or more of particles with aerodynamic diameter $\leq 10 \mu\text{m}$) as a category 2 carcinogen, which is a suspected human carcinogen based on evidence obtained from human and/or animal studies but which is not sufficient for a category 1 classification. The regulation applied from October 1, 2021. Following the U.K.'s withdrawal from the EU, the same classification of TiO₂ as a suspected carcinogen was also published in the U.K.'s mandatory classification and labelling list and applied from 1 October 2021.

We have evaluated our TiO₂ products using internationally recognised tests methods and determined that these are not subject to classification in the EU or U.K. as the products do not contain 1% or more of particles with aerodynamic diameter $\leq 10 \mu\text{m}$. However, it remains possible that the European Commission, the European Member States or the U.K could issue additional guidance, which could result in certain of our TiO₂ products being subject to classification as a carcinogen.

On 13 May 2020, we and a number of other applicants filed a legal challenge seeking the annulment of the TiO₂ classification in the General Court of the EU. If successful the delegated act will be annulled, however, a decision by the General Court is unlikely to be received before 2023.

Adoption of the category 2 carcinogen classification in the EU or U.K. likely has negative impacts on public perception, market demand and prices of products containing TiO₂. The classification could also impact our manufacturing operations leading to increased costs. The classification could also impact other regulations, such as those affecting medical and pharmaceutical applications, cosmetics, food packaging and food additives, or trigger enhanced regulatory scrutiny outside the EU of products containing TiO₂, or powdered products with different chemistries but similar particle characteristics from our Performance Additives segment.

The European Commission has indicated it will revise guidance on classification of waste further to the classification of TiO₂ under the EU's classification and labelling ("CLP") regulation. The guidance should clarify how the classification of TiO₂ will apply for waste classification purposes and avoid the potential for certain materials to be incorrectly classified as hazardous waste with consequential negative impacts on recycling rates and the circular economy. Guidance is expected to be published during 2022.

The failure of the European Commission to publish this guidance, or the failure of any European Member States to follow the same, could lead to the incorrect classification of certain waste streams containing TiO₂ as hazardous waste, as separately determined by each member state, which could result in significant impacts on our customers' products and wastes from our operations. It is also possible that heightened regulatory scrutiny could lead to claims by employees or consumers of such products alleging adverse health impacts.

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**Annual Report and Financial Statements
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STRATEGIC REPORT (CONTINUED)

III. PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Risks Related to Environmental, Health and Safety Matters (continued)

Classification of our products as a carcinogenic, mutagenic or reprotoxic chemical....(continued)

On 6 May 2021 the European Food Safety Authority ("EFSA") published an opinion regarding the use of TiO₂ (E171) as a food additive. The EFSA Opinion did not identify any immediate health concern linked to E171, however it identified uncertainties regarding the genotoxic effects of E171 used in food with a need to further investigation and concluded that TiO₂ (E171) can no longer be considered safe when used as a food additive.

Following the EFSA opinion, the European Commission published a draft regulation to remove E171 from the list of approved food additives in the EU and to assess the approval for use of E171 in pharmaceutical products within three years of the publication of the regulation, which occurred on 18 January 2022. The regulation includes a six month transition period from its entry into force under which food products containing E171 may still be placed on the EU market and marketed until their 'use by' date.

The removal of E171 as an approved food additive in Europe may have additional effects under other EU laws e.g., those affecting cosmetic and pharmaceutical applications and food packaging. The EFSA Opinion could also trigger enhanced regulatory scrutiny in other jurisdictions outside the EU of products containing E171, which may increase our compliance obligations, impact consumer sentiment and decrease market demand.

Sales of TiO₂ in the EU represented 42% of our TiO₂ revenues for the year ended 31 December 2021.

Restrictions on disposal of waste from our manufacturing processes could result in higher costs and negatively impact our ability to operate our manufacturing facilities.

A variety of materials are generated by our manufacturing processes, some of which are saleable as products or by-products and others of which are not and must be reused or disposed of as waste. Storage, transportation, reuse and disposal of waste are generally regulated by governmental authorities in the jurisdictions in which we operate. If existing arrangements for reuse or disposal of waste cease to be available to us as a result of new rules, regulations or interpretations thereof, exhaustion of reclamation activities, landfill closures, or otherwise, we will need to find new arrangements for reuse or disposal, which could result in increased costs to us and negatively impact our consolidated financial statements. For example, gypsum is generated by our TiO₂ manufacturing facilities that use the sulfate process, such as those at Scarlino, Italy and Teluk Kalong, Malaysia. The gypsum from our Scarlino facility is currently used in the reclamation of a nearby former quarry and we expect there will no longer be capacity for gypsum at the quarry under existing required governmental approvals beyond the second quarter of 2022. While we are currently pursuing a range of options for handling gypsum produced at the site, including a project for the use of gypsum in a specified on-site area, long term off-site landfill, process modifications to reduce the volume of gypsum produced and the development of new business opportunities for the sale of gypsum, such options generally require governmental approval and there can be no assurance that such approvals will be received in a timely manner or at all. Any classification of waste material produced at our facilities as hazardous is likely to have an adverse impact on obtaining such approvals. Failure to find viable new disposal arrangements for these materials, including those originating at our Scarlino, Italy site, could significantly impact our manufacturing operations, up to and including the temporary or permanent closure of related manufacturing facilities.

In connection with the classification in the EU and the U.K. of TiO₂ as a Category 2 Carcinogen, Member States could fail to follow new guidance being adopted by the European Commission and require that all wastes containing TiO₂ be classified as hazardous waste, regardless of the form of the material. This could result in significant changes to how wastes from our operations in the EU (including at our Scarlino, Italy site) are handled, including additional or more stringent manufacturing regulations, labelling requirements, transportation logistics, and other requirements regarding the ability to reuse or sell wastes and by-products, or otherwise dispose of such materials. Any such regulations could have a significant impact on our manufacturing operations and results of operations.

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****STRATEGIC REPORT (CONTINUED)****III. PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)****Risks Related to Environmental, Health and Safety Matters (continued)**

Our products, raw materials and operations are subject to chemical control laws in countries in which they are manufactured, transported or sold.

We are subject to a wide array of laws governing chemicals, including the regulation of chemical substances and inventories under the Toxic Substances Control Act ("TSCA") in the U.S. and the Registration, Evaluation, Authorisation and Restriction of Chemicals ("REACH") and the CLP regulations in Europe and the U.K. Analogous regimes exist or are being developed in other parts of the world, including China, South Korea, Turkey, Russia and Taiwan. In addition, a number of countries where we operate, including the U.K., have adopted rules to conform chemical labelling in accordance with the GHS. Many of these regulatory regimes are in the process of a multi-year implementation period for these rules.

In addition to the regulatory review of new substances, there has been a more recent focus under the laws in the E.U., US, and other countries, to review the safety of substances which have been marketed for many years, particularly for chemicals that are being marketed in formulations which include the benefits of nanotechnology, or containing nanoparticles (e.g. under TSCA in the U.S. and REACH and the Food Additives Regulation in the EU).

TSCA reform legislation was enacted in the U.S. in June 2016, and the U.S. Environmental Protection Agency (the "EPA") has begun the process of issuing new chemical control regulations authorised by and, in many areas, required by the legislation. The EPA issued several final rules under the revised TSCA related to existing chemicals, including the following: (i) a rule to establish the EPA's process and criteria for identifying chemicals for risk evaluation; (ii) a rule to establish the EPA's process for evaluating high priority chemicals and their uses to determine whether or not they present an unreasonable risk to health or the environment; and (iii) a rule to require industry reporting of chemicals manufactured or processed in the U.S. over the past 10 years. The EPA has also released its framework for approving new chemicals and new uses of existing chemicals based on whether they present an unreasonable risk to health or the environment. Such a finding could result in either the issuance of rules restricting the use of the chemical being evaluated or in the need for additional testing. These rules have been the subject of litigation and administrative review following the transition from the Trump Administration to the Biden Administration, and the costs of compliance with these regulations cannot be estimated until the manner in which they will be implemented has been more precisely defined.

Governmental, regulatory and societal demands for increasing levels of product safety and environmental protection could result in increased pressure for more stringent regulatory control with respect to the chemical industry. In addition, these concerns could influence public perceptions regarding our products, raw materials and operations, the viability of certain products or raw materials, our reputation, the cost to comply with regulations, and the ability to attract and retain employees. Moreover, changes in product safety and environmental protection regulations could inhibit or interrupt our operations, or require us to modify our facilities or operations. Accordingly, product safety and environmental matters may cause us to incur significant unanticipated losses, costs or liabilities, which could reduce our profitability.

We use a variety of substances from third parties in the manufacture, processing and handling of our products, and it is possible that a substance could be classified as harmful, which could negatively impact our ability to sell or market our products. For example, pursuant to the CLP, chemical substances and mixtures cannot be placed on the EU market unless they comply with the CLP's requirements regarding classification, labelling and packaging. In 2019, new scientific data became available on Trimethylolpropane ("TMP"), and in December 2019 an EU supplier of this substance informed us that the REACH consortium responsible for TMP had self-classified TMP to be a suspected reproductive toxicant (Category 2). We manufacture and sell numerous types of TiO₂ pigments and other products worldwide, some of which are treated with and/or contain TMP. We have taken action to comply with this regulation and continue to review the impact of this classification on our business in Europe and other regions.

Capital expenditures and costs relating to EHS matters will be subject to evolving regulatory requirements and will depend on the timing of the promulgation and enforcement of specific standards which impose requirements on our operations. Capital expenditures and costs beyond those currently anticipated may therefore be required under existing or future EHS laws.

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STRATEGIC REPORT (CONTINUED)

III. PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Risks Related to Environmental, Health and Safety Matters (continued)

Our operations are increasingly subject to climate change regulations that seek to reduce emissions of greenhouse gases.

We are currently managing and reporting GHG emissions, to varying degrees, at our sites worldwide. These locations are subject to a number of existing GHG-related laws and regulations. Potential consequences of such restrictions include capital requirements to modify assets to meet GHG emission restrictions and/or increases in energy costs above the level of general inflation, as well as direct compliance costs. Currently, however, it is not possible to estimate the likely financial impact of potential future regulation on any of our sites.

Recent developments in climate change-related policy and regulations include the Green Deal in the EU, mandatory Task Force on Climate-Related Financial Disclosures ("TCFD") disclosures in the U.K., the U.K. commitment to becoming carbon neutral by 2050, and similar policy changes and commitments in other nations worldwide including the announcement that the U.S. is re-joining the Paris Agreement. These changes could affect us in a number of ways including potential requirements to decarbonise manufacturing processes and increased costs of carbon emissions credits. For example, during 2021 we became a net purchaser of carbon emissions credits in the EU and the U.K. As with other jurisdictions, our operations in the U.S. may become subject to increasing climate change regulations and we are currently monitoring these developments closely whilst investigating appropriate climate change strategies to enable us to comply with the new regulations and conform to new disclosure requirements such as TCFD.

Increasing concentrations of GHGs in the earth's atmosphere may produce climate changes that have significant physical effects, such as increased frequency and severity of storms, droughts, floods and other extreme climatic events. The severity of the changes varies in accordance with the models used to predict the changes, however, they could have adverse effects on our assets and operations. For example, we have a number of operations in low lying areas that may be at increased risk due to flooding, rising sea levels or disruption of operations from more frequent and severe weather events. These potential effects are also included in our investigation into appropriate climate change strategies.

Risks Related to Restructuring and Business Improvements

If we are unable to successfully implement business improvements, we may not realise the benefits we anticipate from such programs or may incur additional and/or unexpected costs in order to realise them.

We commenced our 2020 Business Improvement Program in the third quarter of 2020. This cost and operational improvement program is designed to generate additional EBITDA benefits through an improvement in manufacturing costs and lower selling, general and administrative expenses. The 2020 Business Improvement Program includes measures that we have taken in response to the COVID-19 pandemic and our plan to align capacity at one of our German manufacturing facilities to the customers it serves. We intend to complete all the actions necessary to deliver on our target by the end of 2022.

Cost savings expectations are inherently difficult to predict and are necessarily speculative in nature, and we cannot provide assurance that we will achieve expected cost savings. A variety of factors could cause us not to realise some of the expected cost savings, including, among others, delays in the anticipated timing of activities related to our cost savings programs, lack of sustainability in cost savings over time, unexpected costs associated with operating our business, our ability to reduce headcount and our ability to achieve the efficiencies contemplated by the cost savings initiative. We may be unable to realise all of these cost savings within the expected timeframe and we may incur additional or unexpected costs in order to realise them. These cost savings are based upon a number of assumptions and estimates that are in turn based on our analysis of the various factors which currently, and could in the future, impact our business. These assumptions and estimates are inherently uncertain and subject to significant business, operational, economic and competitive uncertainties and contingencies. Certain of the assumptions relate to business decisions that are subject to change, including, among others, our anticipated business strategies, our marketing strategies, our product development strategies and our ability to anticipate and react to business trends.

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**Annual Report and Financial Statements
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STRATEGIC REPORT (CONTINUED)

III. PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Risks Related to Environmental, Health and Safety Matters (continued)

If we are unable to successfully implement business improvements, we may not realise the benefits we anticipate from such programs or may incur additional and/or unexpected costs in order to realise them (continued).

Other assumptions relate to risks and uncertainties beyond our control, including, among others, the economic environment in which we operate, environmental regulation and other developments in our industry as well as capital markets conditions from time to time. The actual results of implementing the various cost savings initiatives may differ materially from the estimates set out in this report if any of these assumptions prove incorrect. Moreover, our continued efforts to implement these cost savings may divert management attention from the rest of our business and may preclude us from seeking attractive new product opportunities, any of which may materially and adversely affect our business.

Costs from current and future restructuring programs and site closures may exceed our estimates and adversely affect our financial condition, results of operations, cash flows or business reputation.

We have implemented various restructuring initiatives to improve our operating efficiency, which have included in some instances the planned or completed closure of sites within our manufacturing network, including manufacturing sites in Pori, Finland, Calais, France and a partial closure in Duisburg, Germany. We may announce additional restructuring programs and site closures in the future. Restructurings and site closures are complex and involve multiple aspects including environmental, government, regulatory, contractual and workforce matters. Costs and timeframes associated with restructurings or site closures may exceed our estimates and we may not achieve targeted costs savings. Any material increase in restructuring or plant closure costs or timeframes could have a material impact on our consolidated financial statements.

Risks Related to our Employees and Pensions

Certain of our pension and postretirement benefit plan obligations are currently unfunded or underfunded, and under certain circumstances we may have to significantly increase the level of cash funding to some or all of these plans, which would reduce the cash available for our business.

We have underfunded and unfunded obligations under our pension and postretirement benefit plans. The funded status of our pension plans is dependent upon many factors, including returns on invested assets, the level of certain market interest rates and the discount rate used to determine pension obligations. Unfavourable returns on plan assets or unfavourable changes in applicable laws or regulations, or in the application of laws or regulations to us by pension regulators or trustees, could materially change the timing and amount of required plan funding, which would reduce the cash available for our business. Also, a decrease in the discount rate used to determine pension obligations could result in an increase in the valuation of pension obligations, which could affect the reported funding status of our pension plans and future contributions, as well as the periodic pension cost in subsequent fiscal years. In addition, we have undertaken restructuring initiatives and site closures at locations within our manufacturing network that could impact our funding obligations as a result of funding rules specific to the jurisdiction in which the restructuring initiative or site closure occurs. As of 31 December 2021, our net deficit under our defined benefit plans was \$44 million, the majority of which related to funding obligations for our pension plans in Finland and Germany. If current or future restructuring initiatives or site closures were to cause or require an acceleration of our funding obligations under our pension and post-retirement benefit plans, it could have an adverse impact on our business, financial condition, results of operations and cash flows.

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**Annual Report and Financial Statements
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STRATEGIC REPORT (CONTINUED)

III. PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Risks Related to our Employees and Pensions (continued)

Certain of our pension and postretirement benefit plan obligations are currently unfunded or underfunded, and under certain circumstances we may have to significantly increase the level of cash funding to some or all of these plans, which would reduce the cash available for our business (continued).

With respect to our pension and postretirement benefit plans, the effects of underfunding depend on the country in which the pension and postretirement benefit plan is established. In the U.K. and Germany, semi-public pension protection programs have the authority, in certain circumstances, to assume responsibility for underfunded pension schemes, including the right to recover the amount of the underfunding from us. The Finnish Financial Supervisory Authority has the authority to cause us to assign the underfunded pension scheme to a third-party insurance company, which would maintain the member benefits at the Company's cost. In the US, the Pension Benefit Guaranty Corporation ("PBGC") has the authority to terminate an underfunded tax-qualified pension plan under limited circumstances in accordance with the Employee Retirement Income Security Act of 1974, as amended. In the event our tax-qualified pension plans are terminated by the PBGC, we could be liable to the PBGC for the entire amount of the underfunding.

Our flexibility in managing our labour force may be adversely affected by existing or new labour and employment laws and policies in the jurisdictions in which we operate, many of which are more onerous than those of the U.S.; and some of our labour force has substantial workers' council or trade union participation, which creates a risk of disruption from labour disputes.

The global nature of our business presents difficulties in hiring and maintaining a workforce in certain countries. The majority of our employees are located outside the U.S. In many of these countries, including the U.K., Italy, Germany, France, Spain, Finland and Malaysia, labour and employment laws may be more onerous than in the U.S. and, in many cases, grant significant job protection to employees, including rights on termination of employment.

We are required to consult with, and seek the consent or advice of, various employee groups or works councils that represent our employees for any changes to our activities or employee benefits. This requirement could have a significant impact on our flexibility in managing costs and responding to market changes.

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**Annual Report and Financial Statements
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STRATEGIC REPORT (CONTINUED)

III. PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Risks Related to our International Operations, Regulations and Foreign Currency

Our results of operations may be adversely affected by fluctuations in currency exchange rates and tax rates and changes in tax laws in the jurisdictions in which we operate.

We conduct a majority of our business operations outside the U.S. Sales to customers outside the U.S. contributed 77% of our revenue in 2021. Our operations are subject to international business risks, including the need to convert currencies received for our products into currencies in which we purchase raw materials or pay for services, which could result in a gain or loss depending on fluctuations in exchange rates. We transact business in many foreign currencies, including the euro, the British pound sterling, the Malaysian ringgit and the Chinese renminbi. We translate our local currency financial results into U.S. dollars based on average exchange rates prevailing during the reporting period or the exchange rate at the end of that period. During times of a strengthening U.S. dollar, our reported international sales and earnings may be reduced because the local currency may translate into fewer U.S. dollars. Because of our global operations, we are exposed to fluctuations in global currency rates which may result in gains or losses on our financial statements.

We are subject to income taxation in the U.S. (federal and state) and numerous international jurisdictions. Tax laws, regulations, and administrative practices in various jurisdictions may be subject to significant change, with or without notice, due to economic, political, and other conditions, and significant judgment is required in evaluating and estimating our provision and accruals for these taxes. In particular, governmental agencies in domestic and international jurisdictions in which we and our affiliates do business, as well as the Organisation for Economic Cooperation and Development, have recently focused on issues related to the taxation of multinational corporations. One example is in the area of “base erosion and profit shifting”, where profits are claimed to be earned for tax purposes in low-tax jurisdictions, or payments are made between affiliates from a jurisdiction with high tax rates to a jurisdiction with lower tax rates. There are many transactions that occur during the ordinary course of business for which the ultimate tax determination is uncertain. In addition, our effective tax rates could be affected by numerous factors, such as intercompany transactions, the relative amount of our foreign earnings, including earnings being lower than anticipated in jurisdictions where we are subject to lower statutory rates and higher than anticipated in jurisdictions where we are subject to higher statutory rates, the applicability of special tax regimes, losses incurred in jurisdictions in which we are not able to realise the related tax benefit, changes in foreign currency exchange rates, entry into new businesses and geographies, changes to our existing businesses and operations, acquisitions (including integrations) and investments and how they are financed, changes in our stock price, changes in our deferred tax assets and liabilities and their valuation, and changes in the relevant tax, accounting, and other laws, regulations, administrative practices, principles, and interpretations.

We are also currently subject to audit in various jurisdictions, and these jurisdictions may assess additional income tax liabilities against us. Developments in an audit, litigation, or the relevant laws, regulations, administrative practices, principles, and interpretations could have a material effect on our operating results or cash flows in the period or periods for which that development occurs, as well as for prior and subsequent periods.

In addition, we have unrecognised deferred tax assets which result from our analysis of positive and negative evidence supporting the realisation of tax benefits. Negative evidence includes a cumulative history of pre-tax operating losses in specific tax jurisdictions. Economic conditions influence changes in deferred tax asset recognition resulting in material fluctuations in our effective tax rate. While significant unrecognised deferred tax assets remain, our effective tax rate will likely continue to experience significant fluctuations.

Venator Materials PLC, Company Registration No. 10747130

**Annual Report and Financial Statements
For the year ended 31 December 2021**

STRATEGIC REPORT (CONTINUED)

III. PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Risks Related to our International Operations, Regulations and Foreign Currency (continued)

Disagreements between the U.K. and the EU and actions taken by either party as a result, following the U.K.'s exit from the EU, could adversely impact our operations, operating results and financial condition.

Following a national referendum and enactment of legislation by the government of the U.K., the U.K. formally withdrew from the EU and ratified a trade and cooperation agreement governing its future relationship with the EU (the U.K.'s withdrawal from the EU is referred to as "Brexit"). The agreement, which entered into force May 1, 2021, addresses trade, economic arrangements, law enforcement, judicial cooperation and a governance framework including procedures for dispute resolution, among other things. Because the agreement merely sets forth a framework in many respects and will require complex additional bilateral negotiations between the U.K. and the EU as both parties continue to work on the rules for implementation, significant political and economic uncertainty remains about how the precise terms of the relationship between the parties will differ from the terms before withdrawal.

If the agreements are not respected, either the U.K. or EU could invoke Article 16 of the Northern Ireland protocol, which would allow either side to take unilateral "safeguard measures" that would suspend parts of the deal. Should Article 16 be triggered, the EU could impose targeted tariffs on U.K. exports or even terminate existing trade and cooperation agreements that ensure tariff-free trade, which could result in a trade war between the parties. Should any of these actions occur, we would likely experience adverse consequences such as increased costs of conducting business in the U.K., deterioration in economic conditions in the U.K., volatility in currency exchange rates or adverse changes in regulation, any of which could have a negative impact on our future operations, operating results and financial condition.

The impact of differing and evolving international laws and regulations on trade or the manner of interpretation or enforcement of existing laws or regulations could adversely impact our financial performance and restrict our ability to operate our business or execute our strategies.

Compliance with international laws and regulations on trade is complicated by our substantial global footprint, which requires significant resources to ensure compliance with applicable laws and regulations in the various countries where we conduct business. Our global operations expose us to trade and economic sanctions and other restrictions imposed by the U.S., the EU and other governments and organisations. The U.S. Departments of Justice, Commerce, State and Treasury and other federal agencies and authorities have a broad range of civil and criminal penalties they may seek to impose against corporations and individuals for violations of economic sanctions laws, export control laws, the FCPA and other federal statutes and regulations, including those established by the Office of Foreign Assets Control ("OFAC"). Under these laws and regulations, as well as other anti-corruption laws, anti-money-laundering laws, export control laws, customs laws, sanctions laws and other laws governing our operations, various government agencies may require export licenses, may seek to impose modifications to business practices, including cessation of business activities in sanctioned countries or with sanctioned persons or entities and modifications to compliance programs, which may increase compliance costs, and may subject us to fines, penalties and other sanctions. A violation of these laws or regulations could adversely impact our business, results of operations and financial condition.

We cannot assure you that our policies and procedures are sufficient or that directors, officers, employees, representatives, manufacturers, supplier and agents have not engaged and will not engage in conduct for which we may be held responsible, nor can we assure you that our business partners have not engaged and will not engage in conduct that could materially affect their ability to perform their contractual obligations to us or even result in our being held liable for such conduct. Violations of the FCPA, OFAC restrictions or other export control, anti-corruption, anti-money-laundering and anti-terrorism laws or regulations may result in severe criminal or civil sanctions, and we may be subject to other liabilities, which could have a material adverse effect on our business, financial condition, cash flows and results of operations.

Venator Materials PLC, Company Registration No. 10747130

**Annual Report and Financial Statements
For the year ended 31 December 2021**

STRATEGIC REPORT (CONTINUED)

III. PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Risks Related to Litigation and Privacy

Our operations, financial condition and liquidity could be adversely affected by legal claims against us.

We face risks arising from various legal actions, including matters relating to antitrust, product liability, third party liability, intellectual property, contract disputes, industrial illness, labour disputes and environmental claims. It is possible that judgments could be rendered against us in these cases or others for which we could be uninsured or not covered by indemnity, or which may be beyond the amounts that we currently have reserved or anticipate incurring for such matters. Over the past several years, antitrust claims have been made against TiO₂ companies, including us. In this type of litigation, the plaintiffs generally seek treble damages, which may be significant. Certain of our existing legal claims could result in significant judgments against us. An adverse outcome in any claim could be material and significantly impact our operations, financial condition and liquidity. For more information, see Note 29. Commitments and Contingencies — Legal Matters" of these consolidated financial statements.

Increasing regulatory focus on privacy issues and expanding laws could impact our business and expose us to increased liability.

As a global company, we are subject to global privacy and data security laws, regulations, and codes of conduct that apply to our various business units. These laws and regulations may be inconsistent across jurisdictions and are subject to evolving and differing (sometimes conflicting) interpretations. Government regulators, privacy advocates and class action attorneys are increasingly scrutinising how companies collect, process, use, store, share and transmit personal data. This increased scrutiny may result in new interpretations of existing laws, thereby further impacting our business. Globally, laws such as the General Data Protection Regulation ("GDPR") in Europe, state laws in the U.S. on privacy, data and related technologies as well as industry self-regulatory codes create new compliance obligations and expand the scope of potential liability, either jointly or severally with our customers and suppliers. While we have invested in readiness to comply with applicable requirements, these new and emerging laws, regulations and codes may affect our ability to reach current and prospective customers, to respond to customer requests under the laws, and to implement our business effectively. Any perception of our practices, products or services as a violation of privacy rights may subject us to public criticism, reputational harm, or investigations or claims by regulators, industry groups or other third parties, all of which could disrupt our business and expose us to increased liability.

Transferring personal information across international borders is becoming increasingly complex. For example, European data transfers outside the European Economic Area are highly regulated. The mechanisms that we and many other companies rely upon for European data transfers (e.g. Privacy Shield and Model Clauses) are being contested in the European court system. We are closely monitoring developments related to requirements for transferring personal data outside the EU and other countries that have similar trans-border data flow requirements. These requirements may result in an increase in the obligations required to provide our services in the EU or in sanctions and fines for non-compliance. If the mechanisms for transferring personal information from certain countries or areas, including Europe to the U.S. should be found invalid or if other countries implement more restrictive regulations for cross-border data transfers (or not permit data to leave the country of origin), such developments could harm our business, financial condition and results of operations.

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**Annual Report and Financial Statements
For the year ended 31 December 2021**

STRATEGIC REPORT (CONTINUED)

III. PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

General Risk Factors

We are subject to risks relating to our information technology systems, and any failure to adequately protect our critical information technology systems and manufacturing process control systems could materially affect our operations.

We rely on information technology systems and manufacturing process control systems across our operations, including for management, operations, supply chain, financial information and various other processes and transactions. Our ability to effectively manage our business depends on the security, reliability and capacity of these systems. System failures, network disruptions or breaches of security could disrupt our operations, cause delays or cancellations of customer orders or impede the manufacture or shipment of products, processing of transactions or reporting of financial results. Our information technology systems and manufacturing process control systems, and those of our business partners, are subject to the risk of cyberattacks, including attacks resulting from phishing emails and ransomware infections. We are the subject of cyberattacks that may be intended to capture business information, disrupt our manufacturing or other operations, access our customers' information or harm our reputation as a company. We expect that there will continue to be cyberattacks and the measures we have taken to prevent or mitigate such attacks may not be effective, particularly as we continue remote working arrangements as part of our COVID-19 response. The processes used by attackers are evolving in sophistication and increasing in frequency.

Cyberattacks or other problems with our systems may result in a compromise of our manufacturing process control systems, the disclosure of proprietary information about our business or confidential information concerning our customers or employees. Any of these problems could result in significant negative impacts on our business, potentially catastrophic disruptions to our operations, damage to or destruction of our assets, injuries or deaths to people, adverse impacts on the environment and harm to our reputation.

We have put in place security measures and disaster recovery plans designed to protect against the misappropriation or corruption of our systems, intentional or unintentional disclosure of confidential information, or disruption of our operations. Current employees have, and former employees may have, access to a significant amount of information regarding our operations which could be disclosed to our competitors or otherwise used to harm us. Moreover, our operations in certain locations, such as China, may be particularly vulnerable to security attacks or other problems. Any breach of our security measures could result in unauthorised access to and misappropriation of our information, corruption of data or disruption of operations or transactions, any of which could have a material adverse effect on our business.

In addition, we could be required to expend significant additional amounts to respond to information technology issues or to protect against threatened or actual security breaches. We may not be able to implement measures that will protect against the significant risks to our information technology systems.

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**Annual Report and Financial Statements
For the year ended 31 December 2021**

STRATEGIC REPORT (CONTINUED)

III. PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

General Risk Factors (continued)

Conflicts, military actions, terrorist attacks, public health crises, including the occurrence of a contagious disease or illness, such as the COVID-19 coronavirus, cyber-attacks and general instability, particularly in certain energy-producing nations, along with increased security regulations related to our industry, could adversely affect our business.

We are vulnerable to the effects of conflicts, military actions, terrorist attacks and public health crises. As has been the case with COVID-19, such effects have precipitated economic instability and turmoil in financial markets. Instability and turmoil, particularly in energy-producing nations, may result in raw material cost increases. The uncertainty and economic disruption resulting from hostilities, military action, acts of terrorism, public health crises or cyber-attacks may impact any or all of our facilities and operations or those of our suppliers or customers. Accordingly, any conflict, military action, terrorist attack, public health crises or cyber-attack that impacts us or any of our suppliers or customers, could have a material adverse effect on our business, results of operations, financial condition and liquidity.

In addition, a number of governments have instituted regulations attempting to increase the security of chemical plants and the transportation of hazardous chemicals, which could result in higher operating costs and could have a material adverse effect on our financial condition and liquidity.

Our ability to use our U.S. net operating loss carry forwards to offset future taxable income may be subject to certain limitations.

Section 382 and 383 of the U.S. Internal Revenue Code of 1986, as amended (the "Code") imposes annual limitation on utilisation of tax attributes, including net operating loss carry forwards, if ownership change occurs. In general, an ownership change, as defined by Section 382, results when the ownership of certain stockholders or public groups increases by more than 50 percentage points over a three-year period. If an ownership change occurs, the annual limitation on the future utilisation of tax attributes existing on the change date is equal to the value of the stock of the corporation times the long term tax exempt rate. This amount may then be increased or decreased in the five years after the change by recognised built in gains or losses that existed in the company's assets on the change date. SK Capital's acquisition of 42.5 million Company shares from Huntsman on 23 December 2020 has resulted in a change of control pursuant to Section 382. As a result, our certain deferred tax assets, including U.S. tax net operating losses with an unlimited carry forward period, will be subject to an annual limitation on the amount of taxable income which can be offset. The limitations from the ownership change may cause us to pay U.S. federal income taxes earlier. If we undergo another ownership change in the future, we may be further limited in our utilisation of the net operating losses existing at the time of such ownership change prior to their expiration. Future regulatory changes could also limit our ability to utilise our net operating losses.

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****STRATEGIC REPORT (CONTINUED)****III. PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)*****Interest Rate Risk***

We are exposed to interest rate risk through the structure of our debt portfolio which includes a mix of fixed and floating rates. Actions taken to reduce interest rate risk include managing the mix and rate characteristics of various interest-bearing liabilities.

The carrying value of our floating rate debt is \$356 million at 31 December 2021 (2020: \$359 million). A hypothetical 1% increase in interest rates on our floating rate debt as of 31 December 2021 would increase our interest expense by approximately \$4 million (2020: \$4 million) on an annualised basis.

Foreign Exchange Risk

We are exposed to market risks associated with foreign exchange. Our cash flows and earnings are subject to fluctuations due to exchange rate variation. Our revenues and expenses are denominated in various foreign currencies. We enter into foreign currency derivative instruments to minimise the short-term impact of movements in foreign currency rates. Where practicable, we generally net multicurrency cash balances among our subsidiaries to help reduce exposure to foreign currency exchange rates. Certain other exposures may be managed from time to time through financial market transactions, principally through the purchase of spot or forward foreign exchange contracts (generally with maturities of three months or less). We do not hedge our foreign currency exposures in a manner that would eliminate the effect of changes in exchange rates on our cash flows and earnings. At 31 December 2021 and 2020 we had \$68 million and \$77 million notional amount (in U.S. dollar equivalents) outstanding in foreign currency contracts with a term of approximately one month.

In August 2019 we entered into three new fixed to fixed cross-currency swaps which notionally exchanged \$200 million at a fixed rate of 5.75% for €181 million on which a weighted average rate of 3.73% is payable. The cross-currency swaps have been designated as cash flow hedges of a fixed rate U.S. Dollar intercompany loan and the economic effect is to eliminate uncertainty on the U.S. Dollar cash flows. The cross-currency swaps are set to mature July 2024, which is the best estimate of the repayment date on the intercompany loan.

During 2021, the changes in accumulated other comprehensive loss associated with these cash flow hedging activities was \$nil (2020: a gain of \$2.3 million).

During 2022, the amount of accumulated other comprehensive loss at 31 December 2021 related to hedging transactions that is expected to be reclassified to earnings is immaterial. The actual amount that will be reclassified to earnings over the next twelve months may vary from this amount due to changing market conditions.

Commodity Price Risk

A portion of our products and raw materials are commodities whose prices fluctuate as market supply and demand fundamentals change. Accordingly, product margins and the level of our profitability tend to fluctuate with the changes in the business cycle. We try to protect against such instability through various business strategies. These include provisions in sales contracts allowing us to pass on higher raw material costs through timely price increases and formula price contracts to transfer or share commodity price risk. We did not have any commodity derivative instruments in place as of 31 December 2021 and 2020.

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements****For the year ended 31 December 2021****STRATEGIC REPORT (CONTINUED)****Section 172 Companies Act Statement**

The directors of Venator, and all directors of UK companies must act in accordance with a set of general duties. A director's duty is to promote the success of the Company for the benefit of its shareholders and wider members and in doing so must have regard to a number of broader guidelines. These wider guidelines are set out in Section 172 of the UK Companies Act 2006 and are summarised as follows:

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

At Venator the directors perform their duties through a governance framework that delegates day-to-day decision making to employees of the Company. The directors recognise that such a framework requires careful management and further detail can be found in Venator Corporate Governance Guidelines on our website at www.venatorcorp.com. The Corporate Governance Guidelines is an internal corporate policy and does not follow a specific adopted Corporate Governance code. The paragraphs below summarise Venator's culture, values and expectations of its employees so that the directors can promote the success of Venator and achieve the guidelines set out in section 172 and 414CZA of the UK Companies Act 2006.

Business Conduct and Relationships

At Venator, the directors believe our passion for who we are and what we do gives us a competitive advantage in all our business endeavours. Our commitment to our values of integrity, zero harm, teamwork, innovation and performance unites us globally and fosters our high ethical standards in our relationships with each other, our customers and all with whom we do business. It is important for all associates to support our Company's values so that we continue to make the right decisions every day.

Our Business Conduct Guidelines and corporate policies reaffirm our commitment to do the right thing and act with integrity, transparency and honesty in all circumstances. Everyone at Venator is responsible for acting in compliance with laws and regulations, maintaining high ethical standards and conducting business with integrity.

Venator is committed to sound principles of corporate governance in order to enhance the long-term value of the company for the benefit of its stockholders. The company believes that the long-term interests of its stockholders are advanced by responsibly addressing the concerns of stakeholders and interested parties. The Board and management recognise that it is their joint responsibility to ensure compliance with all applicable regulatory requirements and company compliance policies.

Venator's Business Conduct Guidelines apply across our operations and geographical locations. We hold annual training sessions with all our associates to discuss and promote the strong ethics and compliance practices that should be upheld. Our Corporate Governance Guidelines detail procedures taken in relation to conflicts of interest, Board leadership and general oversight, communications between shareholders and directors, annual performance reviews of the board and an annual review of governance policies.

Our Financial Code of Ethics details compliance procedures, ethical principles, waivers and violations. We operate an Ethics and Compliance reporting service 'Speak Up' that allows all associates and external stakeholders to anonymously raise any questions or concerns directly with our Ethics and Compliance (E&C) Team. Topics raised are thoroughly investigated, with the findings reported to the Board of Directors each quarter. This is treated with the utmost importance to the company.

Further information can be found in Venator's Business Conduct Guidelines including a section on 'Upholding Our Values for...our customers and business associates' at www.venatorcorp.com and also in the statement of engagement with suppliers, customers and others in a business relationship with the company which can be found in the Directors' Report on page 70.

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****STRATEGIC REPORT (CONTINUED)****Section 172 Companies Act Statement (continued)**Long Term

Venator's directors believe that the long-term interests of the shareholders are advanced by responsibly addressing the concerns of stakeholders and interested parties. The board and management recognise that it is their joint responsibility to ensure compliance with all applicable regulatory requirements and company compliance policies. The board also considers the principal risk and uncertainties facing the Company when making its decisions. More information on the principal risk and uncertainties can be found above in the Strategic Report on pages 21 to 44.

Venator's values of integrity, zero harm, teamwork, innovation and performance unite and guide us, they reflect the culture of the business and by following these principles the directors believe they will help us deliver the greatest value to our customers and associates.

Employees

Our people are at the core of our business, be that engaging with our customers or communicating with our suppliers and other key stakeholders. Because of this, we strongly believe in fostering the development, wellbeing, safety and diversity of Venator's 3,500 associates. Zero Harm and Teamwork are two of the five Venator values which guide our day to day approach to people management. We believe that by investing in our people, we create a more sustainable workforce that will drive our business growth and enable us to overcome the different challenges we face.

We believe that our values-based culture is a competitive advantage that is critical to our success and we implement policies that set forth these values including our Business Conduct Guidelines. We pride ourselves on maintaining high ethical standards and integrity, employee health and safety, teamwork, innovation and performance. We emphasise the importance of each of our employees supporting our core values, establishing standards for work ethic, collaboration, and a commitment to deliver results.

To remain a leading global manufacturer and marketer of chemical products, it is important that we continue to attract and retain exceptional talent. Our business results depend on our ability to successfully manage our employees, including attracting, identifying and retaining key talent. Factors that may affect our ability to attract and retain qualified employees include employee morale, our reputation, competition from other employers and availability of qualified individuals.

Venator uses quarterly communication cascades with all employees to provide employees with information on matters of concern to them and also to make all employees aware of financial and economic factors affecting the performance of the company. The directors also engage with employees by regular communication updates, town hall meetings and site visits where employees are welcomed to ask questions of the directors.

In order to regularly consult employees or their representatives, so that their views can be taken into account in making decisions affecting them, employee representatives are consulted, in geographies where it is required, through either staff councils, works councils or trade unions. Issues or concerns that require escalation are escalated to the Executive Leadership Team. The company also has a 'Speak Up' confidential reporting service for issues related to Venator's Business Conduct Guidelines.

A significant number of our employees are employed in jurisdictions where they are represented by a local works council consisting of company and employee representatives. A number of our employees are members of unions and we have entered into collective bargaining agreements with these unions on terms that we believe are typical for the industry in which we operate. We have experienced work stoppages in the past, but do not consider any of these work stoppages to have been material to our operations.

Venator is committed to recruiting the right people and invests in training and support of associates, including professional development to ensure they reach their full potential. Venator operates an annual discretionary incentive bonus scheme for all associates and a selective share scheme on a nomination basis.

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****STRATEGIC REPORT (CONTINUED)****Section 172 Companies Act Statement (continued)**Employees (continued)**Associate Health and Safety**

Excellent human safety and process safety performance is critical to our overall performance as a business. At Venator, we aim to take a consistent approach to managing and assessing health and safety risks among our workforce. We implement strict stop work policies and encourage our associates to conduct 60 second checks to help minimise the frequency of incidents.

Across our global sites and offices, teams participate in a daily or weekly 'Safety Cross', where our leadership teams set regular themes to share and discuss. A broad range of topics are covered, from safety in the home, healthy eating and personal fitness, cancer awareness and screening, improved mental wellbeing, hand safety and road safety. Associates are invited to feedback on the actions taken, which in turn helps to raise awareness of health and safety topics and improve people's approach inside and outside of the workplace.

In 2020, our Comines site, France, received the Association Interprofessionnelle de France (AINF) award, a health and safety association, for most innovative industrial company championing safety initiatives in the Northern France region. AINF were particularly impressed by the site's focus on ZERO Harm initiatives both inside and outside of the workplace. In 2021, our Teluk Kalong (TK) site, Malaysia, won an award from the Department of Safety and Health in Terengganu State for 'Safety and Inclusive Health; Togetherness and Commitment'. A member of the decision making panel commented "The video and report from Venator demonstrated leadership commitment for attaining a safety culture demonstrated through the compliance and intervene theme. They have stepped up accountability on Environment, Health & Safety on site. Well done Venator!"

We are particularly focused on supporting our associates with their mental health. At our Wynyard HQ, we implemented a Mental Health First Aider (MHFA) scheme which involved 14 of our associates joining a two day training course led by St. John's Ambulance. The associates learnt to recognise the signs of mental illness and ensure they have confidence to support their colleagues when needed. So far, the scheme has successfully trained at least one associate at each of Venator's UK sites. Looking forward, the MHFA initiative is being rolled out on a global scale, to encourage other Venator sites to adopt similar practices.

To build on the mental health support and resources available to associates, in 2021, Venator partnered with ShinyMind to bring a mobile app, co-designed with the NHS, which offers on-demand wellbeing and resilience activities and resources available from the comfort of your phone 24/7, 365 days a year.

Venator associates were also encouraged to spare a moment or a few moments to focus on their own mental health or to do something for themselves to mark World Mental Health Day (2021). Across the sites various activities took place such as fitness sessions, virtual lunch and learns and a drop in craft room.

Physical health and safety is extremely important and we have a number of procedures in place to help protect our associates. All health and safety related incidents are recorded and in the rare cases where serious incidents occur, we conduct in depth root cause analysis to understand what happened and where improvements are needed. This information enables us to put in place measures to mitigate against future incidents, as Venator strives for a zero rate of incidence across our workforce. We believe the trends in our recent safety data reflect the continuous improvements we have implemented across our sites.

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****STRATEGIC REPORT (CONTINUED)****Section 172 Companies Act Statement (continued)**Employees (continued)

Associate Health and Safety (continued)

Venator supports and respects the protection of human rights around the world and works to ensure individual rights within its area of influence. In support of this commitment, Venator provides reasonable working hours and fair wages for those who work on its behalf and does not knowingly do business with anyone who engages in forced labour, human trafficking practices, nor the exploitation of children or slavery. All Venator associates are expected to demonstrate this commitment by treating others fairly and consistently with proper regard to rights and obligations.

Venator is committed to the highest standards of health, safety, security and environmental protection. Every associate has a responsibility to meet Venator's commitment to these high standards by following all appropriate EHS standards, practices, processes and procedures, as well as applicable laws and regulations, to avoid risk to themselves and those around them.

In response to the COVID-19 pandemic we enacted rigorous safety measures across our organisation in order to safeguard our employees, customers, partners and suppliers. These measures included stopping non-essential business travel, increasing personal protective equipment requirements at our manufacturing sites, removing non-essential contractors from our sites, increasing cleaning and sanitising measures, implementing social distancing protocols, requiring work-from-home arrangements as appropriate and reducing the amount of employees working at a site at any given time. We continue to evaluate the appropriate measures to have in place to safeguard our employees and our business and we may take further actions as government authorities require or recommend, or as we determine to be in the best interest of our employees, customers, partners and suppliers.

In 2020, during the height of the COVID-19 pandemic Venator promoted associates health by launching a global challenge. Recognising the health benefits of exercise, Venator launched a global 100-day walking challenge. Eight of our sites took part and despite Covid-19 disruptions the teams collectively walked over 44 thousand miles. Our walkers reported feeling less stressed, had better sleep, lost weight and saw increased productivity.

All Venator associates are to avoid any personal activity or situation that may result in their own personal interests inappropriately benefiting from their role as a Venator associate. Venator and its associates are committed to never compromising their ethical standards to gain a competitive advantage or meet a business objective.

Further information can be found in the Guidelines and Ethics section of the company website at www.venatorcorp.com. This includes Venator's Human Rights Policy, Modern Slavery Act Statement 2018, Sustainability Report and Business Conduct Guidelines.

Community and Environment

At Venator, we recognise the importance of forming positive relationships with our local communities. We aim to invest in initiatives that address the needs of the local people, who have been an integral part of the company from the outset. In particular, we invest in small local organisations who may otherwise struggle to operate. To ensure we understand the local context, we facilitate ongoing stakeholder engagement with local community members and frequently collaborate with local authorities, NGOs and other not for profit organisations.

Our Bright Ideas and Together Funds

In 2021, at our Wynyard HQ, UK, we combined our previous two funds, The Together Fund and Bright Ideas Fund into one Community Fund to support local projects across the North East of England, close to our Wynyard HQ. Focusing on two of our values of Teamwork and Innovation, grassroots sports clubs, Ofsted registered education providers and other community based and not for profit organisations were invited to apply for a grant from the fund. The fund covers 13 councils across the North East of England. In 2021, we received 67 applications, which led to Venator donating over £11,000 to 40 local community organisations. In a change from previous years the organisation with the most votes received a donation of £1000, with second place receiving £750 and third place £500. The other 37 successful applicants each received £250. The organisations supported included sports clubs, music groups, foodbanks, hospices and science clubs plus a volunteer life brigade.

Since it was established in 2018, the Venator Community Fund has already awarded £38,750 to schools, community groups and charities across the North East of England.

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****STRATEGIC REPORT (CONTINUED)****Section 172 Companies Act Statement (continued)**Community and Environment (continued)*Match Funding*

Through our Match Funding programme, Venator encourages associates to support the causes that are important to them. During 2019, we contributed £3,000 to more than 15 charities chosen by our people. In 2020 as a result of the COVID-19 pandemic and associates being unable to fund raise, there was no matched funding.

STEM Into The Future

As a company built on innovation, science and technology, Venator is doing its part to encourage youth to study Science, Technology, Engineering and Maths (STEM) subjects.

Venator has a team of STEM ambassadors who attend careers fairs and panel events at schools. Their goal is to break down industry stereotypes and highlight the ways STEM-related skills benefit everyday life. Representing a range of business functions including innovation, finance, manufacturing and marketing, these ambassadors take part in activities at local schools, on our Venator campus and at local exhibitions to inspire and attract more young people to STEM careers.

At our Wynyard headquarters, we sponsored our first STEM Fest aimed at inspiring young people to pursue careers within the STEM sector. The event welcomed a diverse group of 170 secondary school students from across the North of England to take part in engineering and math challenges. Students were given a virtual tour of Venator's Innovation Centre and were introduced to the types of technology used at Venator sites.

Our Scarlino site in Italy opened its doors to local students to hear from our experts on the science behind Venator's operations. And we partnered with the High Tide Foundation to increase awareness of career opportunities across the Tees Valley, UK. Several of our associates represented Venator at "Bring it on," an event in Sunderland, UK, aimed at inspiring, educating and motivating young people to explore STEM careers. In addition to raising the profile of STEM careers.

Local Employment Opportunities

In addition to raising the profile of STEM careers, Venator provides opportunities through apprenticeships as well as graduate schemes. Venator's Greatham, UK site has seen numerous successes among its apprentices. Four of our apprentices won multiple well recognised industry apprenticeship awards, including Apprentice of the Year as part of the North East awards, TTE Technical Institute Process Apprentice of the Year and the TTE Community Award among many others.

In 2019, we ran a successful internship program at our Teluk Kalong (TK) site in Malaysia taking on 35 interns. Our interns garnered knowledge and experience of a variety of our business areas from Technical, including electrical, mechanical and chemical, to our Support Services Group including HR, Finance and EHS. The TK site has successfully run a three year Management Trainee program offering participants the opportunity of permanent employment. Similarly, an apprentice at our Uerdingen site, Germany, and his trainer were recognised at the 2019 Chamber of Industry and Commerce awards, winning two categories, "Best of the Best" apprentice and "Best Training Company".

In 2021, two of Venator's apprentices from Duisburg, Germany were placed runners-up in a competition run by the Chamber of Commerce and Industry (IHK) called EnergieScouts 2020/21. The goal was to develop a project to save energy and CO₂ emissions. Together, and with help from colleagues, the apprentices developed a project to reduce production temperature in one part of the Duisburg site, resulting in associated CO₂ emission savings and reducing costs.

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For the year ended 31 December 2021****STRATEGIC REPORT (CONTINUED)****Section 172 Companies Act Statement (continued)**Community and Environment (continued)*Preserving Nature*

Venator is a member of the Industry Nature Conservation Association (INCA), demonstrating our commitment to improve natural habitats enabling industry and nature to co-exist. We are particularly proud of the work we do at our Greatham site, UK, which contains the Greenabella Marsh nature reserve. We have been fortunate enough to work closely with INCA and other partners such as Natural England to help incorporate Greenabella into the wider Tees Estuary Site of Special Scientific Interest (SSSI). During 2020 our land that forms Greenabella Marsh is being earmarked by the Environment Agency for habitat improvement as part of the wider Tees estuary flood defence improvement plans. Venator are fully supporting and are engaged with stakeholder groups such as the RSPB, English Nature as well as local wildlife trusts.

In 2021, volunteers from Tees Valley Wildlife Trust teamed up with associates from our Greatham site, UK to replace a section of pathways at Greenbella Marsh nature reserve.

Our Duisburg site have also been working on a multi-million euro project to cap a landfill site. The team faced some challenges due to the presence of a protected species, the Natterjack Toad; a separate temporary habitat was created for the toads to ensure they were not harmed during the construction of the landfill cap. The landfill capping works have now been completed and the area will provide a stable and managed long term habitat.

The environment is under increasing pressure due to resource constraints and a changing climate. Global supply chains and business operations are under increasing stress. We feel strongly that robust environmental policies and continual management of resources are critical to managing and reducing the impact of Venator's operations. A key example is that Venator is now engaged in developing site specific strategies to enable future compliance with TCFD disclosures taking into account both transitional and direct climate change pressures.

For further information on Venator's response to Environmental Matters including Climate Change, see Strategic Report: 'Environmental, Health and Safety Matters'.

This Section 172 Statement was approved by the Board of Directors on 20 May 2022

IV. MARKET OVERVIEW***Current Business Environment***

For additional information, see I. Strategy and Outlook, pages 2 to 4 of this Strategic Report.

Impairment

See "Note 19 - Property, Plant and Equipment" for additional information on our impairment testing.

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****STRATEGIC REPORT (CONTINUED)****V. KEY PERFORMANCE INDICATORS (KPI's)**

Venator's key performance indicators allow the business to measure both the financial value created for its stakeholders and the strategic value in growing the business and delivering on its purpose.

The directors consider that the Venator group has the following financial and non financial KPI's as a measure of its performance and position:

Financial KPI's

	2021	2020
Revenues	\$2,212m	\$1,938m
Adjusted EBITDA	\$165m	\$118m
Diluted (loss) earnings per share	\$(0.87)	\$(1.24)
Cash flow	\$(63)m	\$165m

These are considered to be the key financial KPI's for the Venator group because to investors, analysts and management they are strong indicators of the performance of the business and the market in which it operates.

For further details on the calculation of the above financial measures please refer to the sections noted below:

Revenues - for further details regarding the movement in revenues - Results of Operations (Strategic Report pages 53 to 55)

Adjusted EBITDA - for the reconciliation of net (loss) / income to adjusted EBITDA - Results of Operations (Strategic Report pages 52 to 53)

Diluted (loss) earnings per share - for the reconciliation of net (loss) / income to adjusted net income attributable to Venator Materials PLC ordinary shareholders and the diluted (loss) earnings per share - (Consolidated Statement of Profit or Loss page 105)

Cash flow - see consolidated statement of cash flows on pages 110 to 111 and Venator's short term objectives on pages 3 to 4 of this Strategic Report.

Non-financial KPI's

	2021	2020
Total number of recordable injuries	28	23
Recordable injury frequency rate	0.61	0.51
Total number of process incidents	14	1

These are considered to be the key non financial KPI's for the Venator group because one of the core values of Venator is zero harm, with the business focusing strongly on the safe operation of its assets, and the safety of all associates and contractors working on our sites.

Overall, our 2021 EHS lagging indicator performance was disappointing vs the previous year. The number of recordable injuries increased, however they were of lower severity vs previous years, with a large proportion linked to individuals doing basic routine tasks and general movements e.g. slips, trip and falls.

Asset condition and quality assurance were the main drivers behind the increase in process safety incidents.

Personal and process safety improvement plans have been developed by each site to deliver the necessary improvement in performance.

Venator remains committed to continued engagement, education and involvement of all teams in our Zero Harm programme, in addition to the successful implementation of our EHS capital improvement projects.

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****STRATEGIC REPORT (CONTINUED)****VI. RESULTS OF OPERATIONS**

The Venator group are presenting their results under IFRS for the first year, year ended 31 December 2021. All comparative figures have been restated under IFRS.

The following table sets forth our consolidated and combined results of operations for the years ended 31 December 2021 and 2020.

	2021	2020	Increase /	Percentage
	\$'mm	\$'mm	(Decrease)	Change
			\$'mm	%
Revenues	2,212	1,938	274	14%
Cost of goods sold	(2,020)	(1,778)	(242)	14%
Operating expenses	(197)	(185)	(12)	6%
Restructuring, impairment and plant closing and transition costs	(59)	(68)	9	(13)%
Operating income (loss)	(64)	(93)	29	(31)%
Interest expense, net	(71)	(49)	(22)	45%
Other income	14	27	(13)	(48)%
(Loss) income from continuing operations before income taxes	(121)	(115)	(6)	5%
Income tax (expense) benefit from continuing operations	31	(10)		
(Loss) income from continuing operations	(90)	(125)	35	(28)%
Income from discontinued operations, net of tax	-	-	-	-
Net (loss) income	(90)	(125)	35	(28)%
Reconciliation of net loss to adjusted EBITDA:				
Interest expense, net	71	49	22	45%
Income tax expense (benefit) from continuing operations	(31)	10		
Depreciation and amortisation	127	124	3	(2)%
Net income attributable to noncontrolling interests	(3)	(8)	5	(63)%
Other adjustments:				
Business acquisition and integration (credits) / expense	1	1		
Separation (gain) expense, net	3	(10)		
Loss on disposition of businesses / assets	9	(5)		
Certain legal settlements and related expenses	6	7		
Amortisation of pension and post retirement actuarial losses	-	-		
Net plant incident costs (credits)	13	7		
Restructuring, impairment and plant closing and transition costs	59	68		
Adjusted EBITDA ⁽¹⁾	165	118	47	40%
Net cash provided by operating activities from continuing operations	23	34	(11)	(32)%
Net cash used in investing activities from continuing operations	(60)	(64)	4	6%
Net cash provided by (used in) financing activities from continuing operations	(25)	191	(216)	(113)%
Capital expenditures	(73)	(70)	(3)	(4)%

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****STRATEGIC REPORT (CONTINUED)****VI. RESULTS OF OPERATIONS (CONTINUED)**

(1) Our management uses adjusted EBITDA to assess financial performance. Adjusted EBITDA is defined as net income/loss before interest income/expense, net, income tax expense/benefit, depreciation and amortisation, and net income attributable to noncontrolling interests, as well as eliminating the following adjustments: (a) business acquisition and integration expenses/adjustments; (b) separation expense/gain, net; (c) U.S. income tax reform; (d) net income/loss of discontinued operations, net of tax; (e) loss/gain on disposition of business/assets; (f) certain legal settlements and related expenses/gains; (g) amortisation of pension and postretirement actuarial losses/gains; (h) net plant incident costs/credits; and (i) restructuring, impairment, and plant closing and transition costs/credits. We believe that net income is the performance measure calculated and presented in accordance with IFRS that is most directly comparable to adjusted EBITDA.

We believe adjusted EBITDA is useful to investors in assessing our ongoing financial performance and provides improved comparability between periods through the exclusion of certain items that management believes are not indicative of our operational profitability and that may obscure underlying business results and trends. However, this measure should not be considered in isolation or viewed as a substitute for net income or other measures of performance determined in accordance with IFRS. Moreover, adjusted EBITDA as used herein is not necessarily comparable to other similarly titled measures of other companies due to potential inconsistencies in the methods of calculation. Our management believes this measure is useful to compare general operating performance from period to period and to make certain related management decisions. Adjusted EBITDA is also used by securities analysts, lenders and others in their evaluation of different companies because it excludes certain items that can vary widely across different industries or among companies within the same industry. For example, interest expense can be highly dependent on a company's capital structure, debt levels and credit ratings. Therefore, the impact of interest expense on earnings can vary significantly among companies. In addition, the tax positions of companies can vary because of their differing abilities to take advantage of tax benefits and because of the tax policies of the various jurisdictions in which they operate. As a result, effective tax rates and tax expense can vary considerably among companies. Finally, companies employ productive assets of different ages and utilise different methods of acquiring and depreciating such assets. This can result in considerable variability in the relative costs of productive assets and the depreciation and amortisation expense among companies.

Nevertheless, our management recognises that there are limitations associated with the use of adjusted EBITDA in the evaluation of us as compared to net income. Our management compensates for the limitations of using adjusted EBITDA by using this measure to supplement IFRS results to provide a more complete understanding of the factors and trends affecting the business rather than IFRS results alone.

In addition to the limitations noted above, adjusted EBITDA excludes items that may be recurring in nature and should not be disregarded in the evaluation of performance. However, we believe it is useful to exclude such items to provide a supplemental analysis of current results and trends compared to other periods because certain excluded items can vary significantly depending on specific underlying transactions or events, and the variability of such items may not relate specifically to ongoing operating results or trends and certain excluded items, while potentially recurring in future periods, may not be indicative of future results. For example, while amortisation of pension and postretirement actuarial losses is a recurring item, it is not indicative of ongoing operating results and trends or future results.

Year Ended 31 December 2021 Compared to the Year Ended 31 December 2020

For the year ended 31 December 2021, net loss was \$90 million on revenues of \$2,212 million, compared with a net loss of \$125 million on revenues of \$1,938 million for the same period in 2020. The decrease of \$35 million in net loss was the result of the following items:

- Revenues for the year ended 31 December 2021 increased by \$274 million, or 14%, as compared with the same period in 2020. The increase was due to a \$234 million, or 16%, increase in revenue in our Titanium Dioxide segment and an \$40 million, or 8%, increase in revenue in our Performance Additives segment. See "—Segment Analysis" on page 54.

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****STRATEGIC REPORT (CONTINUED)****VI. RESULTS OF OPERATIONS (CONTINUED)**

- Our operating expenses for the year ended 31 December 2021 increased by \$12 million, or 6%, as compared to the same period in 2020, primarily due to the impact of \$12 million of non-recurring savings during 2020 as a result of actions taken to reduce costs during the COVID-19 pandemic, a \$6 million gain from the sale of our property in Umbogintwini, South Africa during the third quarter of 2020, a \$6 million loss from the disposal of assets at our Pori, Finland site in 2021, and increased personnel costs during 2021, partially offset by \$19 million of savings from our 2020 business improvement program realised during 2021.

- Restructuring, impairment and plant closing and transition costs for the year ended 31 December 2021 decreased to \$59 million from \$68 million for the same period in 2020. For more information concerning restructuring activities, see Note 36 Provisions.

- Other income for the year ended 31 December 2021 decreased by \$13 million primarily as a result of the change in the related party payable to Huntsman pursuant to the tax matters agreement entered into as part of our separation. For further information concerning the payable to Huntsman under the tax matters agreement, see Note 16. Income Taxes.

- Income tax benefit for the year ended 31 December 2021 was \$31 million compared to \$10 million of income tax expense in 2020. Our income tax expense is significantly affected by the mix of income and losses in the tax jurisdictions in which we operate.

At 31 December 2021, in part because of the strength and consistency of historical, current, and anticipated future earnings, we determined there is sufficient positive evidence within our Spanish business to conclude that it is more likely than not that net deferred tax assets will be realisable. As a result we recognised Spanish deferred tax assets of \$47 million with a resulting income tax benefit of \$47 million.

For further information concerning taxes, see Note 16. Income Taxes.

Segment Analysis

	Year Ended 31 December		Increase / (Decrease)	Percentage Change
	2021	2020	(Decrease)	Change
	\$'mm	\$'mm	\$'mm	%
Revenues				
Titanium Dioxide	1,665	1,431	234	16%
Performance Additives	547	507	40	8%
Total	2,212	1,938	274	14%
Adjusted EBITDA				
Titanium Dioxide	145	107	38	36%
Performance Additives	70	57	13	23%
	215	164	51	31%
Corporate and other	(50)	(46)	(4)	(9)%
Total	165	118	47	40%

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****STRATEGIC REPORT (CONTINUED)****VI. RESULTS OF OPERATIONS (CONTINUED)****Segment Analysis (continued)**

	Year Ended 31 December 2021 vs. 2020				
	<u>Average Selling Price ⁽¹⁾</u>				
	Local Currency	Foreign Currency Translation Impact	Mix & Other	Sales Volumes ⁽²⁾	Divestitures ⁽³⁾
Period over Period Increase / (Decrease)					
Titanium Dioxide	8%	3%	- %	5%	- %
Performance Additives	3%	2%	1%	5%	(3)%

(1) Excludes revenues from tolling arrangements, by-products and raw materials

(2) Excludes sales volumes of by-products and raw materials

(3) Our water treatment business was disposed of in the second quarter of 2021.

Titanium Dioxide

The Titanium Dioxide segment generated revenues of \$1,665 million in the twelve months ended 31 December 2021, an increase of \$234 million, or 16%, compared to the same period in 2020. The increase was primarily due to an 8% increase in the average TiO₂ selling price, a 5% increase in sales volumes, and a 3% favourable impact from foreign currency translation, primarily as a result of the Euro strengthening against the U.S. Dollar. The increase in sales volume was driven by increased demand during 2021 compared to the prior year which was impacted by the COVID-19 pandemic.

Adjusted EBITDA for the Titanium Dioxide segment was \$145 million, an increase of \$38 million, or 36%, in the twelve months ended 31 December 2021 compared to the same period in 2020. This increase is primarily a result of higher revenue, \$23 million of savings from our business improvement program, and the favourable impact of higher plant utilisation in the current year, partially offset by increased raw material, energy, shipping, and maintenance costs and the impact of \$18 million of non-recurring savings during 2020 as a result of actions taken to reduce costs during the COVID-19 pandemic.

Performance Additives

The Performance Additives segment generated revenues of \$547 million in the twelve months ended 31 December 2021, an increase of \$40 million, or 8% compared to 2020. This increase was a result of a 5% increase in volumes a 3% improvement in average selling price, a 2% favourable impact from foreign currency translation, primarily as a result of the Euro strengthening against the U.S. Dollar, and a 1% increase from mix and other. The increase in sales volume was driven by increased demand during 2021 compared to the prior year which was impacted by the COVID-19 pandemic. The increase in revenues was partially offset by the decrease in revenue from our water treatment business which was sold in the second quarter of 2021.

Adjusted EBITDA in the Performance Additives segment was \$70 million, an increase of \$13 million, or 22%, for the twelve months ended 31 December 2021 compared to 2020. The increase in adjusted EBITDA is primarily related to higher revenue and a \$6 million benefit from our business improvement programs, partially offset by higher raw materials, shipping and energy costs and the impact of \$2 million of non-recurring savings during 2020 as a result of actions taken to reduce costs during the COVID-19 pandemic.

Corporate and other

Corporate and other represents expenses which are not allocated to our segments. Losses from Corporate and other were \$50 million, or \$4 million higher for the twelve months ended 31 December 2021 than 2020 due to the impact of \$7 million of non-recurring savings during 2020 as a result of actions taken to reduce costs during the COVID-19 pandemic, an increase in personnel costs in 2021, and the unfavourable impact of foreign exchange rates, partially offset by \$6 million of savings from our business improvement programs.

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****STRATEGIC REPORT (CONTINUED)****VII. LIQUIDITY AND CAPITAL RESOURCES**

The COVID-19 pandemic had a significant impact on our liquidity during 2020 and we took active measures to manage our cash flows during the pandemic. These measures included implementation of our COVID-19 response program during 2020, whereby \$27 million of savings were realised through managing our production network to align with customer demand, managing our inventories and reducing planned capital expenditures during 2020. The cost savings from our COVID-19 response program have been replaced by savings from our 2020 business improvement program, which began in the third quarter of 2020 and for which we expect to realise the full benefit by the end of 2022.

We had cash and cash equivalents of \$156 million and \$220 million as of 31 December 2021 and 2020, respectively. We have an ABL Facility with an available aggregate principal amount of up to \$330 million. Availability to borrow under the ABL Facility is subject to a borrowing base calculation comprising both accounts receivable and inventory in the U.S., Canada, the U.K. and Germany and only accounts receivable in France and Spain. Thus, the base calculation may fluctuate from time to time and may be further impacted by the lenders' discretionary ability to impose reserves and availability blocks that might otherwise incrementally increase borrowing availability. The borrowing base calculation as of 31 December 2021 is approximately \$278 million, of which \$201 million is available to be drawn, as a result of approximately \$32 million of letters of credit issued and outstanding as well as a portion of the borrowing base reserved for \$45 million of letters of credit available to be issued by one of our lenders, of which approximately \$33 million has been utilised at 31 December 2021.

Our financing arrangements also include borrowings of \$375 million under the Term Loan Facility, \$225 million of Senior Secured Notes, and \$375 million of Senior Unsecured Notes, issued by our subsidiaries Venator Finance S.à r.l. and Venator Materials LLC (the "Issuers"). We have a related-party note payable to Huntsman for a liability pursuant to the tax matters agreement entered into at the time of the separation of which \$21 million has been presented as noncurrent payable to affiliate on our consolidated balance sheet as of 31 December 2021.

Items Impacting Short-Term and Long-Term Liquidity

Our liquidity can be significantly impacted by various factors. The following matters had, or are expected to have, a significant impact on our liquidity:

- Cash outflows for our accounts receivable and inventory, net of accounts payable, as reflected in our consolidated statements of cash flows were \$5 million for the year ended 31 December 2021 compared to cash inflows of \$39 million from accounts receivable and inventory, net of accounts payable in the prior year. We expect our working capital to be a use of liquidity in 2022.
- We expect total capital expenditures in 2022 to be approximately \$85 million to \$95 million. This includes maintenance capital expenditures and the cost of implementing business improvement projects.
- During the year ended 31 December 2021, we made contributions to our pension and postretirement benefit plans of \$18 million. During 2022, we expect to contribute an additional amount of approximately \$10 million to these plans.
- We are involved in a number of cost reduction programs for which we have established restructuring accruals. As of 31 December 2021, we had \$22 million of accrued restructuring costs of which \$15 million is classified as current. We expect to pay approximately \$47 million for restructuring costs during 2022. For further discussion of these plans and the costs involved, see Note 36 Provisions.
- During the third quarter of 2020, we announced our 2020 business improvement program that we expect will save approximately \$55 million compared to 2019. The actions associated with this plan have been substantively complete and we expect to realise the full benefit of the program by the end of 2022. We have realised approximately \$51 million of savings to date of which \$35 million was recognised during 2021.

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****STRATEGIC REPORT (CONTINUED)****VII. LIQUIDITY AND CAPITAL RESOURCES (CONTINUED)*****Items Impacting Short-Term and Long-Term Liquidity (continued)***

- We expect to pay an incremental \$25 million to \$35 million for carbon emissions credits in 2022 compared to 2021 as a result of lower free emissions allowances and higher prices for emissions credits in the EU and U.K. We expect the impact of carbon emissions on our liquidity beyond 2022 to be driven by market pricing for carbon emissions credits and continued reductions in free allowances from the EU and U.K.

- We are in the process of closing our Pori, Finland, TiO₂ manufacturing facility and we will terminate production at the Pori site in the first quarter of 2022. As a result of the closure, we anticipate future cash payments of approximately \$88 million of which \$51 million relates to our Pori restructuring plan and \$37 million relates to other Pori plant shutdown costs. We anticipate \$38 million of these cash payments will be made in the next twelve months.

- We have \$945 million in debt outstanding comprised of \$356 million under our Term Loan Facility, \$217 million under our 9.5% Senior Secured Notes due 2025 and \$372 million under our 5.75% Senior Unsecured Notes due 2025. Through 31 December 2021, we are in compliance with all applicable financial covenants included in the terms of our Senior Credit Facility, Senior Secured Notes and Senior Unsecured Notes. For further discussion of financing arrangements, see Note 26 Loans and Borrowings.

- As of 31 December 2021 and 2020, we had \$4 million and \$6 million, respectively, classified as current portion of debt.

As of 31 December 2021 and 2020, we had \$23 million and \$15 million, respectively, of cash and cash equivalents held outside of the U.S. and Europe, including our variable interest entities. As of 31 December 2021, our non-U.K. subsidiaries have no plan to distribute earnings in a manner that would cause them to be subject to material U.K., or other local country taxation. In the fourth quarter of 2021 a non-U.K. subsidiary distributed \$62 million to the U.K. not subject to material U.K., or other local country taxation. For the year ended 31 December 2020, our non-U.K. subsidiaries made no distribution of earnings that caused them to be subject to material U.K., or other local country taxation.

Cash Flows for the Year Ended 31 December 2021 Compared to the Year Ended 31 December 2020

Net cash provided by operating activities was \$23 million for the twelve months ended 31 December 2021, compared to \$34 million for the twelve months ended 31 December 2020. The decrease in net cash provided by operating activities for the twelve months ended 31 December 2021 compared with the same period of 2020 was primarily attributable to a \$5 million decrease in cash inflows from net income and a \$10 million unfavourable variance in cash flows from changes in operating assets and liabilities.

Net cash used in investing activities was \$60 million for the twelve months ended 31 December 2021, compared to net cash used in investing activities of \$64 million for the twelve months ended 31 December 2020. The decrease in net cash used in investing activities was primarily attributable to a \$16 million positive variance in net cash received from unconsolidated affiliates and a \$4 million increase in proceeds from sales of businesses and assets, partially offset by a \$12 million unfavourable variance in cash received from notes receivable and a \$4 million increase in capital expenditures.

Net cash used in financing activities was \$25 million for the twelve months ended 31 December 2021, compared to net cash provided by financing activities of \$191 million for the twelve months ended 31 December 2020. The decrease in net cash provided by financing activities for the twelve months ended 31 December 2021 compared with the same period of 2020 was primarily attributable to the net proceeds of \$215 million from the issuance of long-term debt during the second quarter of 2020.

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****STRATEGIC REPORT (CONTINUED)****VII. LIQUIDITY AND CAPITAL RESOURCES (CONTINUED)*****Changes in Financial Condition***

The following information summarises our working capital as of 31 December 2021 and 2020:

	31 December 2021 \$'mm	31 December 2020 \$'mm	Increase / (Decrease)	Percentage Change
Cash and cash equivalents	156	220	(64)	(29)%
Accounts and notes receivables, net	316	305	11	4%
Accounts receivable from affiliates	8	-	8	
Inventories	478	440	38	9%
Prepaid expenses	23	24	(1)	(4)%
Other current assets	105	65	40	62%
Total current assets	1,086	1,054	32	3%
Accounts payable	331	217	114	53%
Accounts payable to affiliates	17	22	(5)	(23)%
Accrued liabilities	153	135	18	13%
Current operating lease liability	7	9	(2)	(22)%
Current portion of debt	4	6	(2)	(33)%
Total current liabilities	512	389	123	32%
Working Capital	574	665	(91)	(14)%

NM - Not meaningful

Our net current assets decreased by \$91 million as a result of the net impact of the following significant changes:

- Cash and cash equivalents decreased by \$64 million primarily due to cash outflows of \$60 million from investing activities, and \$25 million from financing activities partially offset by cash inflows of \$23 million from operating activities.
- Accounts receivable increased by \$11 million, or 4%, during the current year as a result of sales in the fourth quarter of 2021 compared to the same period in the prior year. The increase in sales is primarily as a result of the increase in selling price as we tried to recover increasing costs during 2021.
- Inventories increased by \$38 million primarily due to higher levels of raw materials and finished goods at 31 December 2021 as compared to the prior year reflecting our efforts in 2020 to manage our inventory levels in response to reductions in customer demand during the COVID-19 pandemic. The increase in 2021 reflects increases in raw material costs, the cost of finished goods, and higher volumes for certain of our raw materials.
- Other current assets increased \$40 million during 2021 primarily as a result of the purchase of carbon emissions credits during the current year as a result of lower free emissions allowances and higher prices for emissions credits in the EU and U.K. In addition, there is a temporary increase of \$18 million in VAT receivable due to the implementation of new VAT arrangements as a result of Brexit. We anticipate that a substantial portion of this VAT receivable will be collected by the first quarter of 2022 now that the new VAT arrangements are in place.
- Accounts payable increased by \$114 million as a result of the timing of payments and receipts of raw materials. This increase also reflects an increase in our raw material costs across all of our businesses.

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements****For the year ended 31 December 2021****STRATEGIC REPORT (CONTINUED)****VII. LIQUIDITY AND CAPITAL RESOURCES (CONTINUED)*****Financing Arrangements***

See Note 26 - Loans and borrowings

Cross-Currency Swap

See Note 35 - Derivatives

Contractual Obligations and Commercial Commitments

Our obligations under long-term debt (including the current portion), lease agreements and other contractual commitments from continuing operations as of 31 December 2021 are summarised below:

	2022	2023-2024	2025-2026	After 2026	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Long-term debt, including current portion	3,750	355,750	600,000	0	959,500
Interest ⁽²⁾	54,194	110,910	20,000	0	185,104
Leases	11,075	14,117	10,203	32,806	68,201
Purchase commitments ⁽³⁾	200,874	368,899	101,161	43,607	714,541
Total ⁽⁴⁾	269,893	849,676	731,364	76,413	1,927,346

(1) For more information, see Note 29: Commitments and contingencies

(2) Interest calculated using actual interest rates as of 31 December 2021 and contractual maturity dates.

(3) We have various purchase commitments extending through 2030 for materials, supplies and services entered into in the ordinary course of business. Included in the purchase commitments table above are contracts which require minimum volume purchases that extend beyond one year or are renewable annually and have been renewed for 2021. Certain contracts allow for changes in minimum required purchase volumes in the event of a temporary or permanent shutdown of a facility. To the extent the contract requires a minimum notice period, such notice period has been included in the above table. The contractual purchase price for substantially all of these contracts is variable based upon market prices, subject to annual negotiations. We have estimated our contractual obligations by using the terms of our current pricing for each contract.

(4) The above table does not reflect expected tax payments and unrecognised tax benefits due to the inability to make reasonably reliable estimates of the timing and amount of payments.

Restructuring, Impairment and Plant Closing and Transition Costs

See Note 36 - Provisions to the Consolidated Financial Statements for a discussion of restructuring programs.

Legal Proceedings

See Note 29 - Commitments and Contingencies - Legal Matters to the Consolidated Financial Statements for a discussion of legal proceedings

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****STRATEGIC REPORT (CONTINUED)****Critical Accounting Policies and Estimates**

See Note 6 - Critical Accounting Judgements and Key Sources of Estimation Uncertainty to the Consolidated Financial Statements for our critical accounting policies and estimates.

VIII. EMPLOYEES

As of 31 December 2021, we employed approximately 3,500 associates in our operations around the world. We believe our relations with our employees are good.

We place considerable value on the involvement of our associates and ensure that we keep them informed on matters affecting them, the overall organisation as well as on the performance of the Company.

We conduct formal and informal meetings with associates, and maintain a Company intranet website with key information and other matters of interest.

We are committed to a policy of recruitment and promotion on the basis of competence and ability without discrimination of any kind. Management actively pursues both the employment of disabled persons whenever a suitable vacancy arises and the continued employment and retraining of associates who become disabled while employed by the Company.

See also Section 172 Companies Act Statement: Employees on pages 46 to 48.

Employee Gender Diversity

The following table summarises our employee diversity data as at 31 December 2021 and 2020.

The group's employee gender split as at 31 December 2021 and 31 December 2020 are as follows:

	2021		2020	
	Male	Female	Male	Female
Directors	45	8	47	6
Senior managers	67	14	74	13
Other associates	2,742	645	2,890	654
	2,854	667	3,011	673

Director's for the purpose of the above disclosure are all statutory company directors within the Venator Group.

SOCIAL, COMMUNITY AND HUMAN RIGHTS ISSUES

For information, see III. Principal Risks and Uncertainties, Section 172 Companies Act Statement.

DISABILITY

For information, see VIII. Employees.

DIVERSITY AND INCLUSION

Venator is committed to building a diverse and inclusive workforce. We see great benefit in having people with different perspectives, cultures and languages, who feel accepted and valued as part of Venator. Recruitment is an important part of delivering our strategy. For example, we have assembled a globally diverse team at our Wynyard site which would have been difficult to achieve through local recruitment alone. Furthermore, we aim to support those colleagues who have relocated through teamwork and after work networking activities.

Also see VIII. Employees: Employee Gender Diversity disclosure

Venator Materials PLC, Company Registration No. 10747130

**Annual Report and Financial Statements
For the year ended 31 December 2021**

STRATEGIC REPORT (CONTINUED)

COVID-19

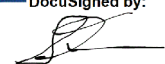
In response to the COVID-19 pandemic, various governments in the countries and localities in which we operate have established economic relief and stimulus programs to support their economies which include but are not limited to job retention support, VAT and payroll tax deferrals and tax refunds.

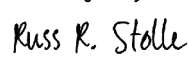
Venator has received job retention government assistance from a number of jurisdictions in which it operates. For the year ended 31 December 2020, \$5,347,337 was received from governments in the UK, Germany, Italy and Malaysia (\$4,448,748 received in 2020 and a further \$898,589 received in 2021). No job retention government assistance was received for the year ended 31 December 2021.

Governments have also allowed delays in payments such as VAT in Germany and employee payroll taxes in the US which some entities have taken advantage of. Any outstanding balances as at 31 December 2021 and 31 December 2020 are reflected within Accrued Liabilities in the consolidated financial statements.

Approval

This report was approved by the board of directors on 20 May 2022 and signed on its behalf by:

DocuSigned by:

F9A417F13DB6404...
Simon Turner
Chief Executive Officer
20 May 2022

DocuSigned by:

E42527763626469...
Russell R. Stolle
Secretary
20 May 2022

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****DIRECTORS' REPORT**

The directors ("Directors") of the Board of Directors (the "Board") of Venator Materials PLC present their report and audited consolidated financial statements for the year ended 31 December 2021. Venator Materials PLC is a public limited company incorporated under the laws of England and Wales, and listed on the New York Stock Exchange. References in this Annual Report to "Venator", "company", "we", "our", and "group" refer to Venator Materials PLC and its consolidated subsidiaries.

The address of the registered office is Titanium House, Hanzard Drive, Wynyard Park, TS22 5FD.

Directors and Corporate Governance

The company's Articles of Association and Governance Guidelines are posted on our group website at www.venatorcorp.com, located in the "Corporate Governance" section. The UK Directors' Remuneration Report, Remuneration Policy and Directors' interests in the shares of the company are set out in the Group's "Directors' Remuneration Report and Policy".

The Director's Remuneration Report was approved by the Board of Directors on 20 May 2022.

Directors

The directors, who served throughout the period and up to the date of signing, are as follows:

Executive director:

Simon Turner - President and Chief Executive Officer

Non-executive directors:

Dr. Barry Bahram Siadat - Chairman

Peter Riley Huntsman

Daniele Ferrari

Kathy Dawn Patrick

Aaron Charles Davenport (appointed 1 January 2021)

Heike Van De Kerkhof (appointed 1 January 2021)

Vir Lakshman (appointed 11 February 2021)

Douglas Delano Anderson (resigned 1 January 2021)

Sir Robert Margetts (resigned 1 January 2021)

Executive secretary (non-director position)

Russell Robert Stolle

All of the directors of the Parent company are proposed for re-election to the board at the AGM on 6 June 2022.

Each of the Directors, whose names are listed above confirm that, to the best of their knowledge:

- the group and company only Financial Statements, which have been prepared in accordance with IFRS and FRS 102 respectively, give a true and fair view of the assets, liabilities, financial position and loss of the group and loss of the parent company; and
- the Directors' Report includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal risks and uncertainties that it faces.

Statement on directors' third party indemnity provision

Venator Materials PLC made qualifying third party indemnity provisions for the benefit of its directors (as well as for the benefit of the directors of its subsidiaries) during the period, which remain in force at the date of this report.

Principal Activities of the Group

Venator became an independent publicly traded company following our IPO and separation from Huntsman Corporation in August 2017. Venator operates in two segments: Titanium Dioxide and Performance Additives. The Titanium Dioxide segment primarily manufactures and sells TiO₂, and operates seven TiO₂ manufacturing facilities across the globe. The Performance Additives segment manufactures and sells functional additives, color pigments, timber treatment and water treatment chemicals. This segment operates 13 manufacturing and processing facilities globally.

Venator Materials PLC, Company Registration No. 10747130

Annual Report and Financial Statements

For the year ended 31 December 2021

DIRECTORS' REPORT (CONTINUED)

Results

The net loss attributable to Venator Materials PLC, for the year ended 31 December 2021 was \$93.1 million, compared to a loss of \$132.4 million in the prior year ended 31 December 2020.

Adjusted EBITDA for the year ended 31 December 2021 was \$165.3 million, compared to \$118.0 million in the prior year ended 31 December 2020.

Further details regarding the results of operations can be found in the Strategic Report on pages 52 to 55.

Dividends

For the foreseeable future, we do not expect to pay dividends. However, it is anticipated that the board of directors will consider the payment of dividends from time to time to return a portion of our profits to our shareholders when we experience adequate levels of profitability and associated reduced debt leverage. If the board of directors determines to pay any dividend in the future, there can be no assurance that we will continue to pay such dividends or the amount of such dividends.

Future Developments and Events after the Balance Sheet Date

The 'Post balance sheet events' - Note 38 to the consolidated financial statements forms part of the Directors' Report by cross-reference.

Indication of the group's research and development activities

Venator supports its businesses with a major commitment to research and development (R&D), technical services and process engineering improvement. Venator believes innovation is critical in providing customer satisfaction and in maintaining sustainability and competitiveness in markets in which it participates. The Venator R&D and technical services facilities are in Wynyrd, UK and Duisburg, Germany. Much of the R&D is focused on solutions that address significant emerging trends in the market.

Going concern

The group and parent company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report on pages 2 to 19. The Strategic Report also sets out the principal risks and uncertainties facing the group and company. The group and the company have the same going concern considerations.

The group and parent company meet their day to day working capital requirements through the group's bank facilities.

The directors have considered the group and the company's current and future prospects, risks and uncertainties, including an assessment of the impact of a potential gas supply shortage as a result of the Russia / Ukraine conflict, rising global energy costs, and its availability of financing, and are satisfied that the group and company can continue to pay its liabilities as they fall due for a period of at least twelve months from the date of approval of these Financial Statements.

The Group operates an annual budget process. The Group's budgets, and risks to their achievement are reviewed by the Board and, once approved are used as the basis for monitoring the Group's performance, incentivising employees, and providing external guidance to shareholders. The processes for identifying and managing risk are described in the Strategic Report which forms part of the consolidated financial statements.

In accordance with the requirements of the UK Corporate Governance Code 2018, the directors have undertaken a comprehensive going concern review over a 24-month period to December 2023, considering the forecast cash flows and the available liquidity of the Group over that 24-month period, taking into account the Group's principal risks and uncertainties.

The directors considered the impact of the following when completing their going concern review:-

- Impacts of the COVID-19 pandemic
- Impacts of Russia's invasion of Ukraine and potential gas shortages
- Impacts of Scarlino Gypsum Developments (see Note 29 Commitments and Contingencies for further details)

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements****For the year ended 31 December 2021****DIRECTORS' REPORT (CONTINUED)****Going concern (continued)*****COVID-19 pandemic***

The COVID-19 pandemic has had a significant adverse impact on our business and the markets in which we operate beginning in the first quarter of 2020. The measures implemented by governmental authorities around the world to contain the virus, including travel bans and restrictions, limits on gatherings, quarantines, shelter-in-place orders and business shutdowns, drove a decrease in demand for many of our products. We began to see recovery in the third quarter of 2020 and by the end of 2021 most of our product lines had returned to pre-pandemic levels of demand.

The impacts of the COVID-19 pandemic on our supply chain and the sudden return of global demand have increased global shipping and logistics challenges. We have experienced delays in shipments due to port congestion and availability of vessels and containers and are taking actions to manage through these challenges. We have seen constrained global supplies of ore feedstocks and other raw materials and we have experienced increases in energy, raw materials and shipping costs. We expect supply chain and logistics challenges to continue in 2022, and we continue to proactively manage our supplier network by maintaining close contact with existing suppliers and seeking alternative arrangements.

We have manufacturing and other operations that are important to our company in areas that remain affected by the outbreak. We continue to actively manage our business and have enacted appropriate safety measures across our organisation in response to the COVID-19 pandemic, including curtailing non-essential business travel, increasing personal protective equipment requirements at our manufacturing sites, increasing cleaning and sanitising measures, implementing social distancing protocols, and requiring or permitting work-from-home arrangements as appropriate. We continue to evaluate the appropriate measures to have in place to safeguard our employees and our business and we may modify our actions as government authorities require or recommend, or as we determine to be in the best interest of our employees, customers, partners and suppliers.

We anticipate strong demand throughout 2022 as COVID-19 vaccinations progress globally and governments continue to roll back restrictions and protective measures that influence the markets in which we operate. Continued recovery will depend on a variety of other factors beyond our control, including the global rollout of vaccines and the impact of a resurgence of COVID-19 (including from the Omicron variant and other emerging variants which may be more contagious), including the responses of governments to such resurgences, and the effects on the global economy.

The COVID-19 pandemic had a significant impact on our liquidity during 2020 and we took active measures to manage our cash flows during the pandemic. These measures included implementation of our COVID-19 response program during 2020, whereby \$27 million of savings were realised through managing our production network to align with customer demand, managing our inventories and reducing planned capital expenditures during 2020. The cost savings from our COVID-19 response program have been replaced by savings from our 2020 business improvement program, which began in the third quarter of 2020 and for which we expect to realise the full benefit by the end of 2022. The group also raised additional funding during 2020 by completing an offering of \$225 million in aggregate principal amount of senior secured notes (the "Senior Secured Notes") due on July 1, 2025 at 98% of their face value.

Impact of Russia's invasion of Ukraine

A newly emerging risk to the global economy and potentially the business is the invasion of Russia into Ukraine in Feb 2022 and the resulting sanctions imposed from around the world on Russia.

An initial risk assessment has been performed by the business and the impact is not expected to be material.

In 2021, globally across the Venator group, we have minimum exposure to sales and supply with Russia and Ukraine. The main impact could come from energy prices - in 2020, Russia supplied 36% of gas consumed across Europe and in early 2022 were supplying approximately 40% of natural gas imports to Europe. From 2020 levels data, Europe would not be able to meet supply without the gas supplied by Russia and would have to moderate total gas usage by 19%. Therefore, there is the potential for gas prices and supply headwinds which Venator would have exposure to. However, whilst the situation will be monitored closely, Management do not expect the conflict will have a material impact on the Venator group.

Our downside scenario adjusts for a potential gas shortage affecting some of our European facilities reducing our production volume up to 20% for a period in 2022.

Venator Materials PLC and Subsidiaries, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****DIRECTORS' REPORT (CONTINUED)****Going concern (continued)*****Impact of Scarlino Gypsum Developments***

Our Scarlino, Italy TiO₂ manufacturing facility, which has a nameplate capacity of 80,000 metric tons and represents approximately 13% of our global nameplate capacity, generates gypsum as a by-product of the manufacturing process, which has been landfilled on-site and also transported for use in the reclamation of a nearby former quarry owned and operated by third parties. Our Scarlino site and the quarry and their respective owner entities and site management are subjects of an investigation by the Italian Public Prosecutor's Office concerning whether our Scarlino site and the quarry operator are in full compliance with applicable laws and permits with regard to the use of gypsum for reclamation at the quarry. Additionally, we expect there will no longer be capacity for gypsum at the quarry under existing required governmental approvals beyond the second quarter of 2022.

In June 2021, in an effort to seek an intermediary solution for gypsum disposal until a longer-term solution could be reached, we requested approval from the region for disposal of gypsum at an area on our Scarlino site in an amount that would be sufficient to operate the facility for an additional twelve months from the date of approval, operating at our effective capacity.

In October 2021, our Scarlino site and the quarry and their respective owner entities and site management became the subject of an investigation by the Italian Public Prosecutor's Office concerning whether our Scarlino site and the quarry operator are in full compliance with applicable laws and permits with regard to the use of gypsum for reclamation at the quarry. This matter remains outstanding although the tests and samples we have taken have confirmed that we are well within the confines of the permit issued. In the fourth quarter of 2021 we received a notice of negative opinion related to this project. We responded in a meeting with the region on October 21, 2021 whereby we presented a ten year plan to reduce our reclamation activities by 80% by the year 2031. This plan provided further details to the strategy set forth in the MOU signed with the region in 2020.

In November 2021, we began working with Ramboll, to prepare a proposal to Regione Toscana, this new application was submitted in February 2022. This on-site capacity, if approved, would provide sufficient red gypsum disposal capacity to operate the facility for another 12 months at current operating rates, with potential for a further separate on-site project that could provide further additional gypsum capacity beyond this first project which combined could provide disposal capacity to operate the facility for an additional 18-24 months.

While there are currently challenges securing additional disposal capacity for our Scarlino we believe we have a clear path to continue operating our sites at the effective capacity throughout the remaining useful life of approximately 10 years.

We believe the abundance of options for gypsum disposal provides us sufficient evidence for us to "expect" to use our Scarlino assets for their remaining useful lives and beyond.

Liquidity and borrowings

The directors have taken into consideration the groups available liquidity (cash plus availability under our line of credit). At 31 December 2021, \$201 million was available to be drawn on the ABL revolving credit facility and the group had cash and cash equivalents of \$156 million, a total available liquidity of \$357 million.

The group's financial position as at 31 December 2021 and forecast position at 31 December 2023 are shown below:

	31 December 2021 \$'000	31 December 2023 \$'000
Cash & cash equivalent	156,000	222,000
ABL facility and LC capacity, net	201,000	217,000
Available liquidity	<u><u>357,000</u></u>	<u><u>439,000</u></u>

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****DIRECTORS' REPORT (CONTINUED)****Going concern (continued)****Liquidity and borrowings (continued)**

The Group's committed borrowing facilities at 31 December 2021 and 31 December 2023 are set out below:

	31 December 2021 \$'000	31 December 2023 \$'000
Term Loan Facility ⁽¹⁾	375,000	375,000
Senior Secured Notes ⁽²⁾	225,000	225,000
Senior Unsecured Notes ⁽³⁾	375,000	375,000
Revolving Credit Facility ⁽⁴⁾	330,000	330,000
	<u>1,305,000</u>	<u>1,305,000</u>

1. The Term Loan Facility matures in August 2024
2. The Senior Secured Notes mature in July 2025
3. The Senior Unsecured Notes mature in July 2025
4. The Revolving Credit Facility matures in October 2026

Taking into account the maturity of borrowing facilities, the Group has committed facilities of \$1.3 billion available throughout the period to 31 December 2023.

Covenants

The primary condition or event that would adversely affect our ability to meet our obligations is our financial covenants related to our outstanding debt. We have financial covenants in our ABL Revolving Credit Facility, Term Loan Facility, Senior Secured Notes and our Senior Unsecured Notes (collectively, "Credit Agreements"). The Credit Agreements are categorised as 'covenant lite' deals, as the covenants are predominately 'springing' in nature rather than maintenance covenants. We are subject to maintenance covenants that to which we are subject to on an ongoing basis and can lead to an event of default if breached, and there are springing covenants to which we are subject only when certain triggering events occur.

Based upon our covenant forecast, we have substantial headroom for both our maintenance covenant and the trigger for our springing covenant throughout the forecast period.

Forecasts

Recognising the challenges of rising global energy prices and the potential impact of the Russia / Ukraine conflict on gas supply, the Group has modelled two forecasts in its assessment of going concern which have been considered by the directors, along with a likelihood assessment of these forecasts, being: — base case, which reflects the directors current expectations of future trading; and a downside forecast, which envisages a 'stress' or 'downside' situation.

The downside forecast assumes a gas shortage which would result in up to a 20% decrease in production for a period in 2022 however, this is currently considered an unlikely scenario.

Our base case forecast assumes Russian gas supplies are not cut off which is supported by the view of Oxford Economics from 8th March 2022... "An important reason why we think the global economy will avoid recession is that we expect any cuts to Russian oil and gas exports to be relatively small and temporary. The recent sharp rises in oil and gas prices to a large degree reflect markets pricing in greater risk of Russian oil and gas supplies being cut off. Our baseline forecast assumes that this does not materialise and that prices fall back somewhat from their recent peaks over the coming weeks"

Venator Materials PLC, Company Registration No. 10747130

**Annual Report and Financial Statements
For the year ended 31 December 2021**

DIRECTORS' REPORT (CONTINUED)

Going concern (continued)

Forecasts (continued)

The downside scenario does not raise a significant doubt about our ability to meet our current obligations in the twelve months from the date of approval of these financial statements, assuming we remain in compliance with our debt covenants. The directors considered a target position where the group has available liquidity (cash plus availability under our line of credit) of around \$200 million, the downside scenario is comfortably above this target position. To date both EBITDA and cash are tracking ahead of the base scenario and external market data supports the assumptions our base case is modelled on.

The scenario analysis performed also does not cast doubt on the company being able to comply with its debt covenants in the twelve months from the date of approval of these financial statements.

Financial Risk Management and Financial Instruments

Information related to the use of financial instruments and Venator's financial risk management objectives and policies, and exposure to market risk (including price risk), credit risk and liquidity risk can be found in Note 34 Financial Instruments.

Indication of the group's research and development activities

Venator supports its businesses with a major commitment to research and development (R&D), technical services and process engineering improvement. Venator believes innovation is critical in providing customer satisfaction and in maintaining sustainability and competitiveness in markets in which it participates. The Venator R&D and technical services facilities are in Wynyard, UK and Duisburg, Germany. Much of the R&D is focused on solutions that address significant emerging trends in the market.

Disclosure of information to auditor

In accordance with Section 418 of the Companies Act 2006, each director in office at the date the Directors' Report is approved confirms that:

- so far as the director is aware, there is no relevant audit information of which the group and parent company's auditor is unaware; and
- he/she has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the group and parent company's auditor is aware of that information.

Independent auditor

The auditor, Deloitte LLP, have indicated their willingness to continue in office, and a resolution that they be re-appointed will be proposed at the annual general meeting.

Share Repurchases

Under UK law, the company is only permitted to purchase its own shares by way of an "off-market purchase" in a plan approved by shareholders. As 31 December 2021 we do not have shareholder authority to repurchase shares. During the years ended 31 December 2021 and 2020, no shares were repurchased.

Employees

The 'Employees' section of the Strategic Report on pages 60 form part of the Directors' Report by cross-reference.

Disability

The 'Disability' section of the Strategic Report on pages 60 form part of the Directors' Report by cross-reference.

Political Contributions

No donations were made by the group or any of its subsidiaries to political parties or organisations during the year.

Climate Change

The "Climate Change" section of the Strategic Report on pages 16 to 19 form part of the Directors' Report by cross-reference.

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****DIRECTORS' REPORT (CONTINUED)****Greenhouse Gas Emissions**

We have reported on all sources of carbon emissions and energy usage required under The Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended.

The "Greenhouse Gas Report" on pages 71 to 74 forms part of the Directors' Report by cross-reference.

Related Party Transactions

Details of related party transactions can be found in "Note 33 - Related Party Transactions" in the Consolidated Financial Statements for details of related party transactions.

Substantial Shareholdings

At 31 December 2021, the following shareholders held 3% or more of the issued share capital of Venator Materials PLC.

Registered Shareholder	Shareholding
SK Capital Partners	39.60%
Huntsman Corporation	9.03%
Capital Research & Management Co.	7.94%
Adage Capital Management LP	6.70%
Russell Investment Management LLC	4.62%
Zimmer Partners LP	3.68%
Schneider Capital Management Corp.	3.62%

The directors are not aware that any other person, company or group of companies held 3% or more of the issued share capital of the company.

Capital Structure

The group's share capital is comprised of one class of ordinary shares of \$0.001 each, the shares are listed on the New York Stock Exchange under the symbol "VNTR".

At 31 December 2021, 107,275,245 shares were in issue (2020: 106,735,892). The shares carry no rights to fixed income and each share carries the right to one vote at general meetings. All shares are fully paid.

The group's net debt to adjusted equity ratio at 31 December 2021 is 2.89, compared to 2.49 at 31 December 2020 and 2.28 at 31 December 2019. This increase in the proportion of debt financing relative to the group's equity in the year is the result of an increase in long-term debt and the increase in accumulated losses. The company is financed primarily through external financing in the form of a Term Loan, Senior Notes and an ABL revolving credit facility ("RCF"), which totals \$1.3bn at 31 December 2021 (2020: \$1.3bn).

On 22 May 2020 the company completed an offering of \$225mm in aggregate principal amount of senior secured notes due on 1 July 2025 at 98% of their face value.

On 15 October 2021, we entered into the Amendment and Restatement Agreement, which amended and restated the ABL Credit Agreement. Among other things, the amendment provides for (i) an extension of the revolving loan commitments pursuant to the ABL Credit Agreement until 15 October 2026, or if earlier, 91 days prior to maturity date of any indebtedness in an amount in excess of \$75 million and (ii) a reduction in the revolving loan commitments to \$330 million.

Further information on the external financing can be found within Note 26: Loans and borrowings.

Branches Outside of the UK

See Note 40 to Venator Materials PLC Consolidated Financial Statements.

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****DIRECTORS' REPORT (CONTINUED)****Stakeholder Engagement**

As discussed in our Section 172 Statement in the Strategic Report, the board recognises that the long-term success of the group is largely linked with value-creation for, and effective engagement with, its stakeholders. The following set out the engagement mechanisms that are currently in place with the group's key stakeholders.

Employee Engagement Statement

Our people are at the core of our business, be that engaging with our customers or communicating with our suppliers and other key stakeholders. Because of this, we strongly believe in fostering the development, wellbeing, safety and diversity of Venator's 3,500 associates. Zero Harm and Teamwork are two of the five Venator values which guide our day to day approach to people management. We believe that by investing in our people, we create a more sustainable workforce that will drive our business growth and enable us to overcome the different challenges we face.

We believe that our values-based culture is a competitive advantage that is critical to our success and we implement policies that set forth these values including our Business Conduct Guidelines. We pride ourselves on maintaining high ethical standards and integrity, employee health and safety, teamwork, innovation and performance. We emphasise the importance of each of our employees supporting our core values, establishing standards for work ethic, collaboration, and a commitment to deliver results.

To remain a leading global manufacturer and marketer of chemical products, it is important that we continue to attract and retain exceptional talent. Our business results depend on our ability to successfully manage our employees, including attracting, identifying and retaining key talent. Factors that may affect our ability to attract and retain qualified employees include employee morale, our reputation, competition from other employers and availability of qualified individuals.

Venator uses quarterly communication cascades with all employees to provide employees with information on matters of concern to them and also to make all employees aware of financial and economic factors affecting the performance of the company. The directors also engage with employees by regular communication updates, town hall meetings and site visits where employees are welcomed to ask questions of the directors.

In order to regularly consult employees or their representatives, so that their views can be taken into account in making decisions affecting them, employee representatives are consulted, in geographies where it is required, through either staff councils, works councils or trade unions. Issues or concerns that require escalation are escalated to the Executive Leadership Team. The company also has a 'Speak Up' confidential reporting service for issues related to Venator's Business Conduct Guidelines.

A significant number of our employees are employed in jurisdictions where they are represented by a local works council consisting of company and employee representatives. A number of our employees are members of unions and we have entered into collective bargaining agreements with these unions on terms that we believe are typical for the industry in which we operate. We have experienced work stoppages in the past, but do not consider any of these work stoppages to have been material to our operations.

All associates and contractors at Venator are made aware of our policies and procedures. As part of our Ethics & Compliance function we ensure that regular training is provided to associates (online and in person) and associates are encouraged to raise concerns where they see or suspect wrongdoing or violation of our policies. We operate a Speak Up hotline and all Ethics and Compliance matters are raised at board level at each board meeting.

Venator is committed to recruiting the right people and invests in training and support of associates, including professional development to ensure they reach their full potential. Venator operates an annual discretionary incentive bonus scheme for all associates and a selective share scheme on a nomination basis.

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****DIRECTORS' REPORT (CONTINUED)****Stakeholder Engagement (continued)*****Statement of engagement with suppliers, customers and others in a business relationship with the company***

The basic responsibility of the directors of Venator is to exercise their business judgement to act in what they reasonably believe to be in the best interests of the Company and its shareholders. The primary objective of the directors should be to enhance the long-term value of the Company for the benefit of the shareholders. The Board and management understand that the long-term interests of the shareholders are advanced by responsibly addressing the concerns of other stakeholders and interested parties, including employees, customers, suppliers, communities of which the Company is a part, government officials and the public at large. The Board and management further recognise that it is their joint responsibility to support, oversee and provide leadership for the Company's program to ensure compliance with all applicable regulatory requirements and corporate-wide compliance policies.

s172 Statement

The 'Business Conduct and Relationships' and 'Employees' sections of the Strategic Report form part of the Directors' Report by cross-reference.

Post Balance Sheet Events

On 6 April 2022, the Delaware Superior Court granted judgment in favour of Venator for \$75 million and rejected Tronox's counterclaim for damages. On 25 April 2022, Venator received \$85 million in cash from Tronox, the settlement amount includes an additional \$10 million of value representing a negotiated amount of interest originating from 2019 when conditions were met that required Tronox to pay a \$75 million 'Break Fee' to Venator. Also see Note 29: commitments and contingencies for further details regarding the Tronox litigation.

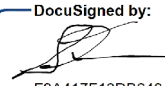
Exemption from Audit by Parent Guarantee

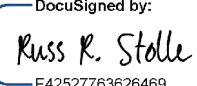
The following UK subsidiaries of Venator Materials PLC are exempt from the requirement to obtain an audit of their individual statutory accounts for the year ended 31 December 2021, by virtue of s479A of the Companies Act 2006. Venator Materials PLC has issued guarantees for the following subsidiary companies under s479C Companies Act 2006.

Subsidiary Name	Registered Number
Venator Materials UK Limited	00832447
Venator International Holdings UK Limited	10407671
Venator Investments UK Limited	10417559
Venator Holdings UK Limited	10518724
Venator Materials International UK Limited	10408218
Venator P&A Holdings UK Limited	03767080
Venator Materials Services Limited	13476731
Venator Group Services Limited	00995450
Venator Pigments UK Limited	02395270
Excalibur Realty UK Limited	06311960
Creambay Limited	04050413
Inorganic Pigments Limited	00688762

Approval

This report was approved by the board of directors on 20 May 2022 and signed on its behalf by:

DocuSigned by:

 F9A417F13DB6404...
 Simon Turner
 Chief Executive Officer
 20 May 2022

DocuSigned by:

 E42527763626469...
 Russell R. Stolle
 Secretary
 20 May 2022

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****GREENHOUSE GAS EMISSIONS (GHG) REPORT**

In compliance with The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, as stipulated by the Companies Act 2006, Venator Materials PLC ("Venator") has calculated its global greenhouse gas ("GHG") emissions and intensity ratio for the whole Venator group, for the period 1 January 2021 to 31 December 2021.

In addition, Venator is reporting prior year's GHG emissions data, its underlying energy consumption for 2021 and 2020, and information relating to energy efficiency actions. Venator is also disclosing the contribution of UK operations to energy consumption and GHG emissions, in alignment with the additional requirements implemented as part of the 2018 Regulations for Streamlined Energy and Carbon Reporting ("SECR").

This is Venator's fifth year of calculating and reporting its GHG emissions as a quoted company. Venator has previously been reporting its GHG emissions under the preceding Environmental Reporting Guidelines: Including Mandatory Greenhouse Gas Emissions Reporting Guidance June 2013. Venator's calculations all follow the Greenhouse Gas Protocols published by the World Business Council for Sustainability and GRI standards.

The period presented in the GHG reporting is the same annual period as covered by the Directors' Report - financial year 2021.

The method used is in line with the GHG Protocol Corporate Accounting and Reporting Standard. The organisational reporting boundary is based on Operational control, therefore this report covers all of Venator's global operations, excluding the joint venture, Lake Charles, in the USA. Scope 2 emissions are calculated using the location based approach.

In 2018, a materiality assessment for the other five categories, as outlined by the Environmental Reporting Guidelines, was also conducted against the Sustainability Accounting Standards Board (SASB) Materiality Map and 2016 GRI Foundation and selected Standards. This exercise included a review of the performance of a range of Venator's peer competitors and customers, to compare what they were communicating in their Annual Reports against the other KPI's.

The materiality assessment was repeated in 2019, in order to confirm the status of these environmental KPI's in relation to Venator's operations.

The recommendations arising from the 2018 and 2019 materiality assessments were that water and waste (2018), as well as emissions to air (2019) should also be reported in subsequent Annual Reports, hence leading to their inclusion in Venator's 2018 mandatory statement. Resource efficiency, emissions to land and water, and biodiversity were not deemed to be material to Venator's operations.

This report constitutes Venator's SECR and Environmental Reporting for 2021, outlining Scope 1 & 2 GHG emissions, energy consumption, water consumption, waste generation and emissions to air, alongside associated intensities and an energy efficiency narrative. Note that the method for calculating intensity was amended from 2018 onwards, in order to accommodate the production of all products, including eco-products.

Scope 1 Emissions: These include emissions from activities owned or controlled by your organisation that release emissions into the atmosphere. They are direct emissions. Examples of Scope 1 emissions include emissions from combustion in owned or controlled boilers, furnaces, vehicles; emissions from chemical production in owned or controlled process equipment.

Scope 2 Emissions: These include emissions released into the atmosphere associated with your consumption of purchased electricity, heat, steam and cooling. These are indirect emissions that are a consequence of your organisation's activities, but which occur at sources you do not own or control.

Total production across Venator sites in 2021 has been used as the denominator to calculate intensities (2021: 1,403,017 tonnes; 2020: 1,434,116 tonnes).

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****GREENHOUSE GAS EMISSIONS (GHG) REPORT (CONTINUED)****GHG Emissions**

Emission Source	2021		2020 (Restated)*	
	GHG Emissions (tCO ₂ e)	GHG Emissions Intensity (tCO ₂ e/tonne)	GHG Emissions (tCO ₂ e)	GHG Emissions Intensity (tCO ₂ e/tonne)
Scope 1 (Direct)	949,320	0.68	889,163	0.62
Emissions from combustion of gas	631,255		585,811	
Emissions from combustion of fuel for transport purposes	606		572	
Emissions from other	317,459		302,780	
Scope 2 (Indirect)	409,415	0.29	392,127	0.27
Emissions from electricity purchased for own use, including for purposes of transport	152,319		167,734	
Emissions from other	257,096		224,393	
Total	1,358,735	0.97	1,281,290	0.89

*2020 emissions were updated following an audit in autumn 2021, and therefore are slightly different to the figures presented in the previous report and financial statements.

UK GHG Emissions

Emission Source	2021		2020 (Restated)	
	GHG Emissions (tCO ₂ e)	GHG Emissions Intensity* (tCO ₂ e/tonne)	GHG Emissions (tCO ₂ e)	GHG Emissions Intensity (tCO ₂ e/tonne)
Scope 1 (Direct)	185,716	1.46	183,856	1.37
Emissions from combustion of gas	88,345		88,308	
Emissions from combustion of fuel for transport purposes	82		75	
Emissions from other	97,371		95,473	
Scope 2 (Indirect)	19,123	0.15	21,484	0.16
Emissions from electricity purchased for own use, including for purposes of transport	19,123		21,483	
Emissions from other	-		1	
Total	204,839	1.61	205,340	1.53

* Emissions intensity is higher in the UK due to inclusion of Venator HQ, Wynyard, with zero production.

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****GREENHOUSE GAS EMISSIONS (GHG) REPORT (CONTINUED)****UK GHG Emissions (continued)**

The greenhouse gas emissions of the group per unit of production have increased in 2021 from 0.89 tCO₂e/tonne in 2020 to 0.97 tCO₂e/tonne in 2021.

We have used the IPCC Fifth Assessment Report, the 2021 UK Government Greenhouse Gas ("GHG") Conversion Factors for Company Reporting, the 2021 IEA CO₂ Emission from Fuel Combustion, the 2020 US EPA eGRID, and the ecoinvent database to calculate the above disclosures.

Greenhouse gas emissions included in the reporting, and emitted by Venator, are carbon dioxide, methane, nitrous oxide and HFCs.

Energy Consumption

	2021	2020
Emission Source	Energy Consumption (MWh)	Energy Consumption (MWh)
UK	583,624	600,277
Other global operations	4,055,888	3,758,989
Total	4,639,512	4,359,266

The increase in energy consumption of 6.4% in 2021 aligns to the 10% increase in production in 2021 across all sites.

*2020 emissions were updated following an audit in autumn 2021, and therefore are slightly different to the figures presented in the previous report and financial statements.

Energy consumption is calculated in kWh. Where consumption data was not provided in kWh and required conversion, fuel properties from the 2021 UK Government Greenhouse Gas ("GHG") Conversion Factors for Company Reporting were used.

Energy Efficiency Action

Despite the increases in GHG emissions and the associated intensities from 2020 to 2021, Venator has been working towards emissions reduction by taking action to improve the energy efficiency of its operations.

In 2021, this comprised a wide range of initiatives, including the following:

- Wynyard replaced all car park lighting and office lighting with LED's, which could result in energy savings of between 60-90%.
- Taicang installed two high efficiency air compressors to reduce electricity consumption, as well as two high efficiency filter pressors to save water and steam production.
- Sudbury replaced an inefficient 200kW water chiller with a high efficiency 135kW chiller. A start / stop via a shift pattern, instead of running 24/7, was also installed at the site.
- Dandenong increased the batch sizes on its mixers from 500 to 600kg, which has resulted in an increase in the output for the same energy usage, thus improving energy efficiency.

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****GREENHOUSE GAS EMISSIONS (GHG) REPORT (CONTINUED)****Energy Efficiency Action (continued)**

- Duisburg recorded energy savings of 9.3 MWh in 2021 via well-defined energy saving projects, including a project for a new / additional fire brigade (building) with increased efficiency in heating, ventilation, facade, windows, and doors.
- Greatham completed the commissioning of new gas-fired boilers in October 2021. These replaced the 40-year old existing boilers, and should result in improvements to gas usage.
- Greatham also maximised the on-line time of two CO/COS (Carbon Monoxide/Carbonyl Sulphide) thermal oxidisers throughout the year, resulting in combined performance of 77% utilisation, up from 66% in 2020. These oxidisers burn waste gas from the ICON process producing steam from associated Waste Heat Boilers from the White End, which reduces the consumption of natural gas in the main boilers.

In 2022, Venator aims to continue to improve energy efficiency and drive down emissions from its sites.

Water

2021		2020 (Restated)*	
Water Consumption (m3)	Water Intensity (m3 / tonne)	Water Consumption (m3)	Water Intensity (m3 / tonne)
103,083,235	73.47	103,091,249	71.88

Waste

Waste Type	2021		2020 (Restated)*	
	Waste Produced (tonnes)	Waste Intensity (tonne / tonne)	Waste Produced (tonnes)	Waste Intensity (tonne / tonne)
Hazardous Waste	46,405	0.03	42,206	0.03
Non-Hazardous Waste	1,091,467	0.78	1,140,454	0.80
Total	1,137,872	0.81	1,182,660	0.82

Emissions to Air

Emissions Type	2021		2020 (Restated)*	
	Emissions to Air (tonnes)	Emissions to Air Intensity (tonne / tonne)	Emissions to Air (tonnes)	Emissions to Air Intensity (tonne / tonne)
Nox emissions	548	0.0004	590	0.0005
Sox emissions	1,811	0.0013	1,369	0.0011
Total	2,359	0.0017	1,959	0.0015

*2020 emissions were updated following an audit in autumn 2021, and therefore are different to the figures presented in the previous report and financial statements.

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****DIRECTORS' RESPONSIBILITIES STATEMENT**

The Directors are responsible for preparing the Annual Report and the Financial Statements, in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law, the Directors have elected to prepare the Venator Materials PLC and subsidiaries ("Group") Financial Statements in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB), and have elected to prepare the Venator Materials PLC ("Parent company") Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 (FRS 102). Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Parent company and of the profit or loss of the Group and Parent company for that period.

In preparing the Parent Company Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Generally Accepted Accounting Practice's comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the Financial Statements, respectively; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Parent company will continue in business.

In preparing the Group Financial Statements, International Accounting Standard 1 requires that the Directors:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Parent company and enable them to ensure that the Financial Statements and the Directors' Remuneration Policy comply with the Companies Act 2006 and, as regards the Group Financial Statements, Article 4 of the IAS Regulation.

They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Responsibility statement

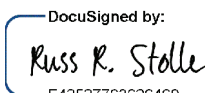
We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole;
- the strategic report includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the company's position and performance, business model and

This responsibility statement was approved by the board of directors on 20 May 2022 and is signed on its behalf by:

DocuSigned by:

 F9A417F13DB6404...
 Chief Executive Officer
 Simon Turner
 20 May 2022

DocuSigned by:

 E42527763626469...
 Secretary
 Russell R. Stolle
 20 May 2022

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****DIRECTORS' REMUNERATION REPORT**

The information provided in this part of the Directors' Remuneration Report is not subject to audit.

Statement of the Chairman of the Compensation Committee

Welcome to the Directors' Remuneration Report of the Compensation Committee (the "Committee") of the Board of Directors of (the "Board") of Venator Materials PLC (the "company" or "Venator"). This report, as required under UK regulations, covers the remuneration of the executive and non-executive directors of Venator. This report has been prepared solely for the purpose of compliance with the UK Companies Act 2006.

The Committee was formed at the time of the initial public offering of our ordinary shares in August 2017 (our "IPO"). The Committee is responsible for reviewing the remuneration policy for non-executive directors and making a recommendation to the Board for its approval. The Committee is also responsible for setting the remuneration policy for all executives, including any executive director. Our President and Chief Executive Officer, Simon Turner, (the "CEO") is the only current executive director. The Committee has established the framework for executive and director compensation at Venator as disclosed in the directors' remuneration policy (which was approved by shareholders at the company's 2020 annual general meeting and can be found on the company's website and in the company's 2020 definitive proxy statement attached as Appendix A). The remuneration policies and practices set out in this report are consistent with these communications.

This report contains the Annual Report on Remuneration, which sets out details of how the directors have been paid in the prior financial year and how the proposed policy will be applied in the year ahead. This report will be subject to an advisory shareholder vote at the 2022 annual general meeting to be held on 6 June 2022 (the "AGM").

We encourage shareholders to read the directors' remuneration report as set out in this statement. The Board and the Committee believe that the policies and procedures described in this report are effective in achieving our compensation objectives – supporting delivery of our business strategy, serving to attract and retain high-quality directors and, in the case of our executives, promoting alignment between pay and our financial performance and the performance of our ordinary shares. Alignment between pay and performance was achieved in 2021 by tying a portion of the CEO's compensation to adjusted EBITDA and free cash flow, which made up 75% of the performance metrics under the 2021 STIP award metrics. The Committee also had discretion to award a discretionary amount based on the CEO's personal performance from 0 to 30% of his 2021 base salary. In addition, 25% of our 2021 long-term incentive plan ("LTIP") awards are in the form of performance units based on relative total shareholder return over three years ("TSR") compared to a group of 11 peers.

We are sensitive to the compensation-related corporate governance practices prevalent in the United Kingdom and recognise that some characteristics of our current program may be more similar to those in the US than to those in the UK. Many of these characteristics differ from typical UK practice but are common among our competitors and reflect the company's heritage as a US-based company and the composition of our shareholder base, over 90% of which is located in the US. The Committee has thoroughly reviewed our remuneration policies and concluded that the policy has operated as intended in terms of Company performance and reward generated in 2021. We consider these features to remain appropriate within the context of our global company and help to support our business strategy and compensation objectives.

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****DIRECTORS' REMUNERATION REPORT (CONTINUED)****Statement of the Chairman of the Compensation Committee (continued)**

Our director compensation program takes into account the unique responsibilities attendant with service on the board of a public limited company that is incorporated under the laws of England and Wales with a sole listing on the New York Stock Exchange and that is subject to SEC reporting.

Our Corporate Governance Guidelines provide for compensation for our non-executive directors' services in recognition of their time and skills. Directors who are also executive directors or employees do not receive additional compensation for serving on the Board. Maintaining a market-based compensation program for our non-executive directors enables our company to attract qualified members to serve on the Board. We compare our director compensation practices to the practices of our peers as well as against the practices of public company boards generally to ensure they are aligned with market practices.

For our executive directors, the primary objective of our compensation program is shareholder value creation. In support of this objective, our compensation program is designed to: (i) align pay with performance; (ii) attract, motivate and retain executives critical to our long-term success by providing a competitive compensation structure; (iii) align our executives' interests with those of our shareholders; (iv) encourage long-term focus; and (v) discourage excessive risk taking. The Committee coordinates the annual review of the executive director compensation program. In doing so, it may consult with, and review materials provided by, Meridian Compensation Partners, LLC ("Meridian"), the Committee's compensation consultant. This annual review includes an evaluation of our the executive director's performance, our company's performance, the corporate goals and objectives relevant to compensation, and compensation payable under various circumstances, including upon retirement, or in connection with a severance event or a change in control. In making its decisions regarding executive director compensation, our Committee considers the nature and scope of all elements of the executive director's total compensation package, responsibilities and his or her effectiveness in supporting our key strategic, operational and financial goals.

This review also includes an evaluation of the executive director's historical pay and career development, individual and corporate performance, competitive practices and trends, and other information relevant to compensation.

2021 Compensation Highlights

Our non-executive directors receive an annual retainer for service on the Board, an additional retainer for service on its committees (including service as a committee chair) and fully vested share awards. Our sole executive director, the CEO, is compensated primarily through the following components:

- base salary;
- annual short-term incentive plan ("STIP") award; and
- annual LTIP awards.

The following compensation related decisions impacted the company's CEO in 2021:

The annual salary for the CEO remained unchanged in 2021 from its 2017 level, when it was set at \$850,000 (approximately GBP £657,764) at the time of our IPO.

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****DIRECTORS' REMUNERATION REPORT (CONTINUED)****Statement of the Chairman of the Compensation Committee (continued)****2021 Compensation Highlights (continued)**

The Committee establishes target annual STIP award guidelines for the CEO, set as a percentage of base salary. The target award eligibility for the CEO was set at 100% of salary to align with competitive levels for comparable executive positions. The STIP award was based on adjusted EBITDA, free cash flow, 2020 Business Improvement Program savings and a discretionary component for personal performance. Details of the targets and performance against them are set out in the Annual Report on Remuneration on page 81. Performance exceeded the adjusted free cash flow target goal but was below the adjusted EBITDA target goal. Cumulative 2020 Business Improvement Program savings nearly reached the maximum goal.

In addition to the performance against targets described in the preceding paragraph, the Compensation Committee reviewed the personal performance of the CEO during 2021 against the backdrop of the continued disruption to the global economy and our business due to the COVID-19 pandemic. In particular, the Compensation Committee noted that the CEO had found a route to deliver adjusted EBITDA and adjusted free cash flow performance near or above targeted levels despite the continued challenges from the COVID pandemic and the impact of constrained capacity in a tight supply environment. The Compensation Committee noted that accomplishments in 2021 had been the result of a true team effort, which required strong leadership with swift and impactful decisions. Specifically, the Compensation Committee considered the following specific achievements:

- Delivered greater than 30% increase in total company EBITDA performance over prior year
- Successfully implemented pricing improvements resulting in a total Company 17% increase in average selling price in the fourth quarter compared to the fourth quarter of the prior year
- Increased titanium dioxide production by more than 5% over the prior year
- Accomplished accelerated delivery of cost reductions under Company's 2020 Business Improvement Program ahead of target timeline
- Advanced efforts to reduce legacy cash uses in pensions and at sites being closed
- Completed refinancing of Company's asset backed loan program
- Published first full Venator Sustainability Report and enhanced Venator's sustainability program
- Divested non-strategic water treatment business

Based on this performance against targets and personal performance during 2021, the Compensation Committee awarded a pay-out of 135% of target to our CEO under the STIP.

The Committee also approved an LTIP award for the CEO with a fair market value of \$3,500,000, comprising 50% restricted stock units, 25% stock options and 25% performance units, the latter of which vest based on relative TSR performance compared to a group of 11 peers. The Committee targeted long-term equity compensation awards for the CEO to align with competitive levels and to reflect the contributions of the CEO. The target award amounts were converted to a number of restricted stock units, stock options and performance units based on the grant date fair value of the respective award.

Compensation for 2022

Details of the forward-looking compensation remuneration proposals are set out in this report on page 91. No significant changes to the company's approach are proposed for 2022.

We are committed to maintaining an open and transparent dialogue with shareholders and I welcome any comments that you may have.

I hope that you will be able to support the resolutions on remuneration at the AGM.

DocuSigned by:

Kathy D. Patrick

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Kathy D. Patrick

Chairman of the Compensation Committee

20 May 2022

Venator Materials PLC, Company Registration No. 10747130

**Annual Report and Financial Statements
For the year ended 31 December 2021**

DIRECTORS' REMUNERATION REPORT (CONTINUED)

Annual Report on Remuneration for 2021

This Annual Report on Remuneration sets out details on how the directors were remunerated for the year under review and how the Committee intends to apply the remuneration policy in the forthcoming financial year. This report will be put to an advisory shareholder vote at the forthcoming AGM.

The relevant sections of the report indicated below have been audited by Deloitte LLP.

Compensation Committee members

Kathy D. Patrick (Chair)
Daniele Ferrari
Heike van de Kerkhof

All members of the Committee are independent non-executive directors.

Responsibilities

The Committee approves the company's policy on executive remuneration and determines the levels of remuneration for the executive directors. The Committee recommends to the Board the remuneration levels for all non-executive directors. The Committee's terms of reference, or charter, can be viewed on the company's website at www.venatorcorp.com and are also available from the company upon request.

Advisors

The Committee receives support from both inside and outside the company. Internal support is provided by the company's General Counsel and CEO. No executive director or officer is present when matters relating to his/her own remuneration are discussed.

Meridian served as the Committee's independent advisor during 2021. Meridian was first appointed to act as the independent adviser to the Committee in 2017. The total fees and expenses paid to Meridian for services to the Committee in 2021 was \$72,241. This was based on hourly rates for the provision of remuneration advice to the Committee in 2021 and certain expenses in connection with obtaining market remuneration data. Meridian does not provide any services to the company outside of matters pertaining to executive and director remuneration. Meridian reports directly to the Committee, which is solely responsible for determining the scope of services performed by Meridian. The Committee is satisfied that the advice that it receives from Meridian is objective and independent.

The Committee determined that the services provided by Meridian to the Committee during 2021 did not give rise to any conflict of interest. The Committee made this determination by assessing the independence of Meridian using the six independence factors adopted by the SEC and incorporated into the NYSE Corporate Governance Listing Standards. Further, in making this assessment, the Committee considered Meridian's written correspondence to the Committee that affirmed the independence of Meridian and the partners, consultants and employees who provide services to the Committee on executive and director compensation matters.

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****DIRECTORS' REMUNERATION REPORT (CONTINUED)****Annual Report on Remuneration for 2021 (continued)**

The information provided in this part of the Directors' Remuneration Report is subject to audit.

Directors' remuneration for 2021

The table below shows the remuneration paid to or receivable by the executive and non-executive directors of the company in 2021 (in thousands).

Executive			Non-executive ⁶					Total
Single total figure table		Simon Turner ⁷	Peter R. Huntsman ⁸	Vir Lakshman ⁴	Heike van de Kerkhof ⁶	Daniele Ferrari ⁹	Kathy Patrick ³	
Salary and fees	2021	\$914	\$75	\$95	\$95	\$80	\$100	\$1,359
	2020	\$763	\$100	\$0	\$0	\$100	\$95	\$1,058
Taxable benefits ¹	2021	\$24	—	—	—	—	—	\$24
	2020	\$18	—	—	—	—	—	\$18
Pension ²	2021	\$144	—	—	—	—	—	\$144
	2020	\$135	—	—	—	—	—	\$135
Other ³	2021	—	\$120	\$120	\$120	\$120	\$120	\$600
	2020	—	\$120	\$0	\$0	\$120	\$120	\$360
Total Fixed	2021	\$1082	\$195	\$215	\$215	\$200	\$220	\$2127
	2020	\$916	\$220	\$0	\$0	\$220	\$215	\$1,571
Annual STIP award ⁴	2021	\$1,234	—	—	—	—	—	\$1,234
	2020	\$1,125	—	—	—	—	—	\$1,125
Annual LTIP award ⁵	2021	\$2,625	—	—	—	—	—	\$2,625
	2020	\$2,063	—	—	—	—	—	\$2,063
Total Variable	2021	\$3,859	—	—	—	—	—	\$3,859
	2020	\$3,188	—	—	—	—	—	\$3,188
Total Before Pension Settlement Arrangement	2021	\$4,941	\$195	\$215	\$215	\$200	\$220	\$5,986
	2020	\$4,104	\$220	\$0	\$0	\$220	\$215	\$4,759
Pension Settlement Arrangement ⁶	2021	\$4,729	—	—	—	—	—	\$4,729
	2020	\$2,203	—	—	—	—	—	\$2,203
Total	2021	\$9,670	\$195	\$215	\$215	\$200	\$220	\$10,715
	2020	\$6,307	\$220	\$0	\$0	\$220	\$215	\$6,962

1. For the CEO, taxable benefits relate to use of a company car and payment of medical benefits. For the non-executive directors, there are no taxable benefits.

2. Pension amounts for 2021 and 2020 relate to pension cash contributions paid to the CEO in 2021 and 2020, respectively (see section entitled "Pension" on pages 82 to 83 for further details).

3. Other amounts for the CEO relate to a tax gross-up on his pension scheme. For non-executive directors, amounts relate to annual equity awards under the 2017 Stock Incentive Plan ("LTIP").

4. Annual STIP award amounts for 2021 and 2020 relate to the bonus for the financial years ending 31 December 2021 and 31 December 2020, respectively (see section entitled "Annual STIP Award" on pages 81 and 82 for further details).

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****DIRECTORS' REMUNERATION REPORT (CONTINUED)****Annual Report on Remuneration for 2021 (continued)****Directors' remuneration for 2021 (continued)**

5. Details of outstanding equity awards granted to the CEO under the LTIP are set out on pages 84 to 85. The values included in the table above relate to the grant date fair values of awards granted under the LTIP. In accordance with the regulations, the fair value of the restricted stock unit and stock option awards are included in the single figure of total remuneration for the year. The value of performance units will be reported in the single figure for the year in which the performance period ends.

6. The payment in 2020 represents one of four payments under the arrangement to terminate the CEO's pension top up agreement. The payment in 2021 represents payment of the remaining £3,400,000 under that arrangement, which was accelerated by the closing of the acquisition of just under 40% of our outstanding shares by SK Capital in December 2020, which constituted a change in control under the Top-Up Amendment. Please see "Pension Top-Up Arrangement" on page 83 for more information.

7. The CEO is the only executive director of the company. He is remunerated by our wholly-owned subsidiary, Venator Materials UK Limited. The CEO voluntarily elected to temporarily reduce his salary by 25% (£493,323 annualised) from May 2020 to September 2020 in response to the impact of COVID-19. Details of the CEO's historical compensation can be found in Venator's filings and communications with the SEC. Amounts paid under the Annual LTIP award represent the grant date fair value of such awards. Amounts paid to the CEO in GBP have been converted using an exchange rate of 1 GBP to 1.39 USD, being the exchange rate as of 16 February 2021, the date on which 2021 compensation was approved.

8. Non-executive directors Barry Siadat and Aaron Davenport waived their rights to compensation for 2021.

9. Please see "Non-executive Director Compensation on page 86 for an explanation of these fees.

Annual STIP award

The CEO was entitled to participate in an annual bonus arrangement referred to as the "STIP" (short-term incentive plan) for the year ending 31 December 2021. The bonus opportunity for target performance was 100% of base salary. Achievement levels between threshold and target result in award pay-outs from 0% to 100% of target. Achievement levels between target and maximum result in award pay-outs from 100% to 200% of target for the CEO. The STIP award was based on:

Performance measure	Weighting (% salary at target)	Performance require at:			Actual performance	Payout (% salary)
		Threshold	Target	Stretch		
Adjusted free cash flow ⁽¹⁾	45%	\$(75)	\$(55)	\$(35)	\$(43)	72%
Adjusted EBITDA	30%	\$170	\$190	\$210	\$180	15%
2020 Business Improvement Plan benefit	10%	\$38	\$45	\$52	\$51	19%
Discretionary for personal performance	15%	—	—	—	29%	29%
Total	100%					135%

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****DIRECTORS' REMUNERATION REPORT (CONTINUED)****Annual Report on Remuneration for 2021 (continued)****Annual STIP award (continued)**

1. Adjusted free cash flow is a non-GAAP financial measure that the Compensation Committee uses as a component of the STIP for executive officers, including Mr. Turner. Adjusted free cash flow is defined as cash provided from operating activities and cash required for certain investing and financing activities, which for 2021 includes net cash investments in LPC, proceeds from the sales of our Water Treatment business and portions of our Pori, Finland facility and cash paid under our tax matters agreement. The Compensation Committee seeks to include these items within the definition of adjusted free cash flow as it seeks to focus and incentivise executive officers on the most controllable elements of cash flow.

Based on performance during 2021, the Compensation Committee awarded a pay-out of 135% of target to our CEO. This included a pay-out of 29% for the discretionary component for the personal performance of the CEO during 2021. The Compensation Committee considered the CEO's performance against the backdrop of the continued disruption to the global economy and our business due to the COVID-19 pandemic. In particular, the Compensation Committee noted that the CEO had found a route to deliver adjusted EBITDA and adjusted free cash flow performance near or above targeted levels despite the continued challenges from the COVID pandemic and the impact of plant shutdowns reducing available capacity in a tight supply environment. The Compensation Committee noted that accomplishments in 2021 had been the result of a true team effort, which required strong leadership with swift and impactful decisions.

The STIP award was paid in cash.

Pension

Whilst at Huntsman prior to our IPO, the CEO participated in defined benefit pension arrangements through the tax-qualified Tioxide Pension Fund and, for service with Huntsman through 2010, the Huntsman Global Pension Scheme. The Tioxide Pension Fund was largely maintained to provide benefits for employees in Huntsman's Pigments and Additives segment. Sponsorship of the plan was transferred to Venator in connection with our IPO. At the beginning of 2018, Huntsman transferred sponsorship of the Huntsman Global Pension Scheme to Venator and Venator continues to maintain the plan for applicable participants. Normal retirement age under these pension schemes is age 60 for the CEO and he is not entitled to additional benefits if he retires early.

The company did not make any contributions under either of these plans for the CEO in 2021 and will not make further contributions in future years. In lieu of making contributions to these plans, the company makes monthly cash payments to the CEO that are approximately equivalent to amounts that he would have been eligible to receive as an active plan participant, although the amounts are not directly calculated pursuant to the terms of the pension plan documents and equate to approximately 15% of the CEO's salary. As of 31 December 2021, the CEO had approximately 32 years of service in the UK and is fully vested in benefits from these plans.

Venator Materials PLC, Company Registration No. 10747130

**Annual Report and Financial Statements
For the year ended 31 December 2021**

DIRECTORS' REMUNERATION REPORT (CONTINUED)

Annual Report on Remuneration for 2021 (continued)

Pension (continued)

Pension Top-Up Arrangement

During 2012, Huntsman entered into a pension top-up agreement with the CEO that was put in place to make up for benefits lost due to regulatory restrictions in the U.K. and which was intended to provide additional benefits based on the CEO's uncapped final salary. The present value for the CEO under this pension top-up agreement varied based on his salary for the preceding 12 months and then-current actuarial and other assumptions. Our company assumed this agreement in connection with our IPO. The benefits payable pursuant to the pension top-up agreement were calculated and determined under the same terms and conditions as the applicable pension plans.

Effective 13 November 2019, we terminated the pension top-up agreement with the CEO pursuant to an amendment to his Terms and Conditions of Employment with our wholly-owned subsidiary that employs the CEO, the Top-Up Amendment. Prior to the termination of the arrangement pursuant to the Top-Up Amendment, the present value of the CEO's accumulated benefit under the pension top-up agreement had continued to increase beyond the \$15,821,394 disclosed in our 2019 proxy statement. The CEO was fully vested in all benefits provided under the pension top-up agreement prior to its termination.

Pursuant to the Top-Up Amendment, the pension top-up agreement was terminated and our obligations under the pension top-up agreement were fully satisfied by payment to the CEO of an aggregate amount totalling £6,800,000 (\$8,810,080), the approximate value of the pension top-up obligation at the date of Venator's separation from Huntsman, and which pursuant to the Top-Up Amendment was payable in four equal instalments. The first two instalments were paid on 20 December 2019 and 20 December 2020. The closing of the acquisition of just under 40% of our outstanding shares by SK Capital in December 2020 constituted a change in control under the Top-Up Amendment and accelerated payment of the remaining £3,400,000 to January 2021.

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****DIRECTORS' REMUNERATION REPORT (CONTINUED)****Annual Report on Remuneration for 2021 (continued)****Long-term incentive plans (supplemental equity award)**

Details of the supplemental equity granted to the CEO under the LTIP in 2021 are set forth below. Other than as indicated below, the awards are not subject to performance conditions.

Awards to the CEO	Fair value ¹ (\$'000)	Award date	No. of shares granted	Exercise price (\$)	Date of vesting/exercise	Expiry Date
Restricted stock units	1,750	17 February 2021	423,729	—	The award vests in three equal annual instalments beginning 17 February 2022	—
Stock options	875	17 February 2021	366,109	4.13	The award vests in three equal annual instalments beginning 17 February 2022	17 February 2031
Performance Units ²	875	17 February 2021	Target: 211,864 Max: 423,728	—	The award vests on 31 December 2023 and is based on relative TSR performance	—

1. Based on the fair value of the awards at the date of grant. The fair value of the restricted stock units and the performance units on the date of grant is the same as the face value. The fair value of each stock option on the date of grant was \$2.39 using the Black Scholes valuation method. If the stock options were shown based on the face value at the date of grant of \$4.13, which is not considered by the Committee in determining the value of such awards, then the value of the stock options would be \$1,512,030. In accordance with the regulations, the fair value of the restricted stock unit and stock option awards are included in the single figure of total remuneration for the year. The ultimate value realised for the performance units will depend upon the performance units awarded and the value of our shares at that time and will be reported in the single figure for the year in which the performance period ends.

2. Performance units are paid \ based on relative performance against a group of peers over three years as follows:

Percentile Rank Relative TSR ^a	Payout Percentage of Target Number of Shares ^b
90 th percentile or better	200%
75 th percentile or better	175%
50 th percentile or better	100%
25 th percentile or better	50%
Less than 25 th percentile	0%

a. The peer group comprises the following companies:

Albemarle Corporation	Chemours Company	Mineral Technologies Inc.
Ashland Global Holdings Inc.	Croda International Plc	Tronox Ltd
Axalta Coating Systems	Element Solutions Inc.	WR Grace & Co.
Cabot Corporation	Ferro Corporation	

b. Payout for performance between points determined using straight-line interpolation. The Committee may reduce the payout of performance units if absolute TSR is negative.

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****DIRECTORS' REMUNERATION REPORT (CONTINUED)****Annual Report on Remuneration for 2021 (continued)****Long-term incentive plans (supplemental equity award) (continued)**

As of 31 December 2021, the CEO had outstanding the awards set forth below under the LTIP. Other than as indicated below, the awards are not subject to performance conditions.

Awards to the CEO	Award date	No. of shares outstanding	Exercise price (\$)	Date of vesting/exercise	Expiry Date
Stock option	16 August 2017	57,496	15.81	The award vests in three equal annual instalments beginning 1 February 2018 ¹	1 February 2027
Stock option	16 August 2017	54,268	6.67	The award vests in three equal annual instalments beginning 1 February 2018 ¹	1 February 2027
Stock option	16 August 2017	11,145	17.13	The award vests in three equal annual instalments beginning 1 February 2018 ¹	1 February 2027
Stock options	27 September 2017	41,494	22.83	The award vests in three equal annual instalments beginning 27 September 2018 ¹	27 September 2027
Stock options	14 February 2018	109,409	21.86	The award vests in three equal annual instalments beginning 14 February 2020 ¹	14 February 2028
Restricted stock units	13 February 2019	65,217	—	The award vests in three equal annual instalments beginning 13 February 2020	—
Performance units	13 February 2019	97,826	—	The award vests on 31 December 2021, subject to the achievement of relative TSR performance metrics during the performance period from January 1, 2019 to December 31, 2021	—
Stock options	13 February 2019	223,214	5.75	The award vests in three equal annual instalments beginning 13 February 2020	13 February 2029
Restricted stock units	11 February 2020	443,548	—	The award vests in three equal annual instalments beginning 11 February 2021	—
Performance units	11 February 2020	221,774	—	The award vests on 31 December 2022, subject to the achievement of relative TSR performance metrics during the performance period from January 1, 2020 to December 31, 2022	—
Stock options	11 February 2020	455,298	3.10	The award vests in three equal annual instalments beginning 11 February 2021 ¹	11 February 2030
Restricted stock units	17 February 2021	423,729	—	The award vests in three equal annual instalments beginning 17 February 2022	—
Performance units	17 February 2021	211,864	—	The award vests on 31 December 2023, subject to the achievement of relative TSR performance metrics during the performance period from January 1, 2021 to December 31, 2023	—
Stock options	17 February 2021	366,109	4.13	The award vests in three equal annual instalments beginning 17 February 2021 ¹	17 February 2031
Total		2,782,391			

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****DIRECTORS' REMUNERATION REPORT (CONTINUED)****Annual Report on Remuneration for 2021 (continued)****Long-term incentive plans (supplemental equity award) (continued)**

1. Each option may not be exercised on or after the earliest of the following: (i) the date that is ten (10) years following the date of grant (which is tied to the original grant date of the parent award); (ii) the expiry of the period of six months following termination or certain changes of control; and (iii) the expiry of the period during which any person or groups of persons is bound or entitled under Sections 979 to 982 or Sections 983 to 985 of the Companies Act 2006 (or similar law of another jurisdiction) to acquire shares of the same class as the ordinary shares.

2. Upon vesting of restricted stock units and performance units, ordinary shares are delivered to the CEO net of shares withheld for taxes. The net ordinary shares issued to the CEO are included below in the Statement of directors' shareholding and share interests – Beneficially owned shares.

Non-executive Director Compensation

The fee policy for the non-executive directors in 2021 was as follows:

Annual retainer	\$60,000
Additional retainer:	
Chairman of the Board ¹	\$40,000
Vice Chairman/Lead Independent Director ¹	\$25,000
Audit Committee: Chair	\$20,000
Audit Committee: Member ²	\$15,000
Compensation Committee: Chair	\$15,000
Compensation Committee: Member ²	\$10,000
Nominating & Governance Committee: Chair	\$15,000
Nominating & Governance Committee: Member ²	\$10,000

1. Dr. Siadat served as Chairman of the Board and Lead Independent Director throughout 2021 and waived any compensation payable for these roles.

2. The chair of each committee was eligible to receive the additional retainer applicable to committee members in addition to the retainer applicable to the committee chair.

In addition to the cash compensation, the non-executive directors were eligible to receive annual equity-based compensation with an aggregate grant date value equal to \$120,000. These share units, granted under the LTIP, were fully vested upon grant and no exercise price will be payable (other than the nominal value of \$.001 per share). Details of the share awards granted in 2021 to the non-executive directors are set out in the table below:

	Award type	Value¹ (\$'000)	Award date	No. of shares granted
Peter R. Huntsman	Equity	\$120	17 February 2021	29,056
Vir Lakshman	Equity	\$120	17 February 2021	29,056
Daniele Ferrari	Equity	\$120	17 February 2021	29,056
Heike van de Kerkhof	Equity	\$120	17 February 2021	29,056
Kathy Patrick	Equity	\$120	17 February 2021	29,056
Total		\$600		145,280

1. Based on the share price on the date of grant of \$4.13 on 17 February 2021.

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****DIRECTORS' REMUNERATION REPORT (CONTINUED)****Annual Report on Remuneration for 2021 (continued)****Payments to past directors**

There were no payments to past directors during the period.

Payments for loss of office

There were no payments for loss of office during the period.

Statement of directors' shareholding and share interests

The table below sets out details of the directors' shareholdings and share interests at 31 December 2021.

			Interests in shares ²				
Director	Beneficially owned shares	Vested Stock Options	Unvested Stock Options	Unvested restricted stock units	Unvested performance units ³	Vested and undelivered share units	Total
Executive							
Simon Turner	280,285	574,389	744,044	784,644	433,638	—	2,817,000
Non-Executive							
Barry B. Siadat ¹	42,429,807	—	—	—	—	—	42,429,807
Aaron Davenport	—	—	—	—	—	—	—
Daniele Ferrari	—	—	—	—	—	99,381	99,381
Peter R. Huntsman	32,938	—	—	—	—	70,325	103,263
Heike van de Kerkhof	17,639	—	—	—	—	—	17,639
Vir Lakshman	17,707	—	—	—	—	—	17,707
Kathy Patrick	95,000	—	—	—	—	99,435	194,435

1. Dr. Siadat's interest in the 42,429,807 shares reported herein is more fully described in a Schedule 13D and a Form 3, each filed with the SEC on December 23, 2020. Dr. Siadat disclaims beneficial ownership of all interests reported herein except to the extent of his pecuniary interest.

2. Other than the unvested performance units held by the CEO, the interests in shares are not subject to any performance conditions.

3. Does not include PSUs that were forfeited upon vesting on 31 December 2021.

Pursuant to our share ownership guidelines, both executive and non-executive directors must own a number of shares equalling at least 500% of his or her applicable salary or annual retainer whilst employed or retained by Venator. Shares counting toward the guideline include shares held outright by a participant, shares held in trust or under similar arrangements, restricted stock units and share units issued as part of long-term compensation and net shares acquired upon exercise of stock options. Shares acquired by the participant prior to becoming subject to the guidelines are not subject to the retention restriction. Once the guideline is achieved, a participant will not be deemed to have failed to achieve the guideline as a result of a subsequent decline in the market price of Venator's ordinary shares.

As of 31 December 2021, Messrs. Siadat and Huntsman and Ms. Patrick have achieved the ownership requirement. While Mr. Huntsman's holdings do not meet the ownership guideline as of 31 December 2021, based on the closing share price of \$2.54 on that date, he previously achieved the guideline and, pursuant to the terms of the guidelines, is deemed to be in compliance notwithstanding the subsequent decline in market price.

Until such guideline is met, the CEO is required to retain at least 50% of net shares delivered through the company's stock incentive plans. Executive and non-executive directors will not be deemed to be out of compliance with the ownership guidelines until five years after the initial measurement date following such participant's initial appointment. The measurement date is June 30 of each year and a participant is not subject to the guidelines until he or she receives and accepts an equity grant following his or her appointment as a director.

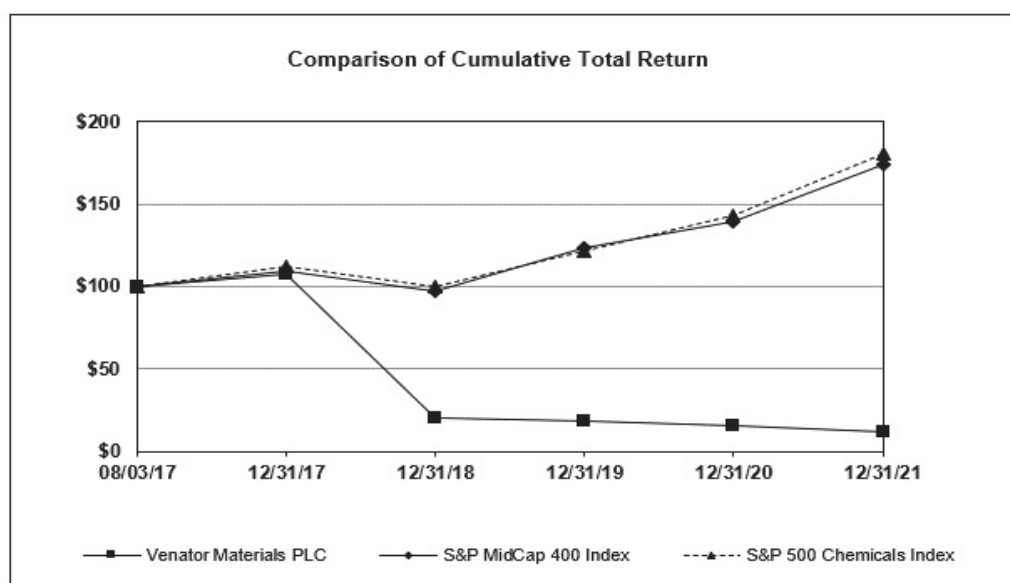
Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****DIRECTORS' REMUNERATION REPORT (CONTINUED)****Annual Report on Remuneration for 2021 (continued)*****Executive Directors' outside appointments***

Executive directors may accept outside appointments with prior Board approval, provided that these opportunities do not negatively impact on their ability to fulfil their duties to the company. Whether any related fees are retained by the individual or are remitted to the company will be considered on a case-by-case basis. The CEO does not currently have any outside appointments.

End of the information provided in this Directors' Remuneration Report that is subject to audit.

Performance graph and table

The chart below shows the total shareholder return performance of the company for the period since the Separation to 31 December 2021, compared to the following indices: the S&P Midcap 400 Index; and the S&P 500 Chemicals Index. These comparators have been chosen as they are broad equity indices comprised of entities of comparable size and complexity.



The table below shows the total remuneration of the CEO over the same period, showing full year compensation for the years 2019 through 2021.

Remuneration of the President & CEO	2021	2020	2019
Total Remuneration (\$'000) ¹	4,941	4,104	3,554
Annual STIP award payable (% maximum) ²	67.5%	66%	50.8%
Restricted stock units and stock options granted (% maximum) ³	17.5%	13.8%	11%
Performance shares vesting (% maximum)	n/a	n/a	n/a

1. Amounts for years 2019 and 2020 have been updated to include taxable health and dental benefits, which were excluded from reported amounts in prior years.

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****DIRECTORS' REMUNERATION REPORT (CONTINUED)****Annual Report on Remuneration for 2021 (continued)****Performance graph and table (continued)**

2. Pursuant to the terms of the STIP, the maximum award opportunity for the relevant years was 200% of base salary.
3. Pursuant to the terms of the LTIP, the maximum amount of dollar-denominated awards that may be granted to any individual during any calendar year may not exceed \$15 million.

Percentage change in remuneration of directors versus employees

In the table below, values in column 'a' represent the percentage change in annualised salary and fees; values in column 'b' represent the percentage change in taxable benefits; and values in column 'c' represent the percentage change in STIP outcomes for performance periods in respect of each financial year.

2021 vs. 2020			
	a	b	c
Employees	5.9%	(3)%	5.8%
Simon Turner	20%	30%	9.7%
Peter R. Huntsman	(25%)	n/a	n/a
Vir Lakshman	n/a	n/a	n/a
Heike van de Kerkhof	n/a	n/a	n/a
Daniele Ferrari	(20%)	n/a	n/a
Kathy Patrick	(5%)	n/a	n/a

2020 vs. 2019			
	a	b	c
Employees	(7.3)%	(15)%	(22.9)%
Simon Turner	(10.5)%	(11%)	29.8%
Peter R. Huntsman	0%	n/a	n/a
Vir Lakshman	n/a	n/a	n/a
Heike van de Kerkhof	n/a	n/a	n/a
Daniele Ferrari	0%	n/a	n/a
Kathy Patrick	0%	n/a	n/a

CEO pay ratio

The table below shows the ratio of the CEO's pay to that of the 25th percentile, 50th percentile and 75th percentile total remuneration of the company's employees in the UK.

	25th %	50th %	75th %
2021 CEO Pay Ratio	97:1	74:1	58:1
2020 CEO Pay Ratio	86:1	65:1	50:1

We selected Option A as the pay ratio methodology for 2020 and 2019, as it is the most statistically accurate method available. Under Option A, we have calculated these figures with actual compensation data for our UK employees. The 25th, 50th and 75th percentile employees were determined based on the remuneration as of 31 December 2020 of all UK employees employed for the full 2020 fiscal year.

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****DIRECTORS' REMUNERATION REPORT (CONTINUED)****Annual Report on Remuneration for 2021 (continued)****CEO pay ratio (continued)**

The table below shows the breakdown of remuneration for each percentile employee:

2021	Salary (£)	Benefits (£)	STIP (£)	Pension (£)	Total (£)
25 th Percentile	32,097	713	0	3,849	36,659
50 th Percentile	40,983	713	0	6,056	47,752
75 th Percentile	53,040	713	0	7,291	61,044

2020	Salary (£)	Benefits (£)	STIP (£)	Pension (£)	Total (£)
25 th Percentile	33,740	0	309	2,699	36,748
50 th Percentile	42,808	604	0	4,920	48,332
75 th Percentile	54,399	0	2,431	6,528	63,358

In reliance on paragraph 19D(6), we omitted LTIP awards because these are less common among the general UK employee population.

Relative importance of the spend on pay

The table below shows the company's spend on pay compared with distributions to shareholders.

	2021	2020	Percentage Change
Remuneration paid to or receivable by all employees (\$'000)	345,575	325,800	6.1%
Distributions to shareholders by way of dividends	Nil	Nil	Nil
Distributions to shareholders by way of share buy-backs (\$'000)	Nil	Nil	n/a

The lower amount spent on pay for all employees in 2020 resulted in part from staff reductions and other measures taken as a result of the COVID-19 pandemic and the resulting economic slowdown.

Votes on Remuneration in 2021

At the Annual General Meeting held on 10 June 2021, votes cast by proxy and the meeting in respect of the directors' remuneration were as follows:

		Votes	%
Approval of the remuneration report	For	78,606,983	89.6%
	Against	327,465	0.4%
	Abstain	575,294	0.1%
	Broker Non-Votes	8,264,820	9.4%

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****DIRECTORS' REMUNERATION REPORT (CONTINUED)****Annual Report on Remuneration for 2021 (continued)****Application of the remuneration policy for 2022**

A summary of how the directors' remuneration policy (which was approved by shareholders at the company's 2020 annual general meeting and can be found on the company's website in the Annual Report and Accounts, attached as Appendix A to the company's 2020 definitive proxy statement) will be applied during the forthcoming year is set out below.

CEO	
Salary for CEO	CEO: £701,573 Salary was initially set as on 1 July 2017 and was unchanged for 2018, 2019, 2020 and 2021. In the remuneration table above, amounts paid to the CEO in GBP have been converted using an exchange rate used in the applicable year to determine salary and bonuses.
Benefits and pension	No change
2022 STIP eligibility	STIP award will be based on a mixture of corporate objectives and personal performance, which will be confirmed following the publication of this report. It is broadly intended that at least 65% of the objectives will be based on financial metrics with the remainder based on non-financial metrics.
2022 LTIP grant	Awards with a fair value of \$3,500,000 delivered 50% in restricted stock units, 25% in stock options and 25% in performance units based on performance in relative TSR as compared to a group of 11 peers, each granted in February 2022.
Adjustments and Clawbacks	The Committee retains the right to make adjustments to actual performance results to take into account the occurrence of any material event, for example, in light of significant changes in the business that would impact the calculation of STIP or LTIP performance metrics. Pursuant to our Incentive Repayment (Clawback) Policy for executive officers, including the CEO, subject to certain exceptions, our company may recover performance-based compensation that was based on achievement of quantitative performance targets if an executive officer engaged in fraud or intentional illegal conduct resulting in a financial restatement.
Chairman and non-executive directors	
Fees	The Chairman and non-executive director fees have not been increased for 2022.

By order of the Board

DocuSigned by:

Kathy D. Patrick

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Kathy D. Patrick
Chairman of the Compensation Committee
20 May 2022

Venator Materials PLC, Company Registration No. 10747130

**Annual Report and Financial Statements
For the year ended 31 December 2021**

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VENATOR MATERIALS PLC

Report on the audit of the financial statements

1. Opinion

In our opinion:

- the financial statements of Venator Materials PLC (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31st December 2021 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

Parent company

- the balance sheet (parent company);
- the statement of changes in equity (parent company); and
- the notes to the company financial statements 1-23;

Group

- the consolidated income statement;
- the consolidated statement of comprehensive (loss) / income;
- the consolidated balance sheet;
- the consolidated statements of equity;
- the consolidated statement of cash flows; and
- the notes to the consolidated financial statements 1-41

The financial reporting framework that has been applied in the preparation of the group financial statements is United Kingdom adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

2. Basis for opinion

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

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VENATOR MATERIALS PLC (CONTINUED)****Report on the audit of the financial statements (continued)****3. Summary of our audit approach**

Key audit matters	The key audit matters that we identified in the current year were: • Restructuring, impairment and plant closing and transition costs - (group financial statements); • Property, plant and equipment - Scarlino Gypsum developments - (group financial statements); • Impairment of fixed assets (group financial statements) and impairment of the investment balance (parent company only) Within this report, key audit matters are identified as follows:  Newly identified  Increased level of risk  Similar level of risk  Decreased level of risk
Materiality	The materiality that we used for the group financial statements was \$15.0m which was determined on the basis of 0.8% of revenue.
Scoping	Audit scoping provides full scope audit coverage of 87% of revenue.
Significant changes in our approach	In the current year, we no longer consider the Noncurrent payable to affiliates due to the change of control pursuant to Section 382 of the U.S. Internal Revenue Code as a key audit matter as it related to a one-off change of control, which has not recurred in the year ended 31 December 2021. We identified two new key audit matters in the current year in relation to: • Property, plant and equipment - Scarlino gypsum developments (group financial statements) • Impairment of the fixed assets (group financial statements)

4. Conclusions relating to going concern

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

Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- Evaluating the appropriateness of the methodology applied in the consideration of the going concern assumption against relevant accounting guidance;
- Assessing the clerical accuracy of the forecasts and the historical accuracy of forecasts prepared by management;
- Assessing the reasonableness of management's forecasts by comparison to actual historic results;
- Evaluating the liquidity of the group and forecast debt covenant positions; and
- Evaluating the liquidity of the group under potential downside forecast scenarios including the effects of the Scarlino gypsum developments.

Venator Materials PLC, Company Registration No. 10747130

**Annual Report and Financial Statements
For the year ended 31 December 2021**

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VENATOR MATERIALS PLC (CONTINUED)

Report on the audit of the financial statements (continued)

4. Conclusions relating to going concern (continued)

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

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

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1 Restructuring, impairment and plant closing and transition costs - (group financial statements) - refer to the Strategic Report and Note 36 to the consolidated financial statements



Key audit matter description	
	The Company has initiated various restructuring programs in recent years, including the closure or partial closure of certain manufacturing plant locations and related workforce reductions. In connection with these restructuring activities, the Company recorded restructuring, impairment and plant closing and transition costs of \$59 million for the year ended 31 December, 2021, of which \$4 million relates to employee benefits, \$5 million relates to accelerated depreciation and \$50 million relates to other plant closing costs. The Company expects to incur additional charges of approximately \$54 million for employee benefits and other plant closing costs through 2024. We identified management's estimates of charges associated with these restructuring programs as a Key Audit Matter because of the significant judgments and assumptions management makes to estimate restructuring expenses recorded in 2021 and expected additional charges disclosed in relation to future years, as well as the timing of recognition for such charges, for (1) employee benefits which are impacted by the scope and timing of employee terminations in relation to the assets decommissioned and by the complexity of termination benefits, (2) accelerated depreciation which is impacted by the scope of facility assets identified for decommissioning and the timing of decommissioning and (3) other charges that relate primarily to contract terminations. Testing management's estimates required a high degree of auditor judgment and an increased extent of effort.

Venator Materials PLC, Company Registration No. 10747130

Annual Report and Financial Statements

For the year ended 31 December 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VENATOR MATERIALS PLC (CONTINUED)

Report on the audit of the financial statements (continued)

5. Key audit matters (continued)

5.1 Restructuring, impairment and plant closing and transition costs - (group financial statements) - refer to the Strategic Report and Note 36 to the consolidated financial statements (continued) 	
How the scope of our audit responded to the key audit matter	Our audit procedures related to management's estimates of charges associated with these restructuring programs, including restructuring expenses recorded in 2021 and expected additional charges disclosed in relation to future years, included the following, among others: • We tested the effectiveness of controls over management's estimates of restructuring, impairment and plant closing and transition costs. • We tested the mathematical accuracy of management's estimates of restructuring, impairment and plant closing and transition costs. • We evaluated the reasonableness of management's estimates for and timing of employee benefits by: - o Evaluating that the appropriate accounting treatment was applied based on whether employee terminations were voluntary or involuntary or involved reductions in pension or other employee benefits. - o Comparing the number of positions to be terminated and the timeline of terminations to management's restructuring plan, and by performing corroborating inquiries with the Company's facility managers and human resource managers. - o Evaluating the reasonableness of the methodology used to calculate the value of employee benefits considering the Company's agreements with local workers unions, local regulatory rulings, and management's restructuring plan which outlines the scope, nature and timing of employee benefits to be provided. - o Selecting a sample of employees to be terminated and comparing salary, bonus, length of service and other attributes included in management's estimates to information included in the Company's payroll records, agreements with local workers unions, local regulatory rulings, and management's restructuring plan. • We evaluated the reasonableness of management's estimates for and timing of accelerated depreciation by: - o Comparing the scope and value of assets included in management's estimates to management's restructuring plan for decommissioning a facility or a portion of the facility and to asset registers. - o Evaluating the reasonableness of the methodology used to allocate asset values of shared assets between the portion of the facility planned for decommissioning and the portion of the facility planned for continuing operations. - o Performing corroborating inquiries with the Company's facility managers regarding assets and allocation of shared assets planned for decommissioning and their planned timing of decommissioning.

Venator Materials PLC, Company Registration No. 10747130

Annual Report and Financial Statements

For the year ended 31 December 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VENATOR MATERIALS PLC (CONTINUED)

Report on the audit of the financial statements (continued)

5. Key audit matters (continued)

5.1 Restructuring, impairment and plant closing and transition costs - (group financial statements) - refer to the Strategic Report and Note 36 to the consolidated financial statements (continued) 	
How the scope of our audit responded to the key audit matter (continued)	•We evaluated the reasonableness of management's estimates for and timing of other plant closure costs related to contract terminations by: - o Discussing the status of negotiations related to the contract termination and settlement with senior management including in-house counsel. - o Obtaining and evaluating the letters of audit inquiry with internal and external legal counsel. - o Evaluating that the appropriate accounting treatment was applied and timing of recognition was appropriate based on the terms of the contract and legal interpretation. - o Evaluating the reasonableness of the methodology used to calculate the estimated payments under the termination provisions in the contract and legal interpretation. - o Selecting a sample of payments made related to the contract termination provisions.
Key observations	The results of our procedures were satisfactory and we concur with management's assessment.

5.2 Property plant and equipment - Scarlino Gypsum developments (group financial statements) - refer to the Strategy and Outlook section of the Strategic Report and Note 29 of the consolidated financial statements (continued) 	
Key audit matter description	The Company's Scarlino, Italy TiO₂ manufacturing facility generates gypsum as a by-product of the manufacturing process, which has been landfilled on-site and also transported for use in the reclamation of a nearby former quarry owned and operated by third parties. The Company expects there will no longer be capacity for gypsum at the quarry under existing required governmental approvals beyond the second quarter of 2022 and to date, government authorities have not approved the proposals the Company has made for additional capacity at the on-site landfill. The property, plant and equipment at the Company's Scarlino manufacturing facility has a net book value of \$104 million, the weighted-average useful life of the assets is 10 years, and the Scarlino manufacturing facility is included in the Company's European TiO₂ Cash Generating Unit. The Company evaluated the useful life of the property, plant and equipment at the Scarlino manufacturing plant and based on management's expectation that the facility will continue to generate cash flows through at least the remaining useful life, no adjustments to the depreciation period were required. We identified management's judgments regarding the useful life of the Scarlino property, plant and equipment as a Key Audit Matter because of (1) the uncertainty associated with obtaining the required government approvals for additional capacity at the on-site landfill and any longer-term options for disposing of the gypsum and (2) the significant management judgments, estimates, and assumptions used to determine the useful life of the Scarlino property, plant and equipment. Testing management's judgments, estimates, and assumptions required a high degree of auditor judgment and an increased extent of effort.

Venator Materials PLC, Company Registration No. 10747130

Annual Report and Financial Statements

For the year ended 31 December 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VENATOR MATERIALS PLC (CONTINUED)

Report on the audit of the financial statements (continued)

5. Key audit matters (continued)

5.2 Property plant and equipment - Scarlino Gypsum developments (group financial statements) - refer to the Strategy and Outlook section of the Strategic Report and Note 29 of the consolidated financial statements (continued)	
How the scope of our audit responded to the key audit matter	Our audit procedures related to management's judgments, estimates, and assumptions regarding the useful life of the Scarlino property, plant and equipment, included the following, among others: • We tested the effectiveness of controls over management's judgments, estimates, and assumptions involved in the evaluation of the useful life of the Scarlino property, plant and equipment, including controls over the Company's forecasting process. • We, with the assistance of our local component audit team in Italy, evaluated the reasonableness of management's judgments and assumptions regarding the useful life of the Scarlino property, plant and equipment by: - o Performing inquiries with the Company's management and internal subject matter experts regarding their views on the most likely outcome of the government approval process for additional capacity at the on-site landfill and the feasibility of longer-term options to reduce the volume of gypsum produced in the Scarlino manufacturing process or developing new business opportunities for the sale of gypsum for commercial use. - o Reading written correspondence and other materials between the Company and the government authorities related to the Company's request for approval of additional capacity at the on-site landfill as well as longer-term options to reduce the volume of gypsum produced in the Scarlino manufacturing process. - o Observing the Company's facility to corroborate the Company's assertion that additional capacity at the on-site landfill is available. - o Evaluating information provided by the third-party specialist that management has engaged to assist in the permitting application process for additional capacity at the on-site landfill. - o Evaluating the feasibility of longer-term options to reduce the volume of gypsum produced in the Scarlino manufacturing process or developing new business opportunities for the sale of gypsum for commercial use through consideration of methods utilised at other TiO₂ facilities. • We evaluated management's financial statement disclosures regarding the uncertainty associated with obtaining required government approvals for additional capacity at the on-site landfill and any longer-term options for disposing of the gypsum
Key observations	The results of our procedures were satisfactory and we concur with management's assessment.

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements****For the year ended 31 December 2021****INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VENATOR MATERIALS PLC (CONTINUED)****Report on the audit of the financial statements (continued)****5. Key audit matters (continued)**

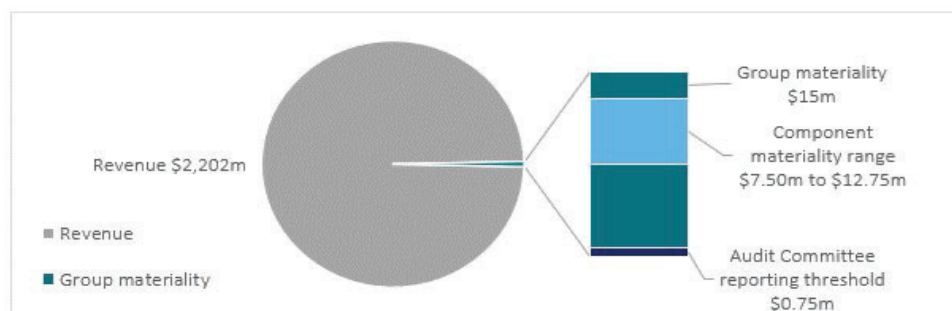
5.3 Impairment of fixed assets (group financial statements) - refer to Note 19 of the consolidated financial statements and Impairment of the investment balance (parent company only) - refer to Note 11 of the parent company financial statements 	
Key audit matter description	Venator Materials PLC held \$960.3m (2020: \$1,068m) of non-current assets, primarily made up of Property, Plant and Equipment of \$848m (2020: \$946.6m) and Equity method investments of \$100.9m (2020: \$104.3m). Management recognised an impairment charge of \$nil in the year (2020: \$nil). The accounting policy for indicators of impairment is disclosed in Note 2 of the consolidated financial statements. Venator Materials PLC held \$1.08bn (2020: \$1.08bn) of investments (cost) in other group subsidiaries as at 31 December 2021, as per Note 11 of the company only financial statements. Management recognised an impairment charge of \$nil in the year (2020: \$nil). The accounting policy for indicators of impairment is disclosed in Note 2 of the parent company only financial statements. In light of the continued competitive environment in which the Group operates, there is a risk that the carrying value of the assets may be higher than the recoverable amount. Under both IFRS and FRS 102, the company is required to consider any indicators of impairment at the end of each reporting date, and if any indicators are noted, a full impairment review of the balance must be performed. The reason that this has been determined as a key audit matter is due to the size of the balance and also the judgement required in determining the future performance which supports the carrying values. Determining the future performance through determining future discounted cash flows involves various assumptions, including the discount rate.
How the scope of our audit responded to the key audit matter	Our audit procedures related to the impairment of the balances included the following, among others: • We obtained an understanding of the relevant controls over the impairment process. • We assessed the appropriateness of the methodology applied in the consideration of the impairment triggers against relevant accounting guidance. • We performed a detailed review and independent re-calculation of management's impairment calculation to test the mathematical accuracy. • We utilised an internal valuation expert to assess the reasonableness of management's valuation methodology. • We utilised an internal valuation expert to develop a reasonable range for a discount rate for the group. We then compared the discount rate used by management to this range. We also challenged the assumptions applied by management in their determination of future discounted cash flows, including climate related costs, by benchmarking key assumptions against relevant historical data and comparison to 3rd party industry reports.
Key observations	We identified a deficiency in management's internal control in relation to management's determination of the discount rate. However, management have subsequently corrected their base case scenario to use a discount rate within our reasonable range. Overall the results of our procedures were satisfactory and we concluded that no impairment was appropriate.

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VENATOR MATERIALS PLC (CONTINUED)****Report on the audit of the financial statements (continued)****6. Our application of materiality****6.1. Materiality**

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Materiality	\$15.0m (2020: \$15.0m)	\$12.75m (2020: \$14.9m)
Basis for determining materiality	0.8% of revenue (2020: 0.8%)	2.4% of total equity balance, capped at component materiality (2020: 2.6% of total equity balance).
Rationale for the benchmark applied	We believe that revenue is the appropriate benchmark to use as it is deemed of importance to users of the accounts. It is also a relatively stable measure period on period and reflects the size of the business.	Total equity balance was selected as the appropriate measure on which to determine materiality as it is considered an area of focus for the users of the accounts. The company does not trade and therefore equity is deemed the most appropriate benchmark.

**6.2. Performance materiality**

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent company financial statements
Performance materiality	70% (2020: 65%) of group materiality	70% (2020: 65%) of parent company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the group risk assessment, including an assessment of the group's overall control environment, our past experience of the group audit, which has indicated a low number of corrected and uncorrected misstatements identified in prior periods. We also considered the environment in which the group operates and the impact of external factors including COVID-19.	

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VENATOR MATERIALS PLC (CONTINUED)****Report on the audit of the financial statements (continued)****6. Our application of materiality (continued)****6.3. Error reporting threshold**

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of \$0.75m (2020: \$0.75m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit**7.1. Identification and scoping of components**

The Venator Materials group comprises multiple legal entities operating in multiple jurisdictions across the world. The group is organised into two segments: Titanium Dioxide and Performance Additives.

Titanium Dioxide accounts for 75% (2020: 74%) of total group revenue. The group operates a common control environment. For the majority of entities in the group, this control environment is centralised with the majority of transactions processed through shared service centres using a common ERP system. This includes all entities within the Titanium Dioxide segment. Some of these entities also produce Performance Additive products and in aggregate these entities with a centralised control environment account for 82% (2020: 81%) of group revenue. We have determined the entities within this common, centralised control environment to be a component of the group. We have performed full scope audit procedures on this component.

The remaining entities in the Performance Additive segment operate in multiple locations with a decentralised control environment and multiple different ERP systems. Within this segment we have determined the North America colour pigments business to be a single component. This accounts for 5% (2020: 5%) of total group revenue. We have performed full scope audit procedures on this component.

The component materialities used for the full scope component audits were \$12.75m and \$7.5m.

We tested certain balances in aggregate at a group level; restructuring liabilities, investments in unconsolidated affiliates, income tax, debt, equity and the consolidation process.

Our audit scoping provides full scope audit coverage of 87% (2020: 86%) of revenue. We carried out analytical procedures to confirm our conclusion that there were no risks of material misstatement of the aggregated financial information of the remaining components not subject to full scope audit procedures.

7.2. Our consideration of the control environment**IT controls**

We undertook testing of general IT controls over relevant financial systems used in the group, those being; SAP, Protean, Workday, OneSource, Blackline and the VSIMS environment supporting management information and financial consolidation. These ERPs are used by different components in the group to support the processing of turnover, cost of sales, inventory management and fixed assets, amongst others. We also considered relevant automated controls related to these business processes as well as system-generated information. We planned the audit so as to place reliance on these general IT controls and automated controls.

Our work included obtaining an understanding and testing of the relevant IT controls through inspection of system configurations and of the documentation relating to samples of the performance of controls throughout the year. We were able to rely on IT controls within each of the above ERP systems.

Venator Materials PLC, Company Registration No. 10747130

**Annual Report and Financial Statements
For the year ended 31 December 2021**

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VENATOR MATERIALS PLC (CONTINUED)

Report on the audit of the financial statements (continued)

7. An overview of the scope of our audit (continued)

7.2. Our consideration of the control environment (continued)

Business process and financial reporting controls

We obtained an understanding of, and tested, the relevant controls across the significant account balances, class of transactions and disclosures. We were able to take a controls reliance approach for our testing of a number of account balances and classes of transactions and disclosures for the group audit. This included revenue, cost of sales, administrative expenses, property, plant and equipment, inventories, trade receivables and trade payables, amongst other areas.

A controls reliance approach was not adopted with respect to the parent company only statutory audit.

7.3. Our consideration of climate-related risks

- We obtained an understanding of management's process for considering the impact of climate-related risks and controls that are relevant to the entity through discussions with management;
- We assessed whether the risks identified by management are complete and accurate by assessing these against our knowledge and understanding of the entity, noting that climate change is included as a source of principal risk and uncertainty in the Strategic report.
- Increasing awareness of climate change and environmental concerns may lead to increased or stricter environmental regulations or the rejection of planned new permit applications. We identified risks in relation to waste disposal at Scarlino as detailed in our key audit matters.
- We also identified risks in relation to the reasonableness of forecast future cash flows used in management's impairment reviews including the future impact of climate related costs as detailed in our key audit matters.
- Our work performed to respond to these risks is detailed in our key audit matters.

7.4. Working with other auditors

Deloitte UK and US worked together as an integrated group team to perform the group audit.

As detailed in 7.1 we have performed full scope audit procedures on two components. The first component includes the entities that operate in a centralised, shared service centre, control environment. The majority of audit procedures on this component have been performed by Deloitte US under our direction and supervision. Deloitte US have also performed audit procedure on the North America colour pigments component under our direction and supervision.

We have also utilised Deloitte Finland to perform specified procedures on the centralised, shared service centre component. We have directed and supervised Deloitte Finland by providing referral instructions and holding regular calls and video conferences.

8. Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements****For the year ended 31 December 2021****INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VENATOR MATERIALS PLC (CONTINUED)****Report on the audit of the financial statements (continued)****9. Responsibilities of directors**

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

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

10. Auditor's responsibilities for the audit of the financial statements

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

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

11. Extent to which the audit was considered capable of detecting irregularities, including fraud ¹

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

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, internal audit and the audit committee about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the groups documentation of their policies and procedures relating to:
 - o identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - o detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - o the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team, including significant component audit teams and involving relevant internal specialists, including tax, valuations, pensions and IT regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

¹ The description of how we have identified and assessed the potential risks and our response to those risks requires careful tailoring to discuss entity specific matters, such as any frauds or non-compliances identified as well as the particular laws and regulations that directly impact the financial statements or those where compliance is fundamental to the operation of the entity. This cannot be dealt with only by including a key audit matter that is a fraud risk or relates to non-compliance with laws and regulations.

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements****For the year ended 31 December 2021****INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VENATOR MATERIALS PLC (CONTINUED)****Report on the audit of the financial statements (continued)****11.1. Identifying and assessing potential risks related to irregularities (continued)**

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, SEC compliance and UK Tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included; health and safety, employment law, Foreign Corrupt Practices Act (FCPA) and environmental regulations.

11.2. Audit response to risks identified

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

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the audit committee and in-house and external legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing internal audit reports; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements**12. Opinions on other matters prescribed by the Companies Act 2006**

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

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

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

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

Venator Materials PLC, Company Registration No. 10747130

Annual Report and Financial Statements

For the year ended 31 December 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VENATOR MATERIALS PLC (CONTINUED)

Report on other legal and regulatory requirements (continued)

13. Matters on which we are required to report by exception

13.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in respect of these matters.

13.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14. Use of our report

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

DocuSigned by:



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Alex Butterworth, FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Reading, United Kingdom

20 May 2022

Venator Materials PLC, Company Registration No. 10747130

Annual Report and Financial Statements
For the year ended 31 December 2021CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2021

	Note	Year ended 31 December 2021 \$'000	Year ended 31 December 2020 \$'000
Continuing operations			
Revenue	11	2,212,141	1,937,850
Cost of sales		(2,019,835)	(1,778,418)
Gross profit		192,306	159,432
Other expense	12	(20,400)	(14,856)
Administrative expenses	12	(177,119)	(169,787)
Restructuring costs	12	(59,305)	(62,699)
Impairment loss	12	-	(5,600)
		(256,824)	(252,942)
Operating loss		(64,518)	(93,510)
Finance income	13	517	230
Finance costs	13	(71,565)	(49,279)
Net finance costs		(71,048)	(49,049)
Other Non Operating Income		14,415	27,188
Loss before income tax		(121,151)	(115,371)
Income tax benefit / (expense)	16	31,207	(9,504)
Net loss from continuing operations		(89,944)	(124,875)
Net loss for the year		(89,944)	(124,875)
Less net loss attributable to non-controlling interests		(3,153)	(7,501)
Net loss attributable to Venator Materials PLC		(93,097)	(132,376)
Net loss attributable to Venator Materials PLC:			
Loss from continuing operations, less non-controlling interests		(93,097)	(132,376)
Net loss attributable to Venator Materials PLC		(93,097)	(132,376)
Basic losses per share:			
Net loss attributable to Venator Materials PLC ordinary shareholders	14	(93,097)	(132,376)
Weighted average shares ('000's)		107,275	106,735
Basic losses per share		(0.87)	(1.24)
Diluted losses per share		(0.87)	(1.24)

Venator Materials PLC, Company Registration No. 10747130

Annual Report and Financial Statements
For the year ended 31 December 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE (LOSS) / INCOME
For the year ended 31 December 2021

	Year ended 31 December 2021 \$'000	Year ended 31 December 2020 \$'000
Net loss for the year	(89,944)	(124,875)
Other comprehensive (expense) / income		
<i>Items that may be reclassified to income statement in subsequent years:</i>		
Foreign currency translation adjustments	(34,772)	60,142
<i>Items that will not be reclassified to income statement in subsequent years:</i>		
Re-measurements of retirement benefit obligations, gross of tax	76,410	2,639
Re-measurements of retirement benefit obligations, tax (expense) / credit	(1,060)	247
Other comprehensive income of unconsolidated affiliates	340	1,597
Total other comprehensive income, net of tax	40,918	64,625
Total comprehensive loss for the year, net of tax	(49,026)	(60,250)
Less total comprehensive loss for the year attributable to non-controlling interests	(3,153)	(7,501)
Total comprehensive loss for the year attributable to Venator Materials PLC	(52,179)	(67,751)

Venator Materials PLC, Company Registration No. 10747130

Annual Report and Financial Statements
For the year ended 31 December 2021CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2021

	Note	As at 31 December 2021 \$'000	As at 31 December 2020 \$'000	As at 1 January 2020 \$'000
ASSETS				
Non-current assets				
Intangible assets	17	11,422	17,174	21,235
Investment property	18	25	25	179
Property, plant and equipment	19	846,511	940,966	985,126
Right-of-use assets	28	34,770	44,760	50,880
Deferred tax assets	16	79,882	37,375	34,616
Investments accounted for using the equity method	20	100,885	104,295	91,949
Retirement benefit assets	27	171,964	123,810	78,830
Trade and other receivables	24	35,973	37,958	31,034
Total Non-Current Assets		1,281,432	1,306,363	1,293,849
Current assets				
Inventories	23	478,361	440,210	513,248
Trade and other receivables	24	442,728	393,774	406,832
Accounts receivable from affiliates	33	8,421	-	-
Cash and cash equivalents	22	156,257	219,949	54,772
Total Current Assets		1,085,767	1,053,933	974,852
Total Assets		2,367,199	2,360,296	2,268,701
LIABILITIES				
Non-current liabilities				
Trade and other payables	25	24,725	3,749	6,970
Non current payable to affiliates	16	20,526	17,221	30,211
Long term tax liability	16	2,447	371	43
Interest bearing loans and borrowings	26	941,774	941,490	728,564
Lease liabilities	28	34,582	41,773	45,220
Retirement benefit obligations	27	219,589	274,944	247,141
Provisions	36	42,666	63,712	48,639
Derivative financial instruments	35	1,063	14,018	2,765
Total Non-current Liabilities		1,287,372	1,357,278	1,109,553
Current liabilities				
Interest bearing loans and borrowings	26	3,750	5,891	11,150
Trade and other payables	25	460,921	343,108	434,695
Accounts payable to affiliates	33	17,399	22,035	16,686
Lease liabilities	28	6,685	9,191	9,964
Provisions	36	22,991	8,908	14,136
Total Current Liabilities		511,746	389,133	486,631
Total Liabilities		1,799,118	1,746,411	1,596,184
Net Assets		568,081	613,885	672,517

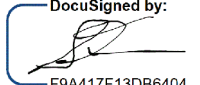
Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
As at 31 December 2021****EQUITY**

Share capital	30	107	107	107
Capital contribution and share option reserve	30	1,339,748	1,332,527	1,325,235
Other reserves	30	(194,360)	(235,527)	(300,168)
Cash flow hedge reserve		-	-	(2,326)
Retained earnings		(582,712)	(489,366)	(356,974)
Equity attributable to equity holders of the parent		562,783	607,741	665,874
Non-controlling interest in subsidiaries		5,298	6,144	6,643
Total Equity		<u>568,081</u>	<u>613,885</u>	<u>672,517</u>

The notes on pages 112 to 209 are an integral part of these financial statements.

These Financial Statements of Venator Materials PLC (registered number 10747130) were approved by the board of directors and authorised for issue on 20 May 2022.

Signed on behalf of the board of directors

DocuSigned by:

 F9A417F13DB6404...
 Simon Turner
 Director
 20 May 2022

Venator Materials PLC, Company Registration No. 10747130

Annual Report and Financial Statements
For the year ended 31 December 2021

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2021

		Share capital	Capital contribution	Share option reserve	Other reserves	Cash flow hedge reserve	Retained earnings	Attributable to owners of the parent	Non controlling interests	Total equity
	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 January 2020		107	1,308,083	17,152	(300,168)	(2,326)	(356,974)	665,874	6,643	672,517
Net (loss) / income for the year		-	-	-	-	-	(132,376)	(132,376)	7,501	(124,875)
Other comprehensive income	30	-	-	-	64,641	-	(16)	64,625	-	64,625
Total comprehensive (loss)/income for the year		-	-	-	64,641	-	(132,392)	(67,751)	7,501	(60,250)
Cash flow hedge reserve:										
Realised fair value losses arising during the period	35	-	-	-	-	(7,712)	-	(7,712)	-	(7,712)
Fair value changes reclassified from equity	13	-	-	-	-	10,038	-	10,038	-	10,038
Issue of share capital, net of issue costs		-	-	-	-	-	-	-	-	-
Debit to equity for equity settled share-based payment	15	-	-	(410)	-	-	-	(410)	-	(410)
Share-based payment credit	15	-	-	7,702	-	-	-	7,702	-	7,702
Dividends paid to non-controlling interests		-	-	-	-	-	-	-	(8,000)	(8,000)
Balance at 31 December 2020		107	1,308,083	24,444	(235,527)	-	(489,366)	607,741	6,144	613,885
Net (loss) / income for the year		-	-	-	-	-	(93,097)	(93,097)	3,153	(89,944)
Other comprehensive income	30	-	-	-	41,167	-	(249)	40,918	-	40,918
Total comprehensive loss		-	-	-	41,167	-	(93,346)	(52,179)	3,153	(49,026)
Cash flow hedge reserve:										
Realised fair value gains arising during the period	35	-	-	-	-	16,298	-	16,298	-	16,298
Fair value changes reclassified from equity	13	-	-	-	-	(16,298)	-	(16,298)	-	(16,298)
Issue of share capital, net of issue costs		-	-	-	-	-	-	-	-	-
Debit to equity for equity settled share-based payment	15	-	-	(1,535)	-	-	-	(1,535)	-	(1,535)
Share-based payment credit	15	-	-	8,756	-	-	-	8,756	-	8,756
Dividends paid to non-controlling interests		-	-	-	-	-	-	-	(3,999)	(3,999)
Balance at 31 December 2021		107	1,308,083	31,665	(194,360)	-	(582,712)	562,783	5,298	568,081

The notes on pages 112 to 209 are an integral part of these Financial Statements.

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2021**

	Year ended 31 December 2021 USD'000	Year ended 31 December 2020 USD'000
Operating Activities		
Net loss for the year	(89,944)	(124,875)
Adjustments to reconcile net loss to net cash from operating activities:		
Depreciation and amortisation	127,580	123,930
Loss / (gain) on disposal of assets	7,190	(5,434)
Loss on impairment	-	-
Gain on extinguishment of debt	-	-
Deferred income tax provision	(43,789)	2,009
Share-based compensation expense	7,221	7,290
Other long-term asset write-off	-	-
Other changes in assets and liabilities	-	-
Noncash restructuring and impairment charges	9,809	37,235
Separation loss / (gain)	2,660	(9,709)
Noncash interest	10,177	1,612
Noncash loss on foreign currency transactions	6,729	4,163
Dividends paid to noncontrolling interests	(4,000)	(8,000)
Other, net	(414)	835
Changes in assets and liabilities:		
Accounts receivable	(64,588)	14,018
Inventories	(60,216)	101,873
Prepaid expenses	399	(3,224)
Other current assets	(5,333)	14,845
Other noncurrent assets	(55,716)	(44,041)
Accounts payable	119,697	(77,092)
Accrued liabilities	82,744	39,259
Other noncurrent liabilities	50,975	3,984
Interest received	517	230
Interest paid	(61,667)	(37,965)
Interest element of lease payments	(2,965)	(3,331)
Income taxes paid	(13,635)	(3,185)
Net cash generated from operating activities	<u>23,431</u>	<u>34,427</u>
Investing Activities		
Capital expenditures	(73,042)	(68,959)
Proceeds from sale of businesses / assets	9,041	6,080
Cash received from unconsolidated affiliates	28,450	32,750
Investment in unconsolidated affiliates	(24,700)	(45,500)
Cash received from notes receivable	-	12,069
Change in accrued capital expenditures	-	-
Proceeds from disposal of assets	-	-
Net cash used in investing activities	<u>(60,251)</u>	<u>(63,560)</u>

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
For the year ended 31 December 2021**

Net cash used in investing activities	(60,251)	(63,560)
Financing Activities		
Proceeds from (payments on) short-term debt	(2,141)	2,778
Net (repayments) borrowings on notes payable	-	(7,400)
Principal payments on long-term debt	(3,802)	(3,786)
Proceeds from issuance of long-term debt	-	220,541
Proceeds from termination of cross-currency swaps	-	-
Dividends paid to noncontrolling interests	-	-
Debt issuance costs paid	(2,734)	(7,094)
Principal elements of lease payments	(9,415)	(9,696)
Other	(6,470)	(4,304)
Repayment of long-term debt	-	-
Issuance of senior notes	-	-
Deferred financing costs on credit facilities & senior notes	-	-
Net outflow from employee stock transactions	-	-
Net cash used in financing activities	(24,562)	191,039
Effect of exchange rate changes on cash and cash equivalents	(2,310)	3,271
Net change in cash and cash equivalents	(63,692)	165,177
Cash and cash equivalents, Beginning of period	219,949	54,772
Cash and cash equivalents, End of period	<u>156,257</u>	<u>219,949</u>

Significant US GAAP to IFRS adjustments to the cash flow statement

1. IFRS 7 requires cash flows arising from interest and dividends received and paid to be disclosed separately in the cash flow statement, along with separate disclosure of cash flows arising from taxes on income. These have been separately disclosed in the above IFRS cash flow statement.
2. IFRS 7 requires cash payments regarding the principal portion of a lease liability to be disclosed within financing activities whilst the interest portion is disclosed within operating activities. These have been separately disclosed in the above IFRS cash flow statement.
3. On transition to IFRS, the group has elected to classify interest received and paid, and dividends received and paid, within operating activities. For year ended 31 December 2020, this resulted in dividends paid being reclassified from financing activities under US GAAP to operating activities under IFRS.
4. All US GAAP to IFRS adjustments, as noted in the reconciliation of the income statement, for year ending 31 December 2020 have been adjusted for in the above IFRS cash flow statement.

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****1 General information**

Venator Materials PLC ("Venator" or "Group" or "Company" or "we") is a public limited company incorporated on 28 April 2017, in England and Wales under the Companies Act 2006 and a publicly traded company listed on the NYSE Stock Market. The address of the registered office is Titanium House, Hanzard Drive, Wynyard Park, TS22 5FD.

Venator became an independent publicly traded company following our IPO and separation from Huntsman Corporation in August 2017. Venator operates in two segments: Titanium Dioxide and Performance Additives. The Titanium Dioxide segment primarily manufactures and sells TiO₂, and operates seven TiO₂ manufacturing facilities across the globe. The Performance Additives segment manufactures and sells functional additives, color pigments and timber treatment. This segment operates 13 manufacturing and processing facilities globally.

The following notes to the consolidated financial statements relate to the Venator Group.

2 Basis of accounting**i Basis of preparation**

The consolidated financial statements of the Venator group have been prepared in accordance with International Financial Reporting Standards ("IFRS") in conformity with the requirements of the Companies Act 2006. The consolidated financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

For all periods up to and including the year ended 31 December 2020, the group prepared its consolidated financial statements in accordance with generally accepted accounting principles in the United States of America ("US GAAP"). These financial statements for the year ended 31 December 2021 are the first the group has prepared in accordance with IFRS.

The transition to IFRS has been carried out in accordance with IFRS 1 First-time Adoption of International Financial Reporting Standards. An explanation of how the transition to IFRS affected the reported consolidated financial position, consolidated income statement and consolidated cash flows of the group is set out in "Note 7 - First-Time Adoption of IFRS". The consolidated financial statements were authorised for issue by the Board of Directors on 19 May 2022.

The consolidated financial statements have been prepared under the historical cost convention, except for derivative financial instruments which are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

ii Basis of consolidation*Subsidiaries*

Subsidiaries are all entities over which the group has control. The group 'controls' an entity where the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Non-controlling interests

Non-controlling interests are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements****For the year ended 31 December 2021****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2 Basis of accounting (continued)****ii Basis of consolidation (continued)***Loss of control*

When the group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Investment in consolidated joint ventures

We evaluate our investments and transactions to identify entities for which we hold 50% or less of the share capital / voting rights but where we are the controlling party. We have determined that we have control over two joint ventures, Viance and Pacific Iron Products Sdn Bhd as we can exert power over the investee, we are exposed or have rights to variable returns from involvement with the investee and we have the ability to use our power over the investee to affect the amount of our returns. Venator directs and controls the most relevant activities of these two joint ventures and is therefore exposed to a greater amount of variable returns. Accordingly we consolidate these entities in our consolidated financial statements. See "Note 6 - Critical Accounting Judgements and Key Sources of Estimation Uncertainty" for more information.

Viance is our 50%-owned joint venture with IFF. Viance markets our timber treatment products. The joint venture sources all of its products through a contract manufacturing arrangement at our Harrisburg, North Carolina facility, and we bear a disproportionate amount of working capital risk of loss due to the supply arrangement whereby we control manufacturing on Viance's behalf.

We concluded that we have control over this joint venture. The activity which most significantly impacts this entity as detailed above is manufacturing and Venator controls the manufacturing on Viance's behalf, as such Venator has significant influence and power over the entity as changes in the supply of the product would have a significant impact on the entity. Venator is also able to use its power from controlling the manufacturing to affect the returns it receives. Given that Venator bears a disproportionate amount of working capital risk of loss from this joint venture, this creates exposure to variable returns from its involvement. As a result, we consolidate the assets, liabilities and operating results of Viance into our consolidated and combined financial statements.

Pacific Iron Products Sdn Bhd ("PIP") is our 50%-owned joint venture with Coogee Chemicals Pty. Ltd that manufactures products for Venator. It was determined that the activities that most significantly impact its economic performance are raw material supply, manufacturing and sales. In this joint venture we supply all the raw materials through a fixed cost supply contract, operate the manufacturing facility and market the products of the joint venture to customers. Through a fixed price raw materials supply contract with the joint venture we are exposed to the risk related to the fluctuation of raw material pricing.

We concluded that we have control over this joint venture. Venator supplies the raw materials, operates the manufacturing facility and markets the products therefore we have significant influence and power of the entity. Venator is also exposed to the variable returns of the entity and can influence and affect the returns of the entity as a result of its significant involvement in the supply, manufacturing and marketing activities. As a result, we consolidate the assets, liabilities and operating results of Pacific Iron Products Sdn Bhd into our consolidated and combined financial statements.

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2 Basis of accounting (continued)****ii Basis of consolidation (continued)***Investments in unconsolidated affiliates*

The group's interests in equity-accounted investees comprise of two joint ventures, Louisiana Pigments Company ("LPC") and Mineral Feed S.L.

Associates are those entities in which the group has significant influence, but not control or joint control, over the financial and operating policies. Under IFRS 11 *Joint Arrangements* investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. Per the classification, a joint venture is an arrangement in which the group has joint control, whereby the group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Venator has joint ventures rather than joint operations.

Interests in associates and joint ventures are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

Our investment in Louisiana Pigments Company is one in which we exercise significant influence, but do not control and thereby this investment is accounted for using the equity method. LPC is a joint venture that produces TiO_2 for the exclusive benefit of each of the joint venture partners. In accordance with the joint venture agreement, this plant operates on a break-even basis. The LPC joint venture 50%-owned with Kronos. We share production offtake and operating costs of the plant with Kronos, though we market our share of the production independently. The operations of the joint venture are under the direction of a supervisory committee on which each partner has equal representation.

Changes in ownership interests

When the group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in this entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. Accounting policies of subsidiaries are consistent with the policies adopted by the group.

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2 Basis of accounting (continued)****iii Going concern**

The group and parent company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report on pages 2 to 19. The Strategic Report also sets out the principal risks and uncertainties facing the group and company. The group and the company have the same going concern considerations.

The group and parent company meet their day to day working capital requirements through the group's bank facilities.

The directors have considered the group and the company's current and future prospects, risks and uncertainties, including an assessment of the impact of a potential gas supply shortage as a result of the Russia / Ukraine conflict, rising global energy costs, and its availability of financing, and are satisfied that the group and company can continue to pay its liabilities as they fall due for a period of at least twelve months from the date of approval of these Financial Statements.

The Group operates an annual budget process. The Group's budgets, and risks to their achievement are reviewed by the Board and, once approved are used as the basis for monitoring the Group's performance, incentivising employees, and providing external guidance to shareholders. The processes for identifying and managing risk are described in the Strategic Report which forms part of the consolidated financial statements.

In accordance with the requirements of the UK Corporate Governance Code 2018, the directors have undertaken a comprehensive going concern review over a 24-month period to December 2023, considering the forecast cash flows and the available liquidity of the Group over that 24-month period, taking into account the Group's principal risks and uncertainties.

The directors considered the impact of the following when completing their going concern review:-

- Impacts of the COVID-19 pandemic
- Impacts of Russia's invasion of Ukraine and potential gas shortages
- Impacts of Scarlino Gypsum Developments (see Note 29 Commitments and Contingencies for further details)

COVID-19 pandemic

The COVID-19 pandemic has had a significant adverse impact on our business and the markets in which we operate beginning in the first quarter of 2020. The measures implemented by governmental authorities around the world to contain the virus, including travel bans and restrictions, limits on gatherings, quarantines, shelter-in-place orders and business shutdowns, drove a decrease in demand for many of our products. We began to see recovery in the third quarter of 2020 and by the end of 2021 most of our product lines had returned to pre-pandemic levels of demand.

The impacts of the COVID-19 pandemic on our supply chain and the sudden return of global demand have increased global shipping and logistics challenges. We have experienced delays in shipments due to port congestion and availability of vessels and containers and are taking actions to manage through these challenges. We have seen constrained global supplies of ore feedstocks and other raw materials and we have experienced increases in energy, raw materials and shipping costs. We expect supply chain and logistics challenges to continue in 2022, and we continue to proactively manage our supplier network by maintaining close contact with existing suppliers and seeking alternative arrangements.

We have manufacturing and other operations that are important to our company in areas that remain affected by the outbreak. We continue to actively manage our business and have enacted appropriate safety measures across our organisation in response to the COVID-19 pandemic, including curtailing non-essential business travel, increasing personal protective equipment requirements at our manufacturing sites, increasing cleaning and sanitising measures, implementing social distancing protocols, and requiring or permitting work-from-home arrangements as appropriate. We continue to evaluate the appropriate measures to have in place to safeguard our employees and our business and we may modify our actions as government authorities require or recommend, or as we determine to be in the best interest of our employees, customers, partners and suppliers.

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2 Basis of accounting (continued)****iii Going concern (continued)*****COVID-19 pandemic (continued)***

We anticipate strong demand throughout 2022 as COVID-19 vaccinations progress globally and governments continue to roll back restrictions and protective measures that influence the markets in which we operate. Continued recovery will depend on a variety of other factors beyond our control, including the global rollout of vaccines and the impact of a resurgence of COVID-19 (including from the Omicron variant and other emerging variants which may be more contagious), including the responses of governments to such resurgences, and the effects on the global economy.

The COVID-19 pandemic had a significant impact on our liquidity during 2020 and we took active measures to manage our cash flows during the pandemic. These measures included implementation of our COVID-19 response program during 2020, whereby \$27 million of savings were realised through managing our production network to align with customer demand, managing our inventories and reducing planned capital expenditures during 2020. The cost savings from our COVID-19 response program have been replaced by savings from our 2020 business improvement program, which began in the third quarter of 2020 and for which we expect to realise the full benefit by the end of 2022. The group also raised additional funding during 2020 by completing an offering of \$225 million in aggregate principal amount of senior secured notes (the "Senior Secured Notes") due on July 1, 2025 at 98% of their face value.

Impact of Russia's invasion of Ukraine

A newly emerging risk to the global economy and potentially the business is the invasion of Russia into Ukraine in Feb 2022 and the resulting sanctions imposed from around the world on Russia.

An initial risk assessment has been performed by the business and the impact is not expected to be material.

In 2021, globally across the Venator group, we have minimum exposure to sales and supply with Russia and Ukraine. The main impact could come from energy prices - in 2020, Russia supplied 36% of gas consumed across Europe and in early 2022 were supplying approximately 40% of natural gas imports to Europe. From 2020 levels data, Europe would not be able to meet supply without the gas supplied by Russia and would have to moderate total gas usage by 19%. Therefore, there is the potential for gas prices and supply headwinds which Venator would have exposure to. However, whilst the situation will be monitored closely, Management do not expect the conflict will have a material impact on the Venator group.

Our downside scenario adjusts for a potential gas shortage affecting some of our European facilities reducing our production volume up to 20% for a period in 2022.

Impact of Scarlino Gypsum Developments

Our Scarlino, Italy TiO₂ manufacturing facility, which has a nameplate capacity of 80,000 metric tons and represents approximately 13% of our global nameplate capacity, generates gypsum as a by-product of the manufacturing process, which has been landfilled on-site and also transported for use in the reclamation of a nearby former quarry owned and operated by third parties. Our Scarlino site and the quarry and their respective owner entities and site management are subjects of an investigation by the Italian Public Prosecutor's Office concerning whether our Scarlino site and the quarry operator are in full compliance with applicable laws and permits with regard to the use of gypsum for reclamation at the quarry. Additionally, we expect there will no longer be capacity for gypsum at the quarry under existing required governmental approvals beyond the second quarter of 2022.

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements****For the year ended 31 December 2021****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2 Basis of accounting (continued)****iii Going concern (continued)*****Impact of Scarlino Gypsum Developments (continued)***

In June 2021, in an effort to seek an intermediary solution for gypsum disposal until a longer-term solution could be reached, we requested approval from the region for disposal of gypsum at an area on our Scarlino site in an amount that would be sufficient to operate the facility for an additional twelve months from the date of approval, operating at our effective capacity.

In October 2021, our Scarlino site and the quarry and their respective owner entities and site management became the subject of an investigation by the Italian Public Prosecutor's Office concerning whether our Scarlino site and the quarry operator are in full compliance with applicable laws and permits with regard to the use of gypsum for reclamation at the quarry. This matter remains outstanding although the tests and samples we have taken have confirmed that we are well within the confines of the permit issued. In the fourth quarter of 2021 we received a notice of negative opinion related to this project. We responded in a meeting with the region on October 21, 2021 whereby we presented a ten year plan to reduce our reclamation activities by 80% by the year 2031. This plan provided further details to the strategy set forth in the MOU signed with the region in 2020.

In November 2021, we began working with Ramboll, to prepare a proposal to Regione Toscana, this new application was submitted in February 2022. This on-site capacity, if approved, would provide sufficient red gypsum disposal capacity to operate the facility for another 12 months at current operating rates, with potential for a further separate on-site project that could provide further additional gypsum capacity beyond this first project which combined could provide disposal capacity to operate the facility for an additional 18-24 months.

While there are currently challenges securing additional disposal capacity for our Scarlino we believe we have a clear path to continue operating our sites at the effective capacity throughout the remaining useful life of approximately 10 years. We believe the abundance of options for gypsum disposal provides us sufficient evidence for us to "expect" to use our Scarlino assets for their remaining useful lives and beyond.

Liquidity and borrowings

The directors have taken into consideration the groups available liquidity (cash plus availability under our line of credit). At 31 December 2021, \$201 million was available to be drawn on the ABL revolving credit facility and the group had cash and cash equivalents of \$156 million, a total available liquidity of \$357 million.

The group's financial position as at 31 December 2021 and forecast position at 31 December 2023 are shown below:

	31 December 2021 \$'000	31 December 2023 \$'000
Cash & cash equivalent	156,000	222,000
ABL facility and LC capacity, net	201,000	217,000
Available liquidity	<u>357,000</u>	<u>439,000</u>

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For the year ended 31 December 2021****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2 Basis of accounting (continued)****iii Going concern (continued)****Liquidity and borrowings (continued)**

The Group's committed borrowing facilities at 31 December 2021 and 31 December 2023 are set out below:

	31 December 2021 \$'000	31 December 2023 \$'000
Term Loan Facility ⁽¹⁾	375,000	375,000
Senior Secured Notes ⁽²⁾	225,000	225,000
Senior Unsecured Notes ⁽³⁾	375,000	375,000
Revolving Credit Facility ⁽⁴⁾	330,000	330,000
	<u>1,305,000</u>	<u>1,305,000</u>

1. The Term Loan Facility matures in August 2024

2. The Senior Secured Notes mature in July 2025

3. The Senior Unsecured Notes mature in July 2025

4. The Revolving Credit Facility matures in October 2026

Taking into account the maturity of borrowing facilities, the Group has committed facilities of \$1.3 billion available throughout the period to 31 December 2023.

Covenants

The primary condition or event that would adversely affect our ability to meet our obligations is our financial covenants related to our outstanding debt. We have financial covenants in our ABL Revolving Credit Facility, Term Loan Facility, Senior Secured Notes and our Senior Unsecured Notes (collectively, "Credit Agreements"). The Credit Agreements are categorised as 'covenant lite' deals, as the covenants are predominately 'springing' in nature rather than maintenance covenants. We are subject to maintenance covenants that to which we are subject to on an ongoing basis and can lead to an event of default if breached, and there are springing covenants to which we are subject only when certain triggering events occur.

Based upon our covenant forecast, we have substantial headroom for both our maintenance covenant and the trigger for our springing covenant throughout the forecast period.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2 Basis of accounting (continued)

iii Going concern (continued)

Forecasts

Recognising the challenges of rising global energy prices and the potential impact of the Russia / Ukraine conflict on gas supply, the Group has modelled two forecasts in its assessment of going concern which have been considered by the directors, along with a likelihood assessment of these forecasts, being: — base case, which reflects the directors current expectations of future trading; and a downside forecast, which envisages a 'stress' or 'downside' situation.

The downside forecast assumes a gas shortage which would result in up to a 20% decrease in production for a period in 2022 however, this is currently considered an unlikely scenario.

Our base case forecast assumes Russian gas supplies are not cut off which is supported by the view of Oxford Economics from 8th March 2022... "An important reason why we think the global economy will avoid recession is that we expect any cuts to Russian oil and gas exports to be relatively small and temporary. The recent sharp rises in oil and gas prices to a large degree reflect markets pricing in greater risk of Russian oil and gas supplies being cut off. Our baseline forecast assumes that this does not materialise and that prices fall back somewhat from their recent peaks over the coming weeks".

The downside scenario does not raise a significant doubt about our ability to meet our current obligations in the twelve months from the date of approval of these financial statements, assuming we remain in compliance with our debt covenants. The directors considered a target position where the group has available liquidity (cash plus availability under our line of credit) of around \$200 million, the downside scenario is comfortably above this target position. To date both EBITDA and cash are tracking ahead of the base scenario and external market data supports the assumptions our base case is modelled on.

The scenario analysis performed also does not cast doubt on the company being able to comply with its debt covenants in the twelve months from the date of approval of these financial statements.

3 Functional currency translation

(i) Functional and presentational currency

These consolidated financial statements are presented in US dollars, which is the group's presentational currency and functional currency for Venator's operating activities within the US. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

Venator is domiciled in the UK which uses British pound sterling, however, we report in US dollars.

(ii) Group companies

The accounts of Venator's operating subsidiaries outside of the US consider the functional currency to be the currency of the economic environment in which they operate.

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****3 Functional currency translation (continued)****(ii) Group companies (continued)**

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

(iii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to financial assets and financial liabilities are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income / expense.

Foreign currency transaction gains and losses related to financial assets and financial liabilities, recorded in finance costs, net, in the consolidated statement of profit or loss were net losses of \$20.8 million and net gains of \$21.0 million for the years ended 31 December 2021 and 31 December 2020 respectively.

Foreign currency transaction gains and losses recorded in other income / expenses, net in the consolidated statement of profit or loss were net losses of \$2.0 million and net losses of \$6.9 million for the years ended 31 December 2021 and 31 December 2020 respectively.

4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

5 Significant accounting policies**i. Revenue recognition**

Venator generates substantially all of its revenues through sales of inventory in the open market and via long-term supply agreements. Revenue is recognised when the performance obligations under the terms of our contracts are satisfied, at which point the control of the goods transfers to the customer, there is a present right to payment and legal title, and the risks and rewards of ownership have transferred to the customer. Revenue is measured as the amount of consideration we expect to receive in exchange for transferred goods.

ii. Cost of goods sold

Venator classifies the costs of manufacturing and distributing its products as cost of goods sold. Manufacturing costs include variable costs, primarily raw materials and energy, and fixed expenses directly associated with production. Manufacturing costs include, among other things, plant site operating costs and overhead costs (including depreciation), production planning and logistics costs, repair and maintenance costs, plant site purchasing costs, and engineering and technical support costs. Distribution, freight, and warehousing costs are also included in cost of goods sold.

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****5 Significant accounting policies (continued)****iii. Government grants**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions. Grant income is recognised in the consolidated statement of profit and loss within administrative expenses.

Deferral and presentation of government grants

Government grants relating to costs are deferred and recognised in the consolidated statement of profit or loss over the period necessary to match them with the costs that they are intended to compensate. This includes government assistance received in response to the global COVID-19 pandemic.

Government grants relating to the purchase of property, plant and equipment are included in noncurrent liabilities as deferred income and they are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

iv. Short-term employee benefits

The group provides benefits to its employees including salary and share-based payment awards.

Short-term employee benefits, including salary, are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented within current liabilities - trade and other payables in the consolidated balance sheet.

v. Share-based payment arrangements

Venator's compensation committee and board of directors adopted the Venator Materials 2017 Stock Incentive Plan (the "LTIP") to provide for the granting of non-qualified stock options, incentive stock options, stock appreciation rights, restricted stock, phantom shares, performance awards and other stock-based awards to our employees, directors and consultants and to employees and consultants of our subsidiaries, provided that incentive stock options may be granted solely to employees.

The grant-date fair value of equity-settled share-based payment arrangements granted to employees, is recognised as an expense in profit or loss, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the numbers of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of each stock option award and restricted share award is estimated on the date of the grant using the Black-Scholes valuation model.

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**Annual Report and Financial Statements
For the year ended 31 December 2021**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5 Significant accounting policies (continued)

vi. Post-employment obligations

The group operates various post-employment schemes, including both defined benefit and defined contribution pension plans and post-employment medical plans.

Pension obligations

The liability or asset recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit or loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Other post-employment obligations

Some group companies provide post-retirement healthcare benefits to their retirees. 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 pension plans. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

Other long-term benefit plans

The group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

vii. Termination benefits

Termination benefits are payable when employment is terminated by the group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits at the earlier of the following dates: (a) when the group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****5 Significant accounting policies (continued)****viii. *Borrowing costs***

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

ix. *Finance income and finance costs*

The group's finance income and finance costs include:

- interest income;
- interest expense; and
- the foreign currency gain or loss on financial assets and financial liabilities.

Interest income or expense is recognised using the effective interest method.

Interest income is recognised when it is probable that the economic benefits will flow to the company and the amount receivable can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable to the financial asset. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset to the asset's net carrying amount on initial recognition.

Interest payable is recognised when it is probable that the economic benefits will flow from the company and the amount payable can be measured reliably. Interest payable is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable to the financial liability. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial liability to the liability's net carrying amount on initial recognition.

x. *Taxation*

Venator is comprised of operations in various tax jurisdictions.

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, and in which case the resulting current or deferred tax expense (or income) is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense (or income).

The group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

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**Annual Report and Financial Statements
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5 Significant accounting policies (continued)

x. *Taxation (continued)*

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax

Deferred tax is the tax expected to be payable (or recoverable) in respect of all timing differences that have originated but not reversed at the reporting date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred. Timing differences are differences between the group's taxable profits and total comprehensive income as stated in the Consolidated Financial Statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the consolidated financial statements.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, the future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

These conclusions require significant judgment. In evaluating the evidence from historical results and Venator's projections for the future, Venator also considers the cyclicity of the business and cumulative income or losses during the prior periods.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Deferred tax assets and liabilities are offset only if: a) the company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****5 Significant accounting policies (continued)****xi. Research and development**

Costs associated with the creation of intangible assets are classified into research phase costs and development phase costs. Costs in the research phase are always expensed. Costs in the development phase are capitalised, if all 6 of the criteria are demonstrated.

1). Technical feasibility of completing the intangible asset, 2). The intention to complete the intangible asset, 3). The ability to use or sell the intangible asset, 4). How the intangible asset will generate probable future economic benefits (market for or usefulness of the intangible asset), 5). The availability of adequate resources to complete the development and to use or sell it and 6). The ability to measure reliably the expenditure attributable to the intangible asset during its development. Development costs initially recognised as expenses cannot be capitalised in a subsequent period.

Research and development costs expenses are recorded within administrative expenses in the consolidated statement of profit or loss. Research and development costs charged to expense were \$14.8 million and \$13.0 million for the years ended 31 December 2021 and 31 December 2020 respectively.

xii. Earnings (losses) per share

Basic earnings (losses) per share excludes dilution and is computed by dividing net income (loss) attributable to Venator Materials PLC ordinary shareholders by the weighted average number of shares outstanding during the period. Diluted earnings (losses) per share reflects all potential dilutive ordinary shares outstanding during the period and is computed by dividing net income (loss) attributable to Venator Materials PLC ordinary shareholders by the weighted average number of shares outstanding during the period increased by the number of additional shares that would have been outstanding as dilutive securities.

xiii. Carrying value of long-lived assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

xiv. Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

xv. Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days to 90 days and therefore the majority are classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. The group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****5 Significant accounting policies (continued)****xvi. Inventories**

Inventories are measured at the lower of cost and net realisable value, with cost determined using the first-in, first-out principle and average cost methods for different components of inventory. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. In the case of manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity.

xvii. Intangible assets

Intangible assets are measured at cost (fair value at the time of acquisition) less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Amortisation is calculated to write off the cost of the intangible assets less their estimated residual value using the straight-line method over their estimated useful lives or the life of the related agreement, and is recognised in profit or loss.

The estimated useful lives for current and comparative periods are as follows:

Patents, trademarks and technology	5 - 30 years
Other intangibles	5 - 15 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

xviii. Property, plant and equipment

Property, plant and equipment is measured at historical cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses. Assets under construction are carried at cost, less any provision for impairment. Depreciation is not recognised on assets under construction until the assets are ready for their intended use. The cost of certain items of property, plant and equipment at 1 January 2020, the group's date of transition to IFRS standards, was determined with reference to its historical cost.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the group and the cost of the item can be measured reliably.

The carrying amount of any component accounted for as a separate asset is derecognised when replaced.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is recognised in profit or loss. Land is not depreciated.

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**Annual Report and Financial Statements
For the year ended 31 December 2021**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5 Significant accounting policies (continued)

xviii. *Property, plant and equipment (continued)*

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Buildings	5 - 50 years
Plant and equipment	3 - 30 years
Furniture & Fixtures	3 - 30 years

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 5 xxvii. - Impairment of assets)

Normal maintenance and repairs of plant and equipment are charged to expense as incurred. Renewals, betterments, and major repairs that significantly extend the useful life of the assets are capitalised and the assets replaced, if any, are retired.

xix. *Investment property*

Investment properties, principally land, are held for long-term rental yields and are not occupied by the group. The group elects to carry them at historical cost and recognise any gain or loss on disposal, on sale of the land.

xx. *Assets held for sale*

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets or employee benefit assets, which continue to be measured in accordance with the group's other accounting policies. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

xxi. *Trade payables*

These amounts represent liabilities for goods and services provided to the group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 50 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****5 Significant accounting policies (continued)****xxii. Leases**

At the inception of a contract, the group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

At commencement or on modification of a contract that contains a lease component, the group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the group has elected not to separate non-lease components and account for lease and non-lease components as a single lease component for all classes with the exception of buildings.

The group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the group's incremental borrowing rate. Generally, the group uses its incremental borrowing rate as the discount rate.

The group determines its incremental borrowing rate giving consideration to its recent debt issuances as well as publicly available data for instruments with similar characteristics and making adjustments to reflect the terms of the lease and the type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the group is reasonably certain to exercise, lease payments in an optional renewal period if the group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the group is reasonably certain not to terminate early.

The group has leases with remaining lease terms of up to 90 years, some of which include options to extend the lease term for up to 20 years. Options are recognised as part of our right-of-use assets and lease liabilities when it is reasonably certain that we will extend that option.

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**Annual Report and Financial Statements
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5 Significant accounting policies (continued)

xxii. Leases (continued)

Sublease arrangements and leases with residual value guarantees, sale leaseback terms or material restrictive covenants, are immaterial. Lease payments include fixed and variable lease components. Variable components are derived from usage or market-based indices, such as the consumer price index.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee, if the group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The group has elected not to recognise right-of-use assets and lease liabilities for short-term leases (12 months or less from the commencement date). The group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

See Note 28 for further details on the group's accounting policies for leases.

As a lessor

At inception or on modification of a contract that contains a lease component, the group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components then the group applies IFRS 15 to allocate the consideration in the contract.

The group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5 Significant accounting policies (continued)

xxiii. Provisions

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Provisions are split between amounts expected to be settled within 12 months of the date of the consolidated statement of financial position (current) and amounts expected to be settled later (non-current).

Restructuring

A provision for restructuring is recognised when the group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

Site restoration

Environmental-related restoration and remediation costs are recorded as liabilities when site restoration and environmental remediation and clean-up obligations are either known or considered probable and the related costs can be reasonably estimated. Other environmental expenditures that are principally maintenance or preventative in nature are recorded when expended and incurred and are expensed or capitalised as appropriate.

Asset retirement obligations

Venator accrues for asset retirement obligations, which consist primarily of asbestos abatement costs, demolition and removal costs, leasehold remediation costs and landfill closure costs, in the period in which the obligations are incurred. Asset retirement obligations are initially recorded at estimated fair value. When the related liability is initially recorded, Venator capitalises the cost by increasing the carrying amount of the related long-lived asset. Over time, the liability is accreted to its estimated settlement value and the capitalised cost is depreciated over the useful life of the related asset. Upon settlement of the liability, Venator will recognise a gain or loss for any difference between the settlement amount and the liability recorded. See Note 36, Provisions - Asset Retirement Obligations.

Onerous contracts

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on incremental costs necessary to fulfil the obligation under the contract. Before a provision is established, the group recognises any impairment loss on the assets associated with that contract.

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**Annual Report and Financial Statements
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5 Significant accounting policies (continued)

xxiv. Financial instruments

The carrying amounts reported in the balance sheets for cash and cash equivalents, accounts receivable, amounts receivable from affiliates, accounts payable, current portion of amounts payable to affiliates, and accrued liabilities approximate their fair value because of the immediate or short-term maturity of these financial instruments. The fair value of non-qualified employee benefit plan investments is estimated using prevailing market prices. The estimated fair values of Venator's long-term debt are based on quoted market prices for the identical liability when traded as an asset in an active market.

Financial assets

Initial recognition and subsequent measurement

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. From a review of the group financial statements, the group has concluded the following classification changes to have taken place as a result of IFRS 9 adoption:

- All financial instruments previously classified as loans and receivables are classified and measured at amortised cost under IFRS 9; and
- Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place are recognised on the trade date, i.e., the date that the group commits to purchase or sell the asset.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL.

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

A debt instrument is measured at FVOCI if it meets both of the following conditions and is not designated as FVTPL:

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

All financial instruments not classified at amortised cost or FVOCI as described above are measured at FVTPL. As such, fair value through profit or loss represents a 'residual' category. Financial assets that are held for trading and those managed on a fair value basis are also included in this category.

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****5 Significant accounting policies (continued)****xxiv. Financial instruments (continued)**

Financial assets (continued)

Reclassification

IFRS 9 requires financial assets to be reclassified between measurement categories when, and only when, the entity's business model for managing them changes. This is a significant event and thus is expected to be uncommon.

Derecognition

A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass through' arrangement; and either a). the group has transferred substantially all the risks and rewards of the asset, or b). the group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. However, if certain conditions are met, an asset may subsequently need to be reclassified.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The group's financial liabilities include trade and other payables, loans and borrowings, including bank overdrafts, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

- Financial liabilities at fair value through income or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through income or loss. The group has not designated any financial liabilities at fair value through profit or loss.
- Loans and borrowings, this is the most relevant to the group. After initial recognition interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate is included as finance costs in the income statement.

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For the year ended 31 December 2021****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****5 Significant accounting policies (continued)****xxiv. Financial instruments (continued)***Derecognition*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liability simultaneously.

xxv. Derivative financial instruments and hedge accounting*Derivative financial instruments*

All derivatives are recorded on Venator's consolidated balance sheets at fair value.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. The group enters into a variety of financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit and loss immediately unless the derivative is designated as a hedging instrument, in which event the timing of the recognition in profit and loss depends on the nature of the hedge relationship. The group designates certain derivatives as either hedges of fair value of recognised assets or liabilities or firm commitments (fair value hedges) or hedges of particular risk associated with the cashflows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges), or hedges of a net investment in a foreign operation (net investment hedges).

At inception of designated hedging relationships, the group documents the risk management objective and strategy for undertaking the hedge. The group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Hedging arrangements

The group applies hedge accounting for transactions entered into to manage the cash flow exposures of borrowings.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised directly in equity as other comprehensive income ("OCI") and is accumulated in the cash flow hedge reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss as part of other gains and losses.

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For the year ended 31 December 2021****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****5 Significant accounting policies (continued)****xxv. Derivative financial instruments and hedge accounting (continued)**

The gain or loss recognised in other comprehensive income is reclassified to the income statement when the hedge relationship ends. Hedge accounting is discontinued when the hedging instrument expires, no longer meets the hedging criteria, the forecast transaction is no longer highly probable, the hedged debt instrument is derecognised or the hedging instrument is terminated. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss. If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve are immediately reclassified to profit or loss.

Note 35 contains details of the fair values of the derivative instruments used for hedging purposes.

xxvi. Fair value measurement

The group measures certain financial instruments, such as derivatives, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For purposes of fair value disclosures, the group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

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For the year ended 31 December 2021****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****5 Significant accounting policies (continued)****xxvii. Impairment of assets**

Assets are assessed for indicators of impairment at each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

The group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If an indication exists, or when impairment testing for an asset is required, the group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's ("CGU's") fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The group bases its impairment calculation on detailed budgets and forecast calculations.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in assumptions used to determine the asset's recoverable amount since the last impairment was recognised. The reversal is limited so that the carrying value amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Financial assets

IFRS 9 introduces a new expected credit loss model which broadens the information than an entity is required to consider when determining its expectations of impairment. Under this new model, expectations of future events must be taken into account and this could result in the earlier recognition of larger impairments.

The group has adopted the simplified expected credit loss model for its trade receivables and contract assets, in accordance with IFRS 9. This simplified approach to measuring expected credit losses uses a lifetime expected loss allowance for all classes of financial assets. Our allowance for doubtful accounts as at 31 December 2021 and 2020 was \$3.9 million and \$4.6 million, respectively.

Trade receivables are carried at cost less allowances for loss. The allowance loss measurement is then determined by applying a simplified approach equalling the lifetime expected credit losses. Under this approach the tracking of credit is not required but instead the base expected credit loss at all times is applied. An allowance for loss is made for potentially impaired receivables during the year in which they are identified based on a periodic review of outstanding amounts. Trade receivables are deemed impaired when there is an indication of significant financial difficulties of the debtor.

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The group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet the following criteria are generally not recoverable:

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the group, in full (without taking into account any collateral held by the group).

Irrespective of the above analysis, the group considers that default has occurred when a financial asset is more than 90 days past due unless the group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate ("EIR").

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the consolidated statement of profit or loss. Interest income (recorded as finance income in the consolidated statement of profit or loss) continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans, together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the consolidated statement of profit or loss.

The group writes off a financial asset when there is information indicating that there is no realistic prospect of recovery from the debtor e.g. when the debtor has been placed under liquidation or has entered bankruptcy proceedings, or in the case of trade receivables when the amounts are over a certain time past due, with the time past due before write off being determined by local GAAP compliance requirements in each relevant jurisdiction depending on which legal entity owns the trade receivable.

xxviii. Equity instruments

Ordinary shares are classified as equity where the instrument evidences a residual interest in the assets of the company after deducting all of the company's liabilities. Incremental costs directly attributable to the issue of ordinary shares are shown as a deduction in equity, net of tax, from the proceeds. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12.

6 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

The preparation of the group's consolidated financial statements requires the directors to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6 Critical Accounting Judgements and Key Sources of Estimation Uncertainty (continued)

i. Critical Accounting Judgements

The following are critical accounting judgements that the directors have made in the process of applying the group's accounting policies and that have the most significant effect on the amounts recognised in the Consolidated Financial Statements.

UEL for Scarlino Plant

We are required to evaluate the carrying value of our long-lived tangible and intangible assets at least at the end of each reporting period and whenever events indicate that such carrying value may not be recoverable in the future or when management's plans change regarding those assets, such as idling or closing a plant.

The Scarlino, Italy TiO₂ manufacturing facility generates gypsum as a by-product of the manufacturing process, which has been landfilled on-site and also transported for use in the reclamation of a nearby former quarry owned and operated by third parties. The company expects there will be limited capacity for gypsum at the quarry under existing required governmental approvals beyond the second quarter of 2022 and to date, government authorities have not approved the proposals we have made for additional capacity at the on-site landfill. The property, plant and equipment at our Scarlino manufacturing facility has a net book value of \$104 million, the weighted-average useful life of the assets is 10 years, and the Scarlino manufacturing facility is included in our European TiO₂ asset group. As a result of the above facts and circumstances, we have evaluated whether impairment indicators existed at the European TiO₂ asset group and based on consideration of various potential scenarios, concluded that the discounted cash flows were significantly in excess of the net carrying value of the asset group and therefore no impairment has been proposed as a result. We have also evaluated the useful life of the property, plant and equipment at the Scarlino manufacturing plant and based on our expectation that the facility will continue to generate cash flows through at least the remaining useful life, no adjustments to the depreciation period have been made.

This is based on the critical judgment we have made, that we'll obtain the temporary permit and source a longer term disposal with the government.

For further details see Note 19, Property, plant & equipment - Impairment for sensitivities, including a scenario excluding the Scarlino plant.

Income taxes

We use the asset and liability method of accounting for income taxes. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial and tax reporting purposes. We evaluate deferred tax assets to determine whether it is more likely than not that they will be realised. Deferred tax assets are reviewed on a tax jurisdiction basis to analyse whether there is sufficient positive or negative evidence to support a change in judgment about the realisability of the deferred tax assets for each jurisdiction. These conclusions require significant judgment. In evaluating the objective evidence that historical results provide, we consider the cyclicity of businesses and cumulative income or losses during the applicable period. Cumulative losses incurred over the period limit our ability to consider other subjective evidence such as our projections for the future. Changes in expected future income in applicable jurisdictions could affect the realisation of deferred tax assets in those jurisdictions.

At 31 December 2021, in part because of the strength and consistency of historical, current, and anticipated future earnings, we determined there is sufficient positive evidence within our Spanish business to conclude that it is more likely than not that net deferred tax assets will be realisable. A key judgment was therefore to recognise Spanish deferred tax assets of \$47 million with a resulting income tax benefit of \$47 million.

See Note 16. Income Taxes" of the consolidated financial statements for more information regarding recognition of our deferred tax assets.

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****6 Critical Accounting Judgements and Key Sources of Estimation Uncertainty (continued)****ii. Key sources of estimation uncertainty**

The following are key sources of estimation uncertainty that the directors have identified which may have a significant risk of causing material adjustments to the carrying value of assets and liabilities within the next financial year.

The estimates at 1 January 2020, 31 December 2020 and 31 December 2021 are consistent with those made for the same dates in accordance with US GAAP (after adjustments to reflect any differences in accounting policies).

Employee benefit programs

We sponsor several contributory and non-contributory defined benefit plans, covering employees primarily in the US, the UK, Germany and Finland, but also covering employees in a number of other countries. We fund the material plans through trust arrangements (or local equivalents) where the assets are held separately from us. We also sponsor unfunded postretirement plans which provide medical and, in some cases, life insurance benefits covering certain employees in the U.S. and Canada. Amounts recorded in our consolidated and combined financial statements are recorded based upon actuarial valuations performed by various third-party actuaries. Inherent in these valuations are numerous assumptions regarding expected long-term rates of return on plan assets, discount rates, compensation increases, mortality rates and health care cost trends. We evaluate these assumptions at least annually.

See Note 27, Employee benefits and sensitivity analysis

Impairment of PP&E

We are required to evaluate the carrying value of our long-lived tangible and intangible assets at least at the end of each reporting period and whenever events indicate that such carrying value may not be recoverable in the future or when management's plans change regarding those assets, such as idling or closing a plant. We evaluate impairment by comparing discounted cash flows of the related asset groups that are largely independent of the cash flows of other asset groups to their carrying values. Key assumptions in determining the future cash flows include the useful life, technology, competitive pressures, raw material pricing and regulations. In connection with our asset evaluation policy, we reviewed all of our long-lived assets for indicators that the carrying value may not be recoverable.

For further details see Note 19, Property, plant & equipment - Impairment.

Legal and environmental provisions

Environmental remediation costs for our facilities are accrued when it is probable that a liability has been incurred and the amount can be reasonably estimated. Estimates of environmental liabilities require evaluating government regulation, available technology, site-specific information and remediation alternatives. We accrue an amount equal to our best estimate of the costs to remediate based upon the available information. The extent of environmental impacts may not be fully known and the processes and costs of remediation may change as new information is obtained or technology for remediation is improved. Our process for estimating the expected cost for remediation considers the information available, technology that can be utilised and estimates of the extent of environmental damage. Adjustments to our estimates are made periodically based upon additional information received as remediation progresses. As of 31 December 2021 and 2020, we had recognised a liability of \$10 million and \$8 million, respectively, related to these environmental matters.

For further details on environmental liabilities see Notes 36: Provisions and Note 29 Commitments and Contingencies.

We are subject to legal proceedings and claims arising out of our business operations. We routinely assess the likelihood of any adverse outcomes to these matters, as well as ranges of probable losses. A determination of the amount of the reserves required, if any, for these contingencies is made after analysis of each known claim. We have an active risk management program consisting of numerous insurance policies secured from many carriers. These policies often provide coverage that is intended to minimize the financial impact, if any, of the legal proceedings. The required reserves may change in the future due to new developments in each matter.

For further details on legal proceedings see Notes 36: Provisions and Note 29 Commitments and Contingencies.

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**Annual Report and Financial Statements
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7 First-time adoption of IFRS

These financial statements, for the year ended 31 December 2021, are the first the group has prepared in accordance with IFRS. For periods up to and including the year ended 31 December 2020, the group prepared its financial statements in accordance with US GAAP.

Accordingly, the group has prepared financial statements that comply with IFRS applicable as at 31 December 2021, together with the comparative period data for the year ended 31 December 2020, as described in the summary of significant accounting policies. In preparing the financial statements, the group's statement of financial position was prepared as at 1 January 2020, the group's date of transition to IFRS.

This note explains the principal adjustments made by the group in restating its US GAAP financial statements, including the statement of financial position as at 1 January 2020 and the financial statements for the year ended 31 December 2020.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Reconciliation of balance sheet as at 1 January 2020 (date of transition to IFRS)

	US GAAP \$'000	As at 1 January 2020 Adjustment \$'000	IFRS \$'000
ASSETS			
Non-current assets			
Intangible assets	21,235	-	21,235
Investment property	-	179 ⁽¹⁾	179
Property, plant and equipment	989,055	(3,929) ⁽²⁾	985,126
Right-of-use assets	42,725	8,155 ⁽³⁾	50,880
Deferred tax assets	33,221	1,395 ⁽⁴⁾	34,616
Investments accounted for using the equity method	91,949	-	91,949
Retirement benefit assets	78,830	-	78,830
Trade and other receivables	31,034	-	31,034
Total Non-Current Assets	1,288,049	5,800	1,293,849
Current assets			
Inventories	513,248	-	513,248
Trade and other receivables	408,884	(2,052) ⁽⁵⁾	406,832
Cash and cash equivalents	54,772	-	54,772
Total Current Assets	976,904	(2,052)	974,852
Total Assets	2,264,953	3,748	2,268,701
LIABILITIES			
Non-current liabilities			
Trade and other payables	6,970	-	6,970
Non current payable to affiliates	30,211	-	30,211
Current tax liabilities	43	-	43
Interest bearing loans and borrowings	736,739	(8,175) ⁽⁶⁾	728,564
Lease liabilities	36,806	8,414 ⁽⁷⁾	45,220
Retirement benefit obligations	246,428	713 ⁽⁸⁾	247,141
Provisions	43,571	5,068 ⁽⁹⁾	48,639
Derivative financial instruments	2,765	-	2,765
Total Non-current Liabilities	1,103,533	6,020	1,109,553
Current liabilities			
Interest bearing loans and borrowings	12,986	(1,836) ⁽¹⁰⁾	11,150
Trade and other payables	435,457	(762) ⁽¹¹⁾	434,695
Accounts payable to affiliates	16,686	-	16,686
Lease liabilities	7,907	2,057 ⁽¹²⁾	9,964
Provisions	14,136	-	14,136
Retirement benefit obligations	1,092	(1,092) ⁽¹³⁾	-
Total Current Liabilities	488,264	(1,633)	486,631
Total Liabilities	1,591,797	4,387	1,596,184
Net Assets	673,156	(639)	672,517
EQUITY			
Share capital	107	-	107
Capital contribution	1,322,367	2,868 ⁽¹⁴⁾	1,325,235
Other reserves	(384,932)	84,764 ⁽¹⁵⁾	(300,168)
Cash flow hedge reserve	-	(2,326) ⁽¹⁶⁾	(2,326)
Retained earnings	(271,029)	(85,945) ⁽¹⁷⁾	(356,974)
Equity attributable to equity holders of the parent	666,513	(639)	665,874
Non-controlling interest in subsidiaries	6,643	-	6,643
Total Equity	673,156	(639)	672,517

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Reconciliation of balance sheet as at 1 January 2020 (date of transition to IFRS) (continued)

Adjustments are comprised of:

(1) Investment property

IFRS requires that property (land and/or buildings) held in order to earn rentals and/or for capital appreciation is separately defined as investment property, as such the group has reclassified two pieces of land to investment property from PP&E. Per IAS 40, investment property can be accounted for at historical cost or fair value as an accounting policy option. The group has elected to report investment property at historical cost.

	\$'000
Reclass historical cost of land from PP&E to investment property	<u>179</u>

(2) Property, plant and equipment

(i) Under IFRS Standards, there is no "layering" as decommissioning provisions are built up (layering under US GAAP occurs as incremental cash flows must be discounted at a current rate, while existing cash flows included in the asset retirement obligation ("ARO") are discounted at their original rate, the provision is therefore built up in cash flow "layers". IFRIC 1 requires that if there is a change in the discount rate for decommissioning provisions, the current discount rate must be used to recalculate the entire provision. As such the ARO's of the group have been recalculated based on current discount rates and an adjustment booked to amend the ARO assets and liabilities.

(ii) Under IFRS standards, for leasees, there is only one single accounting model for the classification of leases. The group reports right-of-use assets in the consolidated IFRS balance sheet as 'right-of-use' assets within non current assets. An adjustment was made to reclass from PP&E to right-of-use assets under IFRS.

(iii) See investment property, adjustment 1.

	\$'000
(i) Change in the discount rate for ARO - update to current discount rate	5,067
(ii) Reclass right-of-use assets presented as PP&E under US GAAP (finance leases under US GAAP)	(8,817)
(iii) Reclass historical cost of land to investment property	<u>(179)</u>
	<u>(3,929)</u>

(3) Right-of-use assets

(i) See property, plant and equipment, adjustment 2 (ii).

(ii) Under IFRS 16, a ROU asset is amortised on a straight-line basis. The amortisation when combined with the interest on the lease liability results in a front-loaded expense profile. As a result under IFRS there is an adjustment to record the additional ROU amortisation.

	\$'000
(i) Reclass right-of-use assets presented as PP&E under US GAAP (finance leases under US GAA	8,817
(ii) Additional depreciation on ROU assets under IFRS - straight line	<u>(662)</u>
	<u>8,155</u>

(4) Deferred tax assets

	\$'000
Tax effect of IFRS adjustments as at 1 January 2020	<u>1,395</u>

(5) Trade and other receivables

Under IFRS 9, only the net interest settlement on derivative financial instruments are reported in the period, as such the interest receivable accrual has been reversed.

	\$'000
Remove interest receivable on derivative financial instrument	<u>(2,052)</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Reconciliation of balance sheet as at 1 January 2020 (date of transition to IFRS) (continued)

(6) Non-current liabilities - Interest bearing loans and borrowings

Under IFRS standards, for leasees, there is only one single accounting model for the classification of leases. The group reports lease liabilities in the consolidated IFRS balance sheet as 'lease liabilities' within current and non current liabilities. Under US GAAP finance lease liabilities were recognised within short-term and long-term debt so an adjustment was made to reclass from debt to lease liabilities under IFRS.

	\$'000
Reclass finance lease liabilities recognised within debt under US GAAP to lease liabilities	<u>(8,175)</u>

(7) Non-current liabilities - Lease liabilities

(i) See non-current liabilities - interest bearing loans and borrowings, adjustment 6.

(ii) Upon translation of the US GAAP financial statements into IFRS an immaterial adjustment to true-up the lease liabilities value was recorded under IFRS.

	\$'000
(i) Reclass finance lease liabilities recognised within debt under US GAAP to lease liabilities	8,175
(ii) Additional lease liability under IFRS compared to US GAAP	<u>239</u>
	<u>8,414</u>

(8) Non-current liabilities - Retirement benefit obligations

(i) IFRS requires a net presentation of pension assets and liabilities. As such, the pension liability in current liabilities - retirement benefit obligations was reclassified to non-current retirement benefit obligation to reflect the long-term nature of the liability.

(ii-v) The group has the actuarial calculations performed using IAS 19 Employee benefits as at transition date to IFRS and recorded the following adjustments as a result.

	\$'000
(i) Reclassify current pension liability to non-current retirement benefit obligation	1,092
(ii) Finland TyEL plan liabilities treat as DC plan under IAS19 - DB scheme under US GAAP	(1,919)
(iii) Germany Jubilee and Death in Service plans not included as DB schemes under US GAAP but are under IFRS	968
(iv) Adjustment for different discount rates used to value US liability under both standards	546
(v) Adjustment for difference in how the Belgium liability is valued under both standards	<u>26</u>
	<u>713</u>

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****Reconciliation of balance sheet as at 1 January 2020 (date of transition to IFRS) (continued)****(9) Non-current liabilities - Provisions**

See property, plant and equipment, adjustment 2 (i).

	\$'000
Update the discount rate for ARO obligations to current discount rate	5,068

(10) Current liabilities - Interest bearing loans and borrowings

See non-current liabilities - interest bearing loans and borrowings, adjustment 6.

	\$'000
Reclass finance lease liabilities recognised within debt under US GAAP to lease liabilities	(1,836)

(11) Current liabilities - Trade and other payables

See non-current liabilities - retirement benefit obligations, adjustment 8. Under US GAAP the Germany Jubilee plan was reported within payroll accruals rather than as a defined benefit obligation.

	\$'000
Reclass accrual for Germany Jubilee plan from accruals to DB pensions	(762)

(12) Current liabilities - Lease liabilities

(i) See non-current liabilities - interest bearing loans and borrowings, adjustment 6.

(ii) See non-current liabilities - lease liabilities, adjustment 7.

	\$'000
(i) Reclass finance lease liabilities recognised within debt under US GAAP to lease liabilities	1,836
(ii) Additional lease liability under IFRS compared to US GAAP	221
	2,057

(13) Current liabilities - Retirement benefit obligations

IFRS requires a net presentation of pension assets and liabilities. As such, the pension liability in current liabilities - retirement benefit obligations was reclassified to non-current retirement benefit obligation to reflect the long-term nature of the liability.

	\$'000
Reclassify current pension liability to non-current retirement benefit obligation	(1,092)
	(1,092)

(14) Equity - Capital contribution

Under US GAAP the group attributed compensation costs over the vesting period by utilising the 'straight-line' method to account for share-based payments subject to graded vesting. Under IFRS 2, companies are not permitted to choose how the valuation or attribution method is applied to awards with graded vesting features. Each instalment of the award is to be treated as a separate grant which means each instalment would be separately measured and attributed to expense over the related vesting period which would accelerate the expense recognition. As such the group has recorded more share-based payment expense under IFRS.

	\$'000
IFRS Adjustment to amortisation of share-based compensation	2,868

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****Reconciliation of balance sheet as at 1 January 2020 (date of transition to IFRS) (continued)****(15) Equity - Other reserves**

(i) IAS 21 requires translation differences arising on the translation of foreign operations to be accumulated in a separate reserve within equity. Applying these requirements retrospectively would require an entity to determine the cumulative translation differences at the date of transition to IFRS and separately classify these within equity. A first time adopter has the option not to comply with this requirement at the date of transition. If this option is adopted the cumulative translation differences are set to zero at the date of transition. The group has made this election when applying IAS 21 and has therefore set the CTA differences as at 1 January 2020 to zero.

(ii) Under US GAAP the group includes the hedging reserve within 'accumulated other comprehensive income' in the consolidated financial statements. Under IFRS standards the hedging reserve is separately reported as a 'cash flow hedge reserve'. As such an adjustment to reclass the balance has been made on the transition to IFRS.

(iii) / (iv) Under US GAAP the foreign exchange gains / losses on the hedged item as included within accumulated other comprehensive income and netted against the fair value movements on the hedging instrument. Under IFRS standards these foreign exchange gains and losses are reported in the statement of profit or loss, therefore an adjustment to reclass the gains / losses has been recorded.

(v) See Trade and other receivables, adjustment 5.

	\$'000
(i) Set CTA to zero on transition to IFRS	83,320
(ii) Reclass US GAAP derivative balance from other reserves to cash flow hedge reserve	(13,896)
(iii) Reclass FX on hedged item from other reserves to P&L	13,431
(iv) Reclass OCI on derivative instrument from CTA to cash flow hedge reserve	1,871
(v) Remove interest receivable on derivative financial instrument from CTA	38
	<u>84,764</u>

(16) Equity - Cash flow hedge reserve

(i) See equity - other reserves, adjustment 14 (ii).

(ii-iv) See equity - other reserves, adjustment 14 (iii / iv).

	\$'000
(i) Reclass US GAAP derivative balance from other reserves to cash flow hedge reserve	13,896
(ii) Release fair value changes in derivative to offset FX on hedged item in P&L	(13,431)
(iii) Reclass OCI on derivative instrument from CTA to cash flow hedge reserve	(1,871)
(iv) Correct OCI on derivative instrument	(920)
	<u>(2,326)</u>

(17) Equity - Retained earnings

Guidance for these adjustments are provided under adjustments 1-15.

	\$'000
(i) Set CTA to zero on transition to IFRS	(83,320)
(ii) Finland TyEL plan liabilities treat as DC plan under IAS19 - DB scheme under US GAAP	1,919
(iii) Germany Jubilee and Death in Service plans not included as DB schemes under US GAAP	(968)
(iv) Adjustment for different discount rates used to value US liability under both standards	(546)
(v) Adjustment for difference in how the Belgium liability is valued under both standards	(26)
(vi) Reclass accrual for Germany Jubilee plan from accruals to DB pensions	762
(vii) Remove interest receivable on derivative financial instrument	(2,091)
(viii) Correct OCI on derivative instrument	920
IFRS Adjustment to amortisation of share-based compensation	(2,868)
Additional depreciation on ROU assets under IFRS - straight line	(662)
Additional lease liability under IFRS compared to US GAAP	(460)
Tax effect of IFRS opening balance adjustments	1,395
	<u>(85,945)</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Reconciliation of balance sheet as at 31 December 2020

	As at 31 December 2020		
	US GAAP \$'000	Adjustment \$'000	IFRS \$'000
ASSETS			
Intangible assets	17,174	-	17,174
Investment property	-	25 ⁽¹⁾	25
Property, plant and equipment	946,591	(5,625) ⁽²⁾	940,966
Right-of-use assets	38,278	6,482 ⁽³⁾	44,760
Deferred tax assets	32,530	4,845 ⁽⁴⁾	37,375
Investments accounted for using the equity method	104,295	-	104,295
Retirement benefit assets	123,810	-	123,810
Trade and other receivables	37,958	-	37,958
Total Non-Current Assets	1,300,636	5,727	1,306,363
Current assets			
Inventories	440,210	-	440,210
Trade and other receivables	396,676	(2,902) ⁽⁵⁾	393,774
Cash and cash equivalents	219,949	-	219,949
Total Current Assets	1,056,835	(2,902)	1,053,933
Total Assets	2,357,471	2,825	2,360,296
LIABILITIES			
Non-current liabilities			
Trade and other payables	3,749	-	3,749
Non current payable to affiliates	17,221	-	17,221
Current tax liabilities	371	-	371
Interest bearing loans and borrowings	950,016	(8,526) ⁽⁶⁾	941,490
Lease liabilities	32,938	8,835 ⁽⁷⁾	41,773
Retirement benefit obligations	273,222	1,722 ⁽⁸⁾	274,944
Provisions	46,988	16,724 ⁽⁹⁾	63,712
Derivative financial instruments	14,018	-	14,018
Total Non-current Liabilities	1,338,523	18,755	1,357,278
Current liabilities			
Interest bearing loans and borrowings	6,922	(1,031) ⁽¹⁰⁾	5,891
Trade and other payables	343,968	(860) ⁽¹¹⁾	343,108
Accounts payable to affiliates	22,035	-	22,035
Lease liabilities	8,242	949 ⁽¹²⁾	9,191
Provisions	12,796	(3,888) ⁽¹³⁾	8,908
Retirement benefit obligations	1,347	(1,347) ⁽¹⁴⁾	-
Total Current Liabilities	395,310	(6,177)	389,133
Total Liabilities	1,733,833	12,578	1,746,411
Net Assets	623,638	(9,753)	613,885
EQUITY			
Share capital	107	-	107
Capital contribution	1,329,956	2,571 ⁽¹⁵⁾	1,332,527
Other reserves	(328,888)	93,361 ⁽¹⁶⁾	(235,527)
Cash flow hedge reserve	-	- ⁽¹⁷⁾	-
Retained earnings	(383,681)	(105,685) ⁽¹⁸⁾	(489,366)
Equity attributable to equity holders of the parent	617,494	(9,753)	607,741
Non-controlling interest in subsidiaries	6,144	-	6,144
Total Equity	623,638	(9,753)	613,885

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Reconciliation of balance sheet as at 31 December 2020 (continued)**

Adjustments are comprised of:

(1) Investment property

IFRS requires that property (land and/or buildings) held in order to earn rentals and/or for capital appreciation is separately defined as investment property, as such the group has reclassified two pieces of land to investment property from PP&E. Per IAS 40, investment property can be accounted for at historical cost or fair value as an accounting policy option. The group has elected to report investment property at historical cost. During the year ended 31 December 2020 one of the pieces of land was sold and a gain on sale recognised.

	\$'000
1/1/2020 IFRS opening balance sheet adjustment	179
Sale of Birtley land	(154)
	<u>25</u>

(2) Property, plant and equipment

(i) See reconciliation of balance sheet as at 1 January 2020.

(ii) Under IFRS Standards, there is no "layering" as decommissioning provisions are built up (layering under US GAAP occurs as incremental cash flows must be discounted at a current rate, while existing cash flows included in the asset retirement obligation ("ARO") are discounted at their original rate, the provision is therefore built up in cash flow "layers". IFRIC 1 requires that if there is a change in the discount rate for decommissioning provisions, the current discount rate must be used to recalculate the entire provision. As such the ARO's of the group have been recalculated based on current discount rates and an adjustment booked to amend the ARO assets and liabilities.

(iii) Under IFRS standards, for leasees, there is only one single accounting model for the classification of leases. The group reports right-of-use assets in the consolidated IFRS balance sheet as 'right-of-use' assets within non current assets. An adjustment was made to reclass from PP&E to right-of-use assets under IFRS.

(iv) Following an impairment review under IFRS, the net realisable value of the water treatment assets was below the assets carrying values and therefore an impairment was recorded to write the assets down to the selling value of the business (sold in May 2021).

(v) See investment property, adjustment 1.

	\$'000
(i) 1/1/2020 IFRS opening balance sheet adjustments	(3,929)
(ii) Change in the discount rate for ARO - update to current discount rate 2020 movement	123
(iii) Reclass right-of-use assets presented as PP&E under US GAAP (finance leases under US GAAP) - 2020 movement	627
(iv) Impairment of water treatment assets	(2,600)
(v) Sale of Birtley land	154
	<u>(5,625)</u>

(3) Right-of-use assets

(i) See reconciliation of balance sheet as at 1 January 2020.

(ii) See property, plant and equipment, adjustment 2 (iii).

(iii) Under IFRS 16, a ROU asset is amortised on a straight-line basis. The amortisation when combined with the interest on the lease liability results in a front-loaded expense profile. As a result under IFRS there is an adjustment to record the additional ROU amortisation.

(iv) Upon translation of the US GAAP financial statements into IFRS an immaterial adjustment to true-up the ROU assets value was recorded under IFRS.

	\$'000
(i) 1/1/2020 IFRS opening balance sheet adjustments	8,155
(ii) Reclass right-of-use assets presented as PP&E under US GAAP (finance leases under US GAAP) - 2020 movement	(627)
(iii) Additional depreciation on ROU assets under IFRS - straight line - 2020 movement	(758)
(iv) 2020 IFRS leases ROU asset true-up	(288)
	<u>6,482</u>

(4) Deferred tax assets

	\$'000
Tax effect of IFRS adjustments as at 1 January 2020	1,395
Tax effect of 2020 IFRS adjustments	3,450
	<u>4,845</u>

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
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Reconciliation of balance sheet as at 31 December 2020 (continued)****(5) Trade and other receivables**

- (i) See reconciliation of balance sheet as at 1 January 2020.
- (ii) Under IFRS 9, only the net interest settlement on derivative financial instruments are reported in the period, as such the interest receivable accrual has been reversed.
- (iii) Tax effect of 2020 IFRS adjustments

	\$'000
(i) 1/1/2020 IFRS opening balance sheet adjustments - remove interest receivable on derivative financial instrument	(2,052)
(ii) Remove interest receivable on derivative financial instrument - 2020 movement	(15)
(iii) Tax effect of 2020 IFRS adjustments	(835)
	<u>(2,902)</u>

(6) Non-current liabilities - Interest bearing loans and borrowings

- (i) See reconciliation of balance sheet as at 1 January 2020.
- (ii) Under IFRS standards, for leasees, there is only one single accounting model for the classification of leases. The group reports lease liabilities in the consolidated IFRS balance sheet as 'lease liabilities' within current and non current liabilities. Under US GAAP finance lease liabilities were recognised within short-term and long-term debt so an adjustment was made to reclass from debt to lease liabilities under IFRS.

	\$'000
(i) 1/1/2020 Opening balance sheet adjustments - reclass finance lease liabilities recognised within debt under US GAAP to lease liabilities	(8,175)
(ii) Reclass finance lease liabilities recognised within debt under US GAAP to lease liabilities - 2020 movement	(351)
	<u>(8,526)</u>

(7) Non-current liabilities - Lease liabilities

- (i) See reconciliation of balance sheet as at 1 January 2020.
- (ii) See non-current liabilities - interest bearing loans and borrowings, adjustment 7 (ii).
- (iii) Upon translation of the US GAAP financial statements into IFRS an immaterial adjustment to true-up the lease liability value was recorded under IFRS.

	\$'000
(i) 1/1/2020 IFRS opening balance sheet adjustments - additional lease liability under IFRS compared to US GAAP	8,414
(ii) Reclass finance lease liabilities recognised within debt under US GAAP to lease liabilities - 2020 movement	351
(iii) 2020 IFRS leases liability true-up	70
	<u>8,835</u>

(8) Non-current liabilities - Retirement benefit obligations

- (i) See reconciliation of balance sheet as at 1 January 2020.
- (ii) The group has had the actuarial calculations performed using IAS 19 Employee benefits as at 31 December 2020 and has recorded the following adjustment as a result.
- (iii) IFRS requires a net presentation of pension assets and liabilities. As such, the pension liability in current liabilities - retirement benefit obligations was reclassified to non-current retirement benefit obligation to reflect the long-term nature of the liability.

	\$'000
(i) 1/1/20 IFRS opening balance sheet adjustments	(379)
(ii) Increase in defined benefit pension liabilities under IFRS	754
(iii) Reclassify current pension liability to non-current retirement benefit obligation	1,347
	<u>1,722</u>

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Reconciliation of balance sheet as at 31 December 2020 (continued)****(9) Non-current liabilities - Provisions**

(i) See reconciliation of balance sheet as at 1 January 2020.

(ii) See property, plant and equipment, adjustment 2 (ii).

(iii) Under IAS 19 (paragraph 165), an entity shall recognise a liability and expense for termination benefits at the earlier of the following dates: (a) when the entity can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. For Project Rhine the voluntary plan was deemed to be irrevocable at 31 December 2020 and therefore should be accrued under IFRS. An adjustment to post the additional voluntary plan amounts was therefore recorded under IFRS.

	\$'000
(i) 1/1/2020 IFRS opening balance sheet adjustments - update discount rate for ARO	5,068
(ii) Update the discount rate for ARO obligations to current discount rate	122
(iii) Provision for voluntary element of Project Rhine restructuring severance programme	11,534
	<u>16,724</u>

(10) Current liabilities - Interest bearing loans and borrowings

(i) See reconciliation of balance sheet as at 1 January 2020.

(ii) See non-current liabilities - interest bearing loans and borrowings, adjustment 7 (ii).

	\$'000
(i) 1/1/2020 IFRS opening balance sheet adjustments - reclass finance lease liabilities recognised within debt under US GAAP to lease liabilities	(1,217)
(ii) Reclass finance lease liabilities recognised within debt under US GAAP to lease liabilities - 2020 movement	186
	<u>(1,031)</u>

(11) Current liabilities - Trade and other payables

(i) See reconciliation of balance sheet as at 1 January 2020.

(ii) Under US GAAP the Germany Jubilee plan was reported within payroll accruals rather than as a defined benefit obligation. Adjustment for IFRS to reclass to defined benefit pensions.

	\$'000
(i) 1/1/2020 IFRS opening balance sheet adjustments - reclass accrual for Germany Jubilee plan from accruals to DB pensions	(762)
(ii) Reclass accrual for Germany Jubilee plan from accruals to DB pensions - 2020 movement	(98)
	<u>(860)</u>

(12) Current liabilities - Lease liabilities

(i) See reconciliation of balance sheet as at 1 January 2020.

(ii) See non-current liabilities - interest bearing loans and borrowings, adjustment 7 (ii).

(iii) Upon translation of the US GAAP financial statements into IFRS an immaterial adjustment to true-up the lease liabilities value was recorded under IFRS.

	\$'000
(i) 1/1/2020 IFRS opening balance sheet adjustments	221
(ii) Reclass finance lease liabilities recognised within debt under US GAAP to lease liabilities - 2020 movement	1,031
(iii) Less lease liability under IFRS compared to US GAAP	(303)
	<u>949</u>

(13) Current liabilities - Provisions

See non-current liabilities - provisions, adjustment 10 (iii).

	\$'000
Provision for voluntary element of Project Rhine restructuring severance programme	(3,888)
	<u>(3,888)</u>

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****Reconciliation of balance sheet as at 31 December 2020 (continued)****(14) Current liabilities - Retirement benefit obligations**

IFRS requires a net presentation of pension assets and liabilities. As such, the pension liability in current liabilities - retirement benefit obligations was reclassified to non-current retirement benefit obligation to reflect the long-term nature of the liability.

	\$'000
Reclassify current pension liability to non-current retirement benefit obligation	(1,347)
	<u>(1,347)</u>

(15) Equity - Capital contribution

(i) See reconciliation of balance sheet as at 1 January 2020.

(ii) Under US GAAP the group attributed compensation costs over the vesting period by utilising the 'straight-line' method to account for share-based payments subject to graded vesting. Under IFRS 2, companies are not permitted to choose how the valuation or attribution method is applied to awards with graded vesting features. Each instalment of the award is to be treated as a separate grant which means each instalment would be separately measured and attributed to expense over the related vesting period which would accelerate the expense recognition. As such the group has recorded more share-based payment expense under IFRS.

	\$'000
(i) 1/1/2020 IFRS opening balance sheet adjustment	2,868
(ii) IFRS adjustment to amortisation of share-based compensation	(297)
	<u>2,571</u>

(16) Equity - Other reserves

(i) See reconciliation of balance sheet as at 1 January 2020.

(ii) Under US GAAP the group includes the hedging reserve within 'accumulated other comprehensive income' in the consolidated financial statements. Under IFRS standards the hedging reserve is separately reported as a 'cash flow hedge reserve'. As such an adjustment to reclass the balance has been made on the transition to IFRS.

(iii) See non-current liabilities - retirement benefit obligations, adjustment 9 (ii).

(iv) / (v) Under US GAAP the foreign exchange gains / losses on the hedged item as included within accumulated other comprehensive income and netted against the fair value movements on the hedging instrument. Under IFRS standards these foreign exchange gains and losses are reported in the statement of profit or loss, therefore an adjustment to reclass the gains / losses has been recorded.

(vi) See Trade and other receivables, adjustment 5 (ii).

	\$'000
(i) 1/1/2020 IFRS opening balance sheet adjustments	98,661
(ii) Reclass US GAAP derivative balance from other reserves to cash flow hedge reserve	(771)
(iii) Pension OCI adjustment	15,457
(iv) Release OCI on derivative instrument to offset FX movement on hedged item	(18,269)
(v) Reclass OCI on derivative instrument from CTA to cash flow hedge reserve	(1,871)
(vi) Remove interest receivable on derivative financial instrument	296
(vii) Tax effect of 2020 IFRS adjustments	(142)
	<u>93,361</u>

(17) Equity - Cash flow hedge reserve

(i) See reconciliation of balance sheet as at 1 January 2020.

(ii) See equity - other reserves, adjustment 16 (ii).

(iii-v) See equity - other reserves, adjustment 16 (iv / v).

	\$'000
(i) 1/1/2020 IFRS opening balance sheet adjustment	(16,222)
(ii) Reclass US GAAP derivative balance from other reserves to cash flow hedge reserve	771
(iii) Release fair value changes in derivative to offset FX on hedged item in P&L	18,269
(iv) Reclass OCI on derivative instrument from CTA to cash flow hedge reserve	1,871
(v) Correct OCI on derivative instrument	(4,689)
	<u>-</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Reconciliation of balance sheet as at 31 December 2020 (continued)

(18) Equity - Retained earnings

(i) See reconciliation of balance sheet as at 1 January 2020.

Guidance for the remaining adjustments are provided under adjustments 1-17.

	\$'000
(i) 1/1/2020 IFRS opening balance sheet adjustments	(85,945)
Pensions	(16,114)
Release OCI on derivative instrument to offset FX movement on hedged item	4,689
Remove interest receivable on derivative financial instrument	(308)
Impairment of water treatment assets	(2,600)
Provision for voluntary element of Project Rhine restructuring severance programme	(7,646)
IFRS Adjustment to amortisation of share-based compensation	297
Additional depreciation on ROU assets under IFRS - straight line	(758)
Additional lease liability under IFRS compared to US GAAP	(55)
Tax effect of 2020 IFRS adjustments	2,755
	<u>(105,685)</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Reconciliation of income statement for the year ended 31 December 2020

	Year ended 31 December 2020		
	US GAAP \$'000	Adjustment \$'000	IFRS \$'000
Continuing operations			
Revenue	1,937,850	-	1,937,850
Cost of sales	(1,778,418)	-	(1,778,418)
Gross profit / (loss)	159,432	-	159,432
Other income / (expense)	(13,662)	(1,194) ⁽¹⁾	(14,856)
Distribution costs	-	-	-
Administrative expenses	(155,948)	(13,839) ⁽²⁾	(169,787)
Restructuring costs	(55,053)	(7,646) ⁽³⁾	(62,699)
Impairment loss	(3,000)	(2,600) ⁽⁴⁾	(5,600)
	<u>(227,663)</u>	<u>(25,279)</u>	<u>(252,942)</u>
Operating profit / (loss)	<u>(68,231)</u>	<u>(25,279)</u>	<u>(93,510)</u>
Finance income	12,060	(11,830) ⁽⁵⁾	230
Finance costs	(63,892)	14,613 ⁽⁶⁾	(49,279)
Net finance costs	<u>(51,832)</u>	<u>2,783</u>	<u>(49,049)</u>
Other Non Operating Income / (expense)	27,188	-	27,188
Loss / (profit) before income tax	(92,875)	(22,496)	(115,371)
Income tax expense	(12,259)	2,755 ⁽⁷⁾	(9,504)
Net (loss) / profit from continuing operations	(105,134)	(19,741)	(124,875)
Net (loss) / profit from discontinued operations, net of tax	-	-	-
Net (loss) / profit for the year	<u>(105,134)</u>	<u>(19,741)</u>	<u>(124,875)</u>
Less net (income) / loss attributable to non-controlling interests	(7,501)	-	(7,501)
Net loss attributable to Venator Materials PLC	<u>(112,635)</u>	<u>(19,741)</u>	<u>(132,376)</u>
Net loss attributable to Venator Materials PLC:			
Loss from continuing operations, less non-controlling interests	(112,635)	(19,741)	(132,376)
Net loss from discontinued operations, net of tax	-	-	-
Net loss attributable to Venator Materials PLC	<u>(112,635)</u>	<u>(19,741)</u>	<u>(132,376)</u>

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Reconciliation of income statement for the year ended 31 December 2020 (continued)

Adjustments are comprised of:

(1) Other income / (expense)

(i) IFRS requires that the amount of a provision be the present value of the expenditure expected to be required to settle the obligation. The anticipated cash flows are discounted using a pre-tax discount rate. The carrying amount of a provision increases in each period to reflect the passage of time with the increase recognised as a borrowing cost. Under US GAAP the accretion of the asset retirement obligations is reported within operating expenses hence a reclass has been booked under IFRS to move the accretion to finance costs.

(ii) Exchange gains and losses related to financial assets and liabilities have been reclassified to finance costs for IFRS - under US GAAP these are reported within other operating income / expense. All remaining exchange gains / losses are still reported within other operating income / expense.

	\$'000
(i) ARO Accretion reclass from operating costs (US GAAP) to finance costs (IFRS)	1,503
(ii) Reclass exchange gains / losses on financial assets / liabilities to finance costs	<u>(2,697)</u>
	<u>(1,194)</u>

(2) Administrative expenses

(i) The group has had the actuarial calculations performed using IAS 19 Employee benefits as at 31 December 2020. Under IFRS there is no 'expected return on assets', interest cost is based on the discount rate applied to the net benefit obligation.

(ii) Under US GAAP the group attributed compensation costs over the vesting period by utilising the 'straight-line' method to account for share-based payments subject to graded vesting. Under IFRS 2, companies are not permitted to choose how the valuation or attribution method is applied to awards with graded vesting features. Each instalment of the award is to be treated as a separate grant which means each instalment would be separately measured and attributed to expense over the related vesting period which would accelerate the expense recognition. As such the group has recorded more share-based payment expense under IFRS.

(iii) Upon translation of the US GAAP financial statements into IFRS an immaterial adjustment to true-up the lease liabilities value was recorded under IFRS.

(iv) Under IFRS 16, a ROU asset is amortised on a straight-line basis. The amortisation when combined with the interest on the lease liability results in a front-loaded expense profile. As a result under IFRS there is an adjustment to record the additional ROU amortisation.

(v) Under IFRS standards interest on leases are reported as borrowing costs within finance costs in the statement of profit or loss. As such an adjustment to reclass from administrative expenses was recorded for IFRS.

	\$'000
(i) IFRS 9 Pension adjustments	(16,115)
(ii) IFRS Adjustment to amortisation of share-based compensation	297
(iii) Additional lease liability under IFRS compared to US GAAP	(55)
(iv) Additional depreciation on ROU assets under IFRS - straight line	(758)
(v) Interest on leases reclassified from administrative expenses (US GAAP) to finance costs (IFRS)	2,792
	<u>(13,839)</u>

(3) Restructuring costs

Under IAS 19 (paragraph 165), an entity shall recognise a liability and expense for termination benefits at the earlier of the following dates: (a) when the entity can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. For Project Rhine the voluntary plan was deemed to be irrevocable at 31 December 2020 and therefore should be accrued under IFRS. An adjustment to post the additional voluntary plan amounts was therefore recorded under IFRS.

	\$'000
Provision for voluntary element of Project Rhine restructuring severance programme	<u>(7,646)</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Reconciliation of income statement for the year ended 31 December 2020 (continued)

(4) Impairment loss

Following an impairment review under IFRS, the net realisable value of the water treatment assets was below the assets carrying values and therefore an impairment was recorded to write the assets down to the selling value of the business (sold in May 2021).

	\$'000
Impairment of water treatment asset value	<u>(2,600)</u>

(5) Finance income

(i) For US reporting the fair value loss on the derivative financial instrument is netted against the foreign exchange movements on the hedged item within OCI. Adjustment under IFRS to reclass elements to the statement of profit or loss.

(ii) Under IFRS 9, only the net interest settlement on derivative financial instruments are reported in the period, as such the interest receivable accrual has been reversed.

	\$'000
(i) Reclass fair value loss on derivative financial instrument	(11,522)
(ii) Remove interest receivable on derivative financial instrument	<u>(308)</u>
	<u>(11,830)</u>

(6) Finance costs

(i) See other income / expense, adjustment 1 (i).

(ii) Under IFRS 16, interest expense on the lease liability and amortisation of the right-of-use asset are presented separately in the income statement. Under US GAAP lease expense (including interest and amortisation) is presented as a single line in the income statement. As such a reclass has been booked under IFRS to report the interest expense within finance costs.

(iii) See other income / expense, adjustment 1 (ii).

(iv) / (v) See finance income, adjustment 5 (i).

	\$'000
(i) ARO Accretion reclass from operating costs (US GAAP) to finance costs (IFRS)	(1,503)
(ii) Interest on leases reclassified from administrative expenses (US GAAP) to finance costs (IFRS)	(2,792)
(iii) Reclass exchange gains / losses to finance costs	2,697
(iv) Net interest received on derivative financial instrument with interest payable	11,522
(v) Release OCI on derivative financial instrument to finance costs	<u>4,689</u>
	<u>14,613</u>

(7) Income tax expense

	\$'000
Current tax expense - tax effect of IFRS 2020 adjustments	837
Deferred tax expense - tax effect of IFRS 2020 adjustments	<u>(3,592)</u>
	<u>(2,755)</u>

Cash Flow Statement

Significant US GAAP to IFRS

- i. IFRS 7 requires cash flows arising from interest and dividends received and paid to be disclosed separately in the cash flow statement, along with separate disclosure of cash flows arising from taxes on income. These have been separately disclosed in the above IFRS cash flow statement.
- ii. IFRS 7 requires cash payments regarding the principal portion of a lease liability to be disclosed within financing activities whilst the interest portion is disclosed within operating activities. These have been separately disclosed in the above IFRS cash flow statement.
- iii. On transition to IFRS, the group has elected to classify interest received and paid, and dividends received and paid, within operating activities. For year ended 31 December 2020, this resulted in dividends paid being reclassified from financing activities under US GAAP to operating activities under IFRS.
- iv. All US GAAP to IFRS adjustments, as noted in the reconciliation of the income statement, for year ending 31 December 2020 have been adjusted for in the above IFRS cash flow statement.

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****7 First-time adoption of IFRS (continued)****i. Exemptions applied**

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS. The group has applied the following exemptions which will be subsequently adopted:

Business Combinations

IFRS 3 Business Combinations has not been applied to either acquisitions of subsidiaries that are considered businesses under IFRS, or acquisitions of interests in associates and joint ventures that occurred before 1 January 2020. Use of this exemption means the US carrying amounts of assets and liabilities that are required to be recognised under IFRS, is their deemed cost at the date of the acquisition. After the date of acquisition, measurement is in accordance with IFRS. Assets and liabilities that do not qualify for recognition under IFRS are excluded from the opening IFRS statement of financial position. The group did not recognise or exclude any previously recognised amounts as a result of IFRS recognition requirements.

Fair value measurement of financial assets or financial liabilities

The group has elected to apply the IAS 39 day one gain or loss provisions prospectively to transactions occurring on or after the date of transition to IFRS. Therefore, transactions that occurred prior to the date of transition to IFRS do not need to be retrospectively restated.

Borrowing cost

The group has applied the transitional provisions in IAS 23 Borrowing Costs and capitalised borrowing costs relating to all qualifying assets after the date of transition. Similarly, the group has not restated for borrowing costs capitalised under US GAAP on qualifying assets prior to the date of transition to IFRS.

Derecognition of financial assets and financial liabilities

The group will apply the derecognition requirements in IAS 39 prospectively to transactions occurring on or after the date of transition.

Hedge accounting

The group will continue to recognise a hedge relationship from US GAAP that qualifies for hedge accounting under IAS 39. Transactions entered into before the date of transition to IFRS will not be retrospectively designated as hedges.

Cumulative translation differences

The group has elected to apply the IAS 21 exemption and has reset cumulative translation differences to zero at the date of transition to IFRS, 1 January 2020.

ii. Accounting policy elections*Lease accounting*

The group has elected to use the 'simplified approach' under IFRS 16 and will apply the transitional provisions in IFRIC 4 Determining whether an arrangement contains a lease. The group has also elected not to recognise assets and liabilities for leases with a lease term of 12 months or less.

Property, plant & equipment

The group has elected to continue to report the carrying value of property, plant & equipment at historical cost on transition to IFRS.

Investment property

The group has elected under IAS 40 to report the carrying value of investment property at historical cost on transition to IFRS.

Trade and other receivables

The group has elected under IFRS 9 to apply a 'simplified approach' for trade receivables, contract assets and lease receivables.

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****7 First-time adoption of IFRS (continued)****ii. Accounting policy elections (continued)***Cash flow*

Interest received and paid, and dividends received and paid, elected to be classified within operating activities.

Equity items

The group has elected to use historical rate to translate equity items.

8 Changes in significant accounting policies

Detailed below are the recent changes to IFRS standards that are required to be adopted in annual periods beginning on 1 January 2021.

i. Interest rate benchmark reform - Phase 2 (amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The amendments address issues that might affect financial reporting as a result of the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The amendments provide practical relief from certain requirements in IFRS 9, IAS 39, IFRS 4 and IFRS 16 relating to:

- changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities; and
- hedge accounting.

Changes in basis for determining cash flows

The amendments require an entity to account for a change in the basis for determining contractual cash flows of a financial asset or financial liability that is required by interest rate benchmark reform by updating the effective interest rate of the financial asset or financial liability.

At 31 December 2021 and 31 December 2020, this hasn't had a significant impact on Venator's group reporting.

There are only two LIBOR linked transactions within the Venator group, one being the Term Loan which uses 1 month US LIBOR and other being the ABL facility for which there was no borrowing on as at 31 December 2021 and 31 December 2020. US LIBOR is not due to be phased out until 2023 and the ABL facility has had LIBOR replaced with RFR for each currency. The group is also looking to refinance the Term Loan in 2022.

Hedge accounting

The amendments provide exceptions to the hedge accounting requirements in the following areas.

- Allow amendment of the designation of a hedging relationship to reflect changes that are required by the reform.
- When a hedged item in a cash flow hedge is amended to reflect the changes that are required by the reform, the amount accumulated in the cash flow reserve will be deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.
- When a group of items is designated as a hedged item and an item in the group is amended to reflect the changes that are required by the reform, the hedged items are allocated to sub-groups based on the benchmark rates being hedged.
- If an entity reasonably expects that an alternative benchmark rate will be separately identifiable within a period of 24 months, it is not prohibited from designating the rate as a non-contractually specified risk component if it is not separately identifiable at the designation date.

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****8 Changes in significant accounting policies (continued)****i. Interest rate benchmark reform - Phase 2 (amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) (continued)***Hedge accounting (continued)*

At 31 December 2021 and 31 December 2020, the group had no cash flow hedges of LIBOR risk. The group entered into three cross-currency swap agreements to convert a portion of its intercompany fixed-rate, US Dollar denominated notes, including the semi-annual interest payments and the payment of remaining principal at maturity, to a weighted average rate, Euro denominated debt. The group notionally exchanged \$200 million at a fixed rate of 5.75% for €181 million on which a weighted average rate of 3.73% is payable.

Disclosure

The amendments will require the group to disclose additional information about the entity's exposure to risks arising from interest rate benchmark reform and related risk management activities.

Transition

The group has applied the amendments from 1 January 2021. Application has not impacted amounts reported for 2020 or prior periods.

Detailed below are the changes to IFRS standards that were required to be adopted in annual periods beginning on 1 January 2020.

Amendments to references to conceptual framework

Definition of material (amendments to IAS 1 and IAS 8).

Definition of a business (amendments to IFRS 3).

Interest rate benchmark reform - (amendments to IFRS 9, IAS 39 and IFRS 7)

These amended standards have not resulted in a significant impact on the group's consolidated financial statements.

9 Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective up to the date of issuance of the Group's financial statements are disclosed below. The group intends to adopt these standards, if applicable, when they become effective. The group is currently assessing the potential impact of adopting these new standards and interpretations, on the financial statements of the group and the company.

i. New standards

At the date of authorisation of these financial statements, the group has not yet applied the following new and revised IFRS Standards that have been issued but are not yet effective.

The following new and amended standards are not expected to have a significant impact on the group's consolidated financial statements.

- Onerous contracts - cost of fulfilling a contract (amendments to IAS 37)
- COVID-19 Related rent concessions (amendment to IFRS 16).
- Property, plant and equipment - proceeds before intended use (amendments to IAS 16).
- Reference to the conceptual framework (amendments to IFRS 3).
- Classification of liabilities as current or non-current (amendments to IAS 1).
- IFRS 17 Insurance contracts and amendments to IFRS 17 Insurance contracts.
- Definition of accounting estimates (amendments to IAS 8)
- Disclosure of accounting policies (amendments to IAS 1 and IFRS Practice Statement 2).
- Applying the '10 per cent' test to assess whether to derecognise a financial liability (amendments to IFRS 9)
- Deferred tax related to assets and liabilities arising from a single transaction (amendments to IAS 12).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**10 Operating segments**

We derive our revenues, earnings and cash flows from the manufacture and sale of a wide variety of chemical products. We have reported our operations through our two segments, Titanium Dioxide and Performance Additives, and organised our business and derived our operating segments around differences in product lines.

The major product groups of each reportable operating segment are as follows:

Segment	Product Group
Titanium Dioxide	Titanium dioxide
Performance Additives	Functional additives, color pigments and timber treatment

The tables below summarise the key products, end markets and applications, representative customers, revenues and sales information by segment as of 31 December 2021.

	Titanium Dioxide	Performance Additives
Product Groups	Titanium dioxide (TiO ₂)	Iron Oxide, Complex Inorganic Colored Pigments, Metal Carboxylate Driers, Ultra Marine Blue, Barium Sulfate, Zinc Sulfide and Timber Treatment.
End Markets and Applications	Coatings, Plastics, Paper, Printing Inks, Fibers and Films, Pharmaceuticals, Food, Cosmetics, Agriculture and Water Purification	Coatings, Plastics, Concrete Block, Roof Tiles, Cosmetics, Pharmaceuticals, Personal Care, Timber Treatment (Decking, Fencing and Fire Retardant Treated Wood) and Water Purification.
Representative Customers	AkzoNobel, Ampacet, Avient, BASF, DSM, Flint, LyondellBasel, PPG, Sherwin-Williams and Sun Chemical	AkzoNobel, BASF, CRH, PPG, Sakai Chemical Industry Co., Sherwin Williams, C.M. Tucker and Solvay

The following table shows sales by geographical region for the years ended 31 December 2021 and 31 December 2020:

Geographical region:	2021		2020	
	TiO ₂	Performance Additives	TiO ₂	Performance Additives
Europe	51%	38%	51%	36%
North America	19%	43%	20%	45%
Asia	20%	16%	20%	16%
Other	10%	3%	9%	3%
Total	100%	100%	100%	100%

The following table shows sales by end markets for the years ended 31 December 2021 and 31 December 2020:

End market:	2021		2020	
	TiO ₂	Performance Additives	TiO ₂	Performance Additives
Plastics	41%	16%	41%	15%
Architectural coatings	24%	14%	27%	14%
Industrial coatings	15%	12%	14%	11%
Construction	1%	44%	1%	44%
Other	19%	14%	17%	16%
Total	100%	100%	100%	100%

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**10 Operating segments (continued)**

Sales between segments are generally recognised at external market prices and are eliminated in consolidation. Adjusted EBITDA is presented as a measure of the financial performance of our global business units and for reporting the results of our operating segments. The revenues and adjusted EBITDA for each of the two reportable operating segments are as follows:

	Year ended 31 December 2021 \$'000	Year ended 31 December 2020 \$'000
Revenues:		
Titanium Dioxide	1,665,138	1,430,843
Performance Additives	547,003	507,007
Total	<u>2,212,141</u>	<u>1,937,850</u>
Adjusted EBITDA: ⁽¹⁾		
Titanium Dioxide	144,669	106,641
Performance Additives	70,132	57,513
	<u>214,801</u>	<u>164,154</u>
Corporate and other	(49,502)	(46,114)
Total	<u>165,299</u>	<u>118,040</u>
Reconciliation of adjusted EBITDA to net (loss) income:		
Interest expense	(71,565)	(49,279)
Interest income	517	230
Income tax (expense) benefit - continuing operations	31,207	(9,504)
Depreciation and amortisation	(127,580)	(123,930)
Net income attributable to noncontrolling interests	3,153	7,501
Other adjustments:		
Business acquisition and integration expenses	(1,167)	(767)
Separation (expense) / gain, net	(2,662)	9,878
(Loss) / gain on disposition of business / assets	(8,870)	5,035
Certain legal settlements and related expenses	(6,139)	(6,630)
Amortisation of pension and post retirement actuarial losses	-	-
Net plant incident (costs) credits	(12,832)	(7,150)
Restructuring, impairment and plant closing and transition costs	(59,305)	(68,299)
Net (loss) / income	<u>(89,944)</u>	<u>(124,875)</u>
Depreciation and amortisation:		
Titanium Dioxide	95,307	92,308
Performance Additives	30,698	28,289
Corporate and other	1,575	3,333
Total	<u>127,580</u>	<u>123,930</u>
Capital expenditures:		
Titanium Dioxide	60,501	59,702
Performance Additives	12,433	9,216
Corporate and other	106	41
Total	<u>73,040</u>	<u>68,959</u>
Total assets:		
Titanium Dioxide	1,619,212	1,561,645
Performance Additives	480,889	475,233
Corporate and other	268,871	323,418
Total	<u>2,368,972</u>	<u>2,360,296</u>
Income tax (expense) / benefit - continuing operations		
Titanium Dioxide	(33,617)	5,335
Performance Additives	3,069	2,088
Corporate and other	(659)	2,081
Total	<u>(31,207)</u>	<u>9,504</u>

(1) Our management uses adjusted EBITDA to assess financial performance. Adjusted EBITDA is defined as net income/loss before interest income/expense, net; income tax expense/benefit, depreciation and amortisation and net income attributable to noncontrolling interests, as well as eliminating the following adjustments: (a) business acquisition and integration expenses/credits; (b) separation gain/expense, net; (c) loss/gain on disposition of business/assets; (d) certain legal expenses / settlements; (e) amortisation of pension and postretirement actuarial losses/gains; (f) net plant incident costs/credits; and (g) restructuring, impairment, and plant closing and transition costs/credits. We believe that net income is the performance measure calculated and presented in accordance with GAAP that is most directly comparable to adjusted EBITDA.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10 Operating segments (continued)

By Geographic Area	Year ended 31 December 2021 \$'000	Year ended 31 December 2020 \$'000
Revenues: ⁽¹⁾		
United States	510,964	475,691
Germany	226,958	213,856
United Kingdom	117,009	105,271
China	108,482	103,070
Italy	128,503	101,359
Spain	92,002	76,155
France	82,796	75,692
India	75,699	53,716
Other nations	869,728	733,040
Total	2,212,141	1,937,850
	Year ended 31 December 2021 \$'000	Year ended 31 December 2020 \$'000
Non-current Assets: ⁽²⁾		
Germany	251,135	281,473
United Kingdom	188,639	201,446
Italy	148,546	168,741
United States	100,784	111,823
Malaysia	84,798	93,714
Other nations	116,065	145,729
Total	889,967	1,002,926

(1) Geographic information for revenues is based upon countries into which product is sold.

(2) Includes intangible assets, investment property, PP&E and right-of-use assets.

11 Revenue

We account for revenues from contracts with customers under IFRS 15, Revenue from Contracts with Customers, which became effective 1 January 2018. As part of the adoption of IFRS 15, we applied the new standard as of 1 January 2020. No adjustment to retained earnings was necessary as no revenue recognition differences were identified when comparing the revenue recognition criteria under IFRS 15 to previous requirements.

We generate substantially all of our revenues through sales of inventory in the open market and via long-term supply agreements. At contract inception, we assess the goods promised in our contracts and identify a performance obligation for each promise to transfer to the customer a distinct good. In substantially all cases, a contract has a single performance obligation to deliver a promised good to the customer. Revenue is recognised when the performance obligations under the terms of our contracts are satisfied. Generally, this occurs at the time of shipping, at which point the control of the goods transfers to the customer. Further, in determining whether control has transferred, we consider if there is a present right to payment and legal title, along with risks and rewards of ownership having transferred to the customer. Revenue is measured as the amount of consideration we expect to receive in exchange for transferred goods. Sales, value-added, and other taxes we collect concurrent with revenue-producing activities are excluded from revenue. Incidental items that are immaterial in the context of the contract are recognised as expense. All shipping and handling activities are fulfilment costs and we recognise these costs for shipping and handling when control over products have transferred to the customer as an expense in cost of goods sold. We have elected to expense commissions when incurred as the amortisation period of the commission asset that we would have otherwise recognised is less than one year.

The following table disaggregates our revenue by major geographical region for the years ended 31 December 2021 and 31 December 2020.

	2021		2020	
	Titanium	Performance	Titanium	Performance
	Dioxide	Additives	Dioxide	Additives
	\$'000	\$'000	\$'000	\$'000
Europe	853,133	208,490	728,322	182,191
North America	316,858	233,655	281,992	228,001
Asia	334,198	88,980	286,963	80,646
Other	160,949	15,878	133,566	16,169
Total Revenues	1,665,138	547,003	1,430,843	507,007
		2,212,141		1,937,850

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**11 Revenue (continued)**

The following table disaggregates our revenue by major product line for the years ended 31 December 2021 and 31 December 2020.

	Titanium Dioxide \$'000	2021 Performance Additives \$'000	Total \$'000	Titanium Dioxide \$'000	2020 Performance Additives \$'000	Total \$'000
TiO ₂	1,665,138	-	1,665,138	1,430,843	-	1,430,843
Color Pigments	-	288,479	288,479	-	248,020	248,020
Functional Additives	-	131,957	131,957	-	110,748	110,748
Timber Treatment	-	116,981	116,981	-	126,649	126,649
Water Treatment ¹	-	9,586	9,586	-	21,590	21,590
Total Revenues	1,665,138	547,003	2,212,141	1,430,843	507,007	1,937,850

¹ Water Treatment business was sold in May 2021

The amount of consideration we receive and revenue we recognise is based upon the terms stated in the sales contract, which may contain variable consideration such as discounts or rebates. We also give our customers a limited right to return products that have been damaged, do not satisfy their specifications, or other specific reasons. Payment terms on product sales to our customers typically range from 30 days to 90 days. Although certain exceptions exist where standard payment terms are exceeded, these instances are infrequent and do not exceed one year. Discounts are allowed for some customers for early payment or if a certain volume commitments are met. As our standard payment terms are less than one year, we have elected to not assess whether a contract has a significant financing component. In order to estimate the applicable variable consideration at the time of revenue recognition, we use historical and current trend information to estimate the amount of discounts, rebates, or returns to which customers are likely to be entitled. Historically, actual discount or rebate adjustments relative to those estimated and accrued at the point of which revenue is recognised have not materially differed.

12 Income and expenses

Other (income) / expense	Year ended 31 December 2021 \$'000	Year ended 31 December 2020 \$'000
Loss / (gain) on fixed asset disposals	7,566	(5,434)
Sale of emissions certificates	(3,323)	(1,078)
Purchase of carbon credits	4,524	-
Release ARO provision following site sale	-	(413)
Corporate legal fees	5,154	9,096
TR52 withholding tax loss	(951)	1,058
Consultants fees	2,646	1,368
Foreign exchange loss	2,037	6,910
Other (expense) / income items	2,747	3,349
	20,400	14,856

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12 Income and expenses (continued)

<i>Expenditures</i>	Year ended 31 December 2021 \$'000	Year ended 31 December 2020 \$'000
Operating costs for the years ended 31 December has been arrived at after charging:		
Employee benefit expenses	343,282	317,726
Depreciation of fixed assets	111,787	108,324
Depreciation of right-of-use assets	10,071	11,302
Intangible asset amortisation	5,722	4,304
Impairment of assets	-	5,600
Gain on sale of investment property	-	785
Restructuring costs	59,305	62,699
Research and development	14,776	13,042
Loss allowance on trade receivables (see note 34)	245	(840)
Cost of inventories recognised as expense (see note 23)	2,020	1,778
Write downs of inventories recognised as an expense (see note 23)	(2,519)	(1,912)
Share based compensation	8,537	7,702
Government grant income	(1,798)	(5,230)
Auditor remuneration (see note 31)	4,873	5,359

Government grant income for the year ended 31 December 2021 includes \$0.9 million (2020: \$0.8 million) income received in the UK through the RDEC scheme (research and development expenditure credit) and \$0.9 million (2020: \$4.4 million) of job retention government assistance from a number of jurisdictions in response to the COVID-19 pandemic.

As at 31 December 2021 all cash has been received for the government grant income and there are no unfilled conditions attached to the grants.

For the year ended 31 December 2021, there are \$7.5 million of impairment costs relating to the write down of Pori assets, that are included within the restructuring costs of \$59.3 million.

13 Net finance costs

<i>Finance income:</i>	Year ended 31 December 2021 \$'000	Year ended 31 December 2020 \$'000
<i>Interest income under the effective interest method on:</i>		
Cash and cash equivalents	517	230
Finance income arising from financial assets	517	230
 <i>Finance costs:</i>	 Year ended 31 December 2021 \$'000	 Year ended 31 December 2020 \$'000
<i>Financial liabilities measured at amortised cost:</i>		
Interest and finance charges paid/payable for lease liabilities	2,965	3,331
Interest expense	64,724	56,385
	67,689	59,716
Net foreign exchange loss /(gain)	20,830	(20,966)
Cash flow hedges: Fair value (gain) / loss on interest rate swaps designated as cash flow hedges - transfer from OCI	(16,357)	10,038
Provisions - unwinding of discount	1,684	1,503
	73,846	50,291
Amount capitalised	(2,281)	(1,012)
Finance costs expensed	71,565	49,279
 Net finance costs recognised in profit or loss	 (71,048)	 (49,049)

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For the year ended 31 December 2021****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****14 Loss per share**

Basic loss per share excludes dilution and is computed by dividing net loss attributable to Venator ordinary shareholders by the weighted average number of shares outstanding during the period. Diluted loss per share reflects all potential dilutive ordinary shares outstanding during the period and is computed by dividing net loss available to Venator ordinary shareholders by the weighted average number of shares outstanding during the period increased by the number of additional shares that would have been outstanding as dilutive securities.

Basic and diluted loss per share is determined using the following information:

	Year ended 31 December 2021 \$'000	Year ended 31 December 2020 \$'000
Numerator:		
Basic and diluted (loss) / income from continuing operations:		
(Loss) / income from continuing operations attributable to Venator Materials PLC ordinary shareholders	(93,097)	(132,376)
Basic and diluted net (loss) / income:		
Net (loss) / income attributable to Venator Materials PLC ordinary shareholders	(93,097)	(132,376)
Denominator:		
Weighted average shares outstanding	107,275	106,735
Dilutive share-based awards	-	-
Total weighted average shares outstanding, including dilutive shares	107,275	106,735

The number of anti-dilutive employee share-based awards excluded from the computation of diluted EPS was \$3 million for the year ended 31 December 2021 (2020: \$4 million).

15 Share based payment arrangements

On 1 August 2017, our compensation committee and board of directors adopted the Venator Materials 2017 Stock Incentive Plan (the "LTIP") to provide for the granting of non-qualified stock options, incentive stock options, stock appreciation rights, restricted stock, phantom shares, performance awards and other stock-based awards to our employees, directors and consultants and to employees and consultants of our subsidiaries, provided that incentive stock options may be granted solely to employees. The terms of the grants are fixed at the grant date. As of 31 December 2021, we were authorised to grant up to 17.8 million shares under the LTIP (2020: 17.8 million). As of 31 December 2021, we had 9.1 million shares remaining under the LTIP available for grant (2020: 11.2 million). Stock option awards have a maximum contractual term of 10 years and generally must have an exercise price at least equal to the market price of Venator's ordinary shares on the date the stock option award is granted. Share-based awards generally vest over a three-year period; certain performance awards vest over a two-year period and awards to Venator's directors vest on the grant date.

We incurred \$8 million and \$8 million in stock-based compensation expense for the years ended 31 December 2021 and 31 December 2020, respectively. The total income tax benefit recognised in the consolidated statements of operations for stock-based compensation arrangements was \$1 million and \$2 million for the years ended 31 December 2021 and 31 December 2020, respectively.

Stock options

The fair value of the stock option awards were estimated using the Black-Scholes valuation model that uses the assumptions noted in the following table. Expected volatilities were based on a weighted average of the historical volatility of Huntsman's and our common stock through the grant date, whereby the volatility of Huntsman's common stock was used to estimate historical volatility for periods prior to the separation. The expected term of stock options granted was estimated using the safe harbour approach calculated as the vesting period plus remaining contractual term divided by two. The risk-free rate for the periods within the expected life of the option was based on the U.S. Treasury yield curve in effect at the time of grant. Service and non-market performance conditions attached to the arrangements were not taken into account in measuring fair value. The assumptions noted below represent the weighted average of assumptions utilised for stock options granted during 2021 and 2020 under the LTIP.

	Year ended 31 December 2021 \$'000	Year ended 31 December 2020 \$'000
Dividend yield	-	-
Expected volatility	64.4%	50.4%
Risk-free interest rate	0.8%	1.5%
Expected life of stock options granted during the period	6.0 years	6.0 years

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15 Share based payment arrangements (consolidated)

Stock options (consolidated)

The table below presents the changes in stock option awards for our ordinary shares from 1 January 2020 through 31 December 2021.

	Shares (in thousands)	Weighted average exercise price \$	Weighted average remaining contractual term (years)	Aggregate Intrinsic value \$'mm
Outstanding at 1 January 2020	1,831	10.83		
Granted during the year	1,666	3.10		
Exercised during the year	-	-		
Forfeited during the year	(72)	5.41		
Expired during the year	(10)	13.81		
Outstanding at 31 December 2020	3,415	7.16	8.3	-
Exercisable at 31 December 2020	1,059	12.66	7.2	-
Granted during the year	1,014	4.13		
Exercised during the year	(11)	3.10		
Forfeited during the year	(50)	4.07		
Expired during the year	(38)	11.97		
Outstanding at 31 December 2021	4,330	6.45	7.7	-
Exercisable at 31 December 2021	1,965	9.56	6.8	-

Intrinsic value is the difference between the market value of our common stock and the exercise price of each stock option multiplied by the number of stock options outstanding for those stock options where the market value exceeds their exercise price. During the years ended 31 December 2021 and 31 December 2020, the total intrinsic value of stock options exercised was nil, each.

The weighted-average grant-date fair value of stock options granted during 31 December 2021 and 31 December 2020 was \$2.39 and \$1.51 per option, respectively. As of 31 December 2021, there was \$3 million of total unrecognised compensation cost related to nonvested stock option arrangements granted under the LTIP (2020: \$3 million). That cost is expected to be recognised over a weighted-average period of 1.8 years (2020: 1.8 years).

Restricted stock units

The fair value of the restricted stock is based on the closing share price on the date of grant. For the performance unit awards granted during the years ended 31 December 2021 and 2020, the number of shares earned varies based on the Company achieving certain performance criteria over a three-year performance period. The performance criteria are total stockholder return of our ordinary shares relative to the total stockholder return of a specified industry peer-group for the three-year performance period. Additionally, performance unit awards were granted during the year ended 31 December 2020 based on achieving a certain return on net assets. The fair value of each performance unit award was estimated using a Monte Carlo simulation model that uses various assumptions, including an expected volatility rate and a risk-free interest rate. For the year ended 31 December 2021, the weighted-average expected volatility rate was 83.3% (2020: 56.5%) and the weighted-average risk-free interest rate was 0.2% (2020: 1.4%).

The table below presents the changes in nonvested awards for our ordinary shares from 1 January 2020 through 31 December 2021.

	Shares (in thousands)	Weighted average grant date fair value (\$)
Nonvested at 1 January 2020	1,173	9.16
Granted during the year	1,895	3.27
Vested during the year ⁽¹⁾	(316)	10.5
Forfeited during the year	(34)	5.24
Nonvested at 31 December 2020	2,718	4.94
Granted during the year	1,480	4.77
Vested during the year ⁽¹⁾	(896)	5.49
Forfeited during the year	(24)	3.99
Nonvested at 31 December 2021	3,278	4.72

(1) As of 31 December 2021, a total of 269,141 restricted stock units were vested but not yet issued (2020: 351,679). These shares have not been reflected as vested shares in the table because, in accordance with the restricted stock unit agreements, these shares are not issued for vested restricted stock until termination of employment.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**15 Share based payment arrangements (consolidated)****Restricted stock units (consolidated)**

As of 31 December 2021, there was \$6 million of total unrecognised compensation cost related to nonvested share compensation arrangements granted under the LTIP (2020: \$5 million). That cost is expected to be recognised over a weighted-average period of 1.9 years (2020: 1.7 years).

Net settlement feature for withholding tax obligations

In some countries, an employee may be subject to taxes on receipt of a share-based payment arrangement. The group is settling the share-based payment arrangements on a net basis by withholding the number of shares with a fair value equal to the monetary value of the employee's tax obligation and only issuing the remaining shares on completion of the vesting period.

16 Income taxes

The components of income (loss) before income taxes were as follows:

a). Consolidated Income Statement:

For the year ended 31 December:

	2021			2020		
	UK \$'000	Non-UK \$'000	Total \$'000	UK \$'000	Non-UK \$'000	Total \$'000
Total current tax provision	453	12,484	12,937	(655)	11,743	11,088
In respect of current year	453	12,141	12,594	(655)	12,787	12,132
In respect of prior years	-	343	343	-	(1,044)	(1,044)
Total deferred tax provision	-	(44,144)	(44,144)	-	(1,584)	(1,584)
In respect of current year	-	1,905	1,905	-	(1,584)	(1,584)
Change in recognition	-	(46,049)	(46,049)	-	-	-
Total income tax / (credit) recognised	453	(31,660)	(31,207)	(655)	10,159	9,504

The reconciliation of the differences between the U.K. income taxes at the U.K. statutory rate to Venator's provision for income taxes is as follows:

	Year ended 31 December 2021 \$'000	Year ended 31 December 2020 \$'000
Income (loss) from continuing operations before income taxes	(121,151)	(115,369)
Expected tax expense (benefit) at U.K. statutory rate	(23,019)	(21,920)
Change resulting from:		
Non-UK tax rate differentials	(8,475)	(10,528)
Other non-tax effects, including non-deductible expense, and transfer pricing adjustments	1,724	1,136
Effect of tax rate changes	-	(5,858)
Tax authority audits and dispute resolutions/settlements	1,412	-
Movement in unrecognised deferred tax assets	43,462	46,933
Movement from previously unrecognised deferred tax assets	(46,049)	-
Other, net	(262)	(259)
Total income tax expense (benefit)	(31,207)	9,504

Venator operates in over 20 non-U.K. tax jurisdictions with no specific country earning a predominant amount of its off-shore earnings. Some of these countries have income tax rates that are approximately the same as the U.K. statutory rate, while other countries have rates that are higher or lower than the U.K. statutory rate. Losses earned in countries with higher average statutory rates than the U.K., resulted in higher tax benefit of \$8.5 million, \$10.5 million, respectively, for the years ended 31 December 2021, and 2020.

In 2021 and 2020 the effect of tax rate changes relate to statutory income tax rate changes in the UK.

b). Consolidated Statement of Other Comprehensive Income:

	Year ended 31 December 2021			Year ended 31 December 2020		
	Pre tax \$'000	Tax impact \$'000	After tax \$'000	Pre tax \$'000	Tax impact \$'000	After tax \$'000
Items that will not be reclassified to income statement in subsequent periods:						
Re-measurements of retirement benefit obligation	76,410	(1,060)	75,350	2,639	247	2,886
Income tax charged to OCI	76,410	(1,060)	75,350	2,639	247	2,886

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16 Income taxes (continued)

c). *Deferred tax movement schedule:*

	2021				
	Opening Balance 1 January	Recognised in (loss) / income	Recognised in other comprehensive income / (loss)	Reclassifies	Ending Balance 31 December
	\$'000	\$'000	\$'000	\$'000	\$'000
Deferred tax assets					
Net operating loss carry forwards	36,343	41,640	-	-	77,983
Pension and other employee compensation	3,315	3,879	(1,060)	-	6,134
Property, plant and equipment	16,852	17,423	-	-	34,275
Intangible assets	166	265	-	-	431
Operating Lease, Liability	13,174	(3,327)	-	-	9,847
Other, net	37,649	2,801	-	-	40,450
Net deferred tax assets	107,499	62,681	(1,060)	-	169,120
Deferred tax liabilities					
Property, plant and equipment	(36,867)	(5,336)	-	-	(42,203)
Operating Lease, right of use asset	(13,478)	4,204	-	-	(9,274)
Intangible assets	(279)	245	-	-	(33)
Pension and other employee compensation	(19,327)	(18,262)	-	-	(37,588)
Other, net	(174)	34	-	-	(140)
Deferred tax liabilities	(70,124)	(19,114)	-	-	(89,238)
Net deferred tax assets / (liabilities)	37,375	43,567	(1,060)	-	79,882
Deferred tax assets	107,499	62,681	(1,060)	-	169,120
Deferred tax liabilities	(70,124)	(19,114)	-	-	(89,238)
Net deferred tax assets / (liabilities)	37,375	43,567	(1,060)	-	79,882

	2020				
	Opening Balance 1 January	Recognised in (loss) / income	Recognised in other comprehensive income / (loss)	Reclassifies	Ending Balance 31 December
	\$'000	\$'000	\$'000	\$'000	\$'000
Deferred tax assets					
Net operating loss carry forwards	37,597	(1,254)	-	-	36,343
Pension and other employee compensation	2,796	273	247	-	3,315
Property, plant and equipment	14,409	2,443	-	-	16,852
Intangible assets	724	(558)	-	-	166
Operating Lease, Liability	12,992	182	-	-	13,174
Other, net	33,009	4,640	-	-	37,649
Net deferred tax assets	101,527	5,725	247	-	107,499
Deferred tax liabilities					
Property, plant and equipment	(35,294)	(1,573)	-	-	(36,867)
Operating Lease, right of use asset	(13,478)	-	-	-	(13,478)
Intangible assets	(349)	70	-	-	(279)
Pension and other employee compensation	(14,290)	(5,036)	-	-	(19,327)
Other, net	(3,042)	2,868	-	-	(174)
Deferred tax liabilities	(66,453)	(3,671)	-	-	(70,124)
Net deferred tax assets / (liabilities)	35,074	2,054	247	-	37,375
Deferred tax assets	101,527	5,725	247	-	107,499
Deferred tax liabilities	(66,453)	(3,671)	-	-	(70,124)
Net deferred tax assets / (liabilities)	35,074	2,054	247	-	37,375

The group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16 Income taxes (continued)

d). Unrecognised deductible temporary differences, unused tax losses and unused tax credits for the years 31 December:

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom.

	2021		2020	
	Gross amount	Tax effect	Gross amount	Tax effect
	\$'000	\$'000	\$'000	\$'000
Deductible temporary differences	570,715	109,260	636,579	108,763
Tax losses	2,706,995	549,698	2,870,631	595,714
		<u>658,958</u>		<u>704,477</u>

Unrecognised deferred tax liabilities

At 31 December 2021, there were no unrecognised deferred tax liabilities related to investments in subsidiaries and joint ventures. Any liabilities were not recognised because the Group controls the dividend policy of its subsidiaries and intends to indefinitely reinvest undistributed earnings of the Venator subsidiaries – i.e. the Group controls the timing of reversal of the related taxable temporary differences and management is satisfied that they will not reverse in the foreseeable future. In the fourth quarter of 2021 a non-U.K. subsidiary distributed \$62 million to the U.K. not subject to material U.K., or other local country taxation. For the year ended 31 December 2020, our non-U.K. subsidiaries made no distribution of earnings that caused them to be subject to material U.K., or other local country taxation.

Tax losses carried forward

Tax losses for which no deferred tax asset was recognised expire as follows:

	Amount	Expiration
	\$'000	date
Expire	1,346,341	2028-2036
Never expire	<u>1,360,654</u>	
	<u>2,706,995</u>	

Venator has NOLs of \$3,001 million in various jurisdictions, principally in Finland, France, Germany, Italy, Luxembourg, Spain, South Africa, U.S. and the U.K., all of which have no expiration dates except for \$1,346 million, which begin to expire on 31 December 2028. Of these \$2,707 million are unrecognised due to the uncertainty surrounding the realization of the benefits of these losses.

Amounts recognised directly in equity

	2021			2020		
	Before tax	Tax (benefit)	Net of tax	Before tax	Tax (benefit)	Net of tax
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Share-based payments	7,000	(2,000)	5,000	8,000	(2,000)	6,000

We incurred \$7 million and \$8 million in stock based compensation expense for the years ended 31 December 2021 and 2020, respectively. The total income tax benefit recognised in the consolidated statements of operations for stock based compensation arrangements was \$2 million and \$2 million for the years ended 31 December 2021 and 2020, respectively.

Recognised and unrecognised deferred tax assets are reviewed each period on a tax jurisdiction by jurisdiction basis to analyse whether there is sufficient positive or negative evidence to support a change in judgment about the realisability of the related deferred tax assets. These conclusions require significant judgment. In evaluating the objective evidence that historical results provide, we consider the cyclical nature of businesses and cumulative income or losses during the applicable period. Uncertainties regarding expected future income in certain jurisdictions could affect the realisation of deferred tax assets in those jurisdictions.

At 31 December 2021, in part because of the strength and consistency of historical, current, and anticipated future earnings, we determined there is sufficient positive evidence within our Spanish business to conclude that it is more likely than not that net deferred tax assets will be realisable. We therefore recognised Spanish deferred tax assets of \$47 million with a resulting income tax benefit of \$47 million.

Deferred tax assets are recognised in Malaysia, where a history of cumulative historical profitability exists. However, due to the cyclical nature of the business, there have been losses in recent years. Deferred tax assets continue to be recognised on the basis of future expectations of profits against which the deferred tax assets will reverse.

Pursuant to Sections 382 and 383 of the US Internal Revenue Code, utilisation of tax attributes, including loss carry forwards, are subject to annual limitations due to any ownership changes of 5% owners. In general, an ownership change, as defined by Section 382, results when the ownership of certain stockholders or public groups increases by more than 50 percentage points over a three-year period. If an ownership change occurs, the annual limitation on the future utilisation of tax attributes existing on the change date is equal to the value of the stock of the corporation times the long term tax exempt rate. This amount may then be increased or decreased in the five years after the change by recognised built in gains or losses that existed in the company's assets on the change date.

SK Capital's acquisition of 42.5 million Venator shares from Huntsman on 23 December 2020 has resulted in a change of control pursuant to Section 382. As a result, certain Venator deferred tax assets, including U.S. tax net operating losses with an unlimited carry forward period, will be subject to an annual limitation on the amount of taxable income which can be offset. The limitations from the ownership change may cause us to pay U.S. federal income taxes earlier. Based on management's analysis of positive and negative evidence within our U.S. business, and especially considering historical earnings and the evidence of estimated future income in an amount sufficient to exceed the limitation, we have concluded at 31 December 2021 and 2020, respectively, that there is sufficient positive evidence that our U.S. deferred tax assets will be realised. Net deferred tax assets in our U.S. business were \$14 million and \$18 million at 31 December 2021 and 2020, respectively.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**16 Income taxes (continued)**

e). The following is a reconciliation of our reserve for uncertain tax positions, excluding interest and penalties for the years ended 31 December:

	2021	2020
	\$'000	\$'000
Beginning balance 1 January	18,099	15,688
Additions based on tax positions related to current year	-	-
Additions for tax positions of prior years	1,542	2,596
Reductions for tax positions of prior years	(1,558)	(466)
Global Settlements	(646)	-
FX Gain/ Loss on exposure items	(296)	281
Ending balance 31 December	17,141	18,099

As of 31 December 2021 and 2020, the amount of unrecognised tax benefits that, if recognised, would affect the effective tax rate is \$3 million and \$1 million, respectively.

In accordance with Venator's accounting policy, we recognise interest and penalties accrued related to unrecognised tax benefits in income tax expense, which were insignificant for each of the years ended 31 December 2021, 2020.

Certain of Venator's U.S. and non-U.S. income tax returns are currently under various stages of audit by applicable tax authorities and the amounts ultimately agreed upon in resolution of the issues raised may differ materially from the amounts accrued. The statute of limitations is open for the following years, by jurisdictions:

France	2018 and later
Germany	2012 and later
Italy	2016 and later
Malaysia	2016 and later
Spain	2015 and later
United Kingdom	2019 and later
United States Federal	2018 and later

Venator estimates that it is reasonably possible that no change of its unrecognised tax benefits could occur within 12 months of the reporting date.

For U.S. federal income tax purposes Huntsman recognised a gain as a result of the IPO and the separation to the extent the fair market value of the assets associated with our U.S. businesses exceeded the basis of such assets for U.S. federal income tax purposes at the time of the separation. As a result of such gain recognised, the basis of the assets associated with our U.S. businesses was increased. Pursuant to the tax matters agreement entered into at the time of the separation, we are required to make a future payment to Huntsman for any actual U.S. federal income tax savings we recognise as a result of any such basis increase for tax years through 31 December 2028. For the year ended 31 December 2019, we estimated that the aggregate future payments required by this provision were expected to be approximately \$30 million and we recognised a noncurrent liability for this amount as of 31 December 2019. Due to a decrease in the expectation of future payments as a result of the Code Section 382 limitation, we reduced the liability to \$20 million and \$21 million at 31 December 2020 and 2021 respectively. Any subsequent adjustment asserted by U.S. taxing authorities could change the amount of gain recognised with a corresponding basis and liability adjustment for us under the tax matters agreement.

f). The liabilities related to our reserve for uncertain tax positions as at 31 December are comprised of the following:

	2021	2020
	\$'000	\$'000
Reserve for uncertain tax positions, including interest and penalties	2,447	371

g). Taxes receivable and payable consist of the following:

	As at	As at
	31 December	31 December
	2021	2020
	\$'000	\$'000
Current Income Taxes Receivable	15,354	15,161

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17 Intangible assets

	Patents, trademarks and technology \$'000	Other intangibles \$'000	Total \$'000
Cost			
Balance at 1 January 2020	27,121	14,042	41,163
Disposals in the year	-	(15)	(15)
Effect of movements in exchange rates	341	63	404
Balance at 31 December 2020	27,462	14,090	41,552
Balance at 1 January 2021	27,462	14,090	41,552
Additions for the year	-	-	-
Effect of movements in exchange rates	(50)	(38)	(88)
Balance at 31 December 2021	27,412	14,052	41,464
Accumulated amortisation			
Balance at 1 January 2020	(12,011)	(7,917)	(19,928)
Charge for the year	(2,504)	(1,800)	(4,304)
Disposals in the year	-	15	15
Effect of movements in exchange rates	(119)	(42)	(161)
Balance at 31 December 2020	(14,634)	(9,744)	(24,378)
Balance at 1 January 2021	(14,634)	(9,744)	(24,378)
Charge for the year	(4,391)	(1,331)	(5,722)
Effect of movements in exchange rates	46	12	58
Balance at 31 December 2021	(18,979)	(11,063)	(30,042)
Carrying amounts			
At 1 January 2020	15,110	6,125	21,235
At 31 December 2020	12,828	4,346	17,174
At 31 December 2021	8,433	2,989	11,422

Cost

Under IFRS Venator has elected to report intangible assets at their historical cost.

Amortisation

Amortisation expenses of \$5.66 million (2020: \$4.29 million) are included in the Statement of Comprehensive Income in the year ended 31 December 2021 under cost of goods sold and \$0.06 million (2020: \$0.06 million) under administrative expenses.

The group amortises intangible assets with a limited useful life, using the straight-line method over the following periods:

- Patents, trademarks and technology 5 - 30 years
- Other intangibles 5 - 15 years

See note 5 (xvi) for the other accounting policies relevant to intangible assets.

During the fourth quarter of 2021, intangible assets with a net book value of \$7 million had a reduction in their remaining useful life as a result of a change in their intended use. The remaining useful life of these assets was reduced from seven years to less than one year.

The majority of the intangible assets were acquired as part of a business combination in 2014 when Huntsman purchased the Rockwood businesses (\$29.1 million of the total \$41.5 million cost, as at 31 December 2021, is attributed to the Rockwood intangible assets). A combination of patents, trademarks and technology were acquired with the most significant values related to the timber treatment technology and customer relationships, and smaller amounts attributed to the trademark and trade names. A further \$9.2 million of the intangible asset cost as at 31 December 2020, relates to intangible assets acquired as part of the purchase of the European paper laminates business from Tronox on 26 April 2019.

Patents, trademarks and technology cost of \$27.5 million, as at 31 December 2021, includes \$11.0 million for the developed timber treatment technology and \$5.9 million related to trademarks and trade name both acquired as part of the Rockwood business combination and both amortised over a period of 10 years (remaining amortisation period as at 31 December 2021: 2 years 10 months). The NBV of these as at 31 December 2021 is \$2.1 million (2020: \$3.3 million) and \$1.1 million (2020: \$1.8 million) respectively.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17 Intangible assets (continued)

Amortisation (continued)

A further \$9.2 million relates to knowhow and technology acquired for the European paper laminates business and was initially being amortised over a period of 10 years. The remaining amortisation period as at 31 December 2020 was 8 years 4 months and the remaining NBV, \$7.7 million. In 2021, due to a change in the intended use of the intangible asset, the useful life was reduced to less than one year resulting in additional accelerated depreciation of \$1.3 million in the year ended 31 December 2021. The remaining amortisation period as at 31 December 2021 was 4 months and the remaining NBV, \$5.4 million.

Other intangibles primarily consists of \$12.2 million cost related to customer relationships acquired as part of the Rockwood business combination and also amortised over a 10 year period (remaining amortisation period as at 31 December 2021: 2 years 10 months and NBV at 31 December 2021 of \$2.5 million (2020: \$4.0 million)).

Our estimated future amortisation expense for intangible assets over the next five years is as follows:-

	As at 31 December 2021 \$'000	As at 31 December 2020 \$'000
Year 1	8,825	4,300
Year 2	2,597	4,300
Year 3	-	4,300
Year 4	-	900
Year 5	-	900

Impairment

We are required to evaluate the carrying value of our long-lived tangible and intangible assets whenever events indicate that such carrying value may not be recoverable in the future or when management's plans change regarding those assets, such as idling or closing a plant. The impairment review performed for years ended 31 December 2021 and 31 December 2020 do not indicate any impairment of the intangible assets - see impairment details in note 19.

All obligations under the Senior Credit Facilities are guaranteed by Venator and substantially all of our subsidiaries (the "Guarantors"), and are secured by substantially all of the assets of Venator and the Guarantors, in each case subject to certain exceptions. The intangible assets of the Venator group are included in the assets pledged as security. As at 31 December 2021 all but \$19k of the intangible asset net book value is included in the assets pledged (2020: \$30k).

18 Investment properties

Non-current assets - held at historical cost

	As at 31 December 2021 \$'000	As at 31 December 2020 \$'000	As at 1 January 2020 \$'000
Opening balance at 1 January	25	179	179
Acquisitions	-	-	-
Disposals	-	(154)	-
Closing balance at 31 December	25	25	179

(i) Amounts recognised in profit or loss for investment properties

The Venator group owned two investment properties as at 1 January 2020, land at its Birtley site in the UK owned by its subsidiary Venator Pigments UK Limited and agricultural land in the North east of England owned by one of its subsidiary Venator Materials UK Limited. The lease of the land at Birtley ended in 2019 and so no rental income was earned in the year ended 31 December 2020. Rental for the land owned by Venator Materials UK Limited is at a nominal rate and is immaterial to the consolidated results of the Venator group.

(ii) Measuring investment property at historical cost

The investment properties held as at 1 January 2020 were held for long-term rental yields and were not occupied by the group. The group has elected to carry these at historical cost and recognise any gain or loss on disposal on sale of the properties. In the year ended 31 December 2020, the group recognised \$0.8m gain on the sale of the land at Birtley, UK.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18 Investment properties (continued)

(iii) Fair value of investment property

The group held one investment property at 31 December 2021 and 31 December 2020, the agricultural land in the North East of England. The land's fair value at 31 December 2021 was estimated to be \$0.3 million (2020: \$0.3 million) based on a residual valuation of the site undertaken by Avison Young (Commercial Real Estate Services Firm) in 2013 and a report from Avison Young in July 2020 that indicates this value would be broadly similar in today's market. The land does not benefit from a development allocation and is outside of the designated development limits set out by the local council and therefore its use is restricted. A valuation based on the land being designated as agricultural land is therefore deemed to be an appropriate valuation as at 31 December 2021 and 31 December 2020.

(iv) Pledged as security

All obligations under the Senior Credit Facilities are guaranteed by Venator and substantially all of our subsidiaries (the "Guarantors"), and are secured by substantially all of the assets of Venator and the Guarantors, in each case subject to certain exceptions. The investment properties of the Venator group are all included in the assets pledged as security.

19 Property, plant and equipment

	2021					
	Land and land improvements \$'000	Buildings \$'000	Plant and equipment \$'000	Furniture & Fixtures Leasehold improvements \$'000	Assets under construction \$'000	Total \$'000
Cost at 1 January 2021	98,682	263,881	2,120,901	15,570	116,856	2,615,890
Transfers	(2)	5,043	47,596	(7,023)	(53,373)	(7,759)
Additions	-	1,390	26,248	616	52,561	80,815
Disposals	(4,666)	(3,875)	(37,231)	(464)	(1,332)	(47,568)
Impairment	-	-	(2,876)	-	-	(2,876)
Effects of movements in exchange rates	(4,130)	(13,360)	(101,879)	(568)	(5,886)	(125,823)
Cost at 31 December 2021	89,884	253,079	2,052,759	8,131	108,826	2,512,679
Accumulated depreciation at 1 January 2021	(30,559)	(149,644)	(1,492,327)	(2,394)	-	(1,674,924)
Depreciation for the year	(314)	(10,539)	(99,754)	(1,180)	-	(111,787)
Disposals	314	2,259	31,648	116	-	34,337
Transfers	-	395	6,733	633	-	7,761
Impairment	-	-	(4,595)	-	-	(4,595)
Effects of movements in exchange rates	735	7,658	74,473	174	-	83,040
Accumulated depreciation at 31 December 2021	(29,824)	(149,871)	(1,483,822)	(2,651)	-	(1,666,168)
Net book value						
As at 1 January 2021	68,123	114,237	628,574	13,176	116,856	940,966
As at 31 December 2021	60,060	103,208	568,937	5,480	108,826	846,511

The group had \$2.3 million capitalised borrowing costs during the year ended 31 December 2021.

The capitalisation rate used is a weighted average rate based upon the rates applicable to borrowings outstanding during the period. The calculated interest rate in 2021 was approximately 5% (December 2021: 5.07%).

The group had \$7.2 million loss on disposal of fixed assets during the year ended 31 December 2021. The group also impaired \$7.5 million of assets related to the Pori site during the year ended 31 December 2021, these costs are included within restructuring costs in the consolidated income statement.

In May 2021, we completed the sale of our water treatment business for approximately \$6 million in cash. We recorded a profit on disposal of \$0.6 million, which is included in Other income in our statements of operations. The water treatment assets had been impaired in year ended 31 December 2020 by \$2.6 million.

All obligations under the Senior Credit Facilities are guaranteed by Venator and substantially all of our subsidiaries (the "Guarantors"), and are secured by substantially all of the assets of Venator and the Guarantors, in each case subject to certain exceptions. The property, plant and equipment assets of the Venator group are included in the assets pledged as security. As at 31 December 2021 all but \$3.8 million (2020: \$5.6 million) of the property, plant and equipment net book value is included in the assets pledged against the Senior Credit Facilities and the Tioxide Pension Fund. The amount pledged as security for the Tioxide Pension Fund is \$75 million as at 31 December 2021 (2020: \$55 million).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19 Property, plant and equipment (continued)

	2020					
	Land and land improvements \$'000	Buildings \$'000	Plant and equipment \$'000	Furniture & fixtures \$'000	Assets under construction \$'000	Total \$'000
Cost at 1 January 2020	97,007	241,110	1,951,319	13,568	179,794	2,482,798
Transfers	(3,149)	12,844	87,793	-	(97,488)	-
Additions	39	2,689	18,447	1,694	24,493	47,362
Impairments	(32)	(656)	(1,730)	(163)	(19)	(2,600)
Disposals	(114)	(8,193)	(60,533)	(353)	(98)	(69,291)
Effects of movements in exchange rates	4,931	16,087	125,605	824	10,174	157,621
Cost at 31 December 2020	98,682	263,881	2,120,901	15,570	116,856	2,615,890
Accumulated depreciation at 1 January 2020	(29,551)	(139,204)	(1,327,287)	(1,629)	-	(1,497,671)
Depreciation for the year	(305)	(8,139)	(99,261)	(619)	-	(108,324)
Accelerated depreciation	-	-	(32,023)	-	-	(32,023)
Impairment	-	-	(2,999)	-	-	(2,999)
Disposals	27	8,098	60,818	46	-	68,989
Transfers	-	(821)	821	-	-	-
Effects of movements in exchange rates	(730)	(9,578)	(92,396)	(192)	-	(102,896)
Accumulated depreciation at 31 December 2020	(30,559)	(149,644)	(1,492,327)	(2,394)	-	(1,674,924)
Net book value						
As at 1 January 2020	67,456	101,906	624,032	11,939	179,794	985,126
As at 31 December 2020	68,123	114,237	628,574	13,176	116,856	940,966

The group had \$1.0 million capitalised borrowing costs during the year 31 December 2020.

The capitalisation rate used is a weighted average rate based upon the rates applicable to borrowings outstanding during the period. The calculated interest rate in 2020 was approximately 5% (December 2020: 5.06%).

The group had \$5.4 million profit on disposal of fixed assets, during the year ended 31 December 2020. In 2020 \$5.7 million of the profit on disposal related to the sale of the Umbogintwini site.

Impairment

In connection with the preparation of the group's consolidated financial statements included in this Annual Report, consistent with our accounting policies discussed in "Note 5 - Summary of Significant Accounting Policies", we evaluate our property, plant and equipment for impairment whenever there are changes in facts which suggest that the value of the asset is not recoverable.

The recoverable amount of all property, plant and equipment has been determined based on value-in-use calculations using present value of future cash flow projections. As part of our impairment analysis, we make assumptions and estimates regarding future market conditions.

During the years ended 31 December 2021 and 2020, we identified indicators that certain assets might not be recoverable. Such indicators include market capitalisation below the value of net assets for the group along with a further fall in the share price.

As a result, the carrying amounts on certain of our assets were written down to their recoverable amount resulting in an impairment charge of \$ nil and \$2.6 million during the years ended 31 December 2021 and 2020.

In addition to the impairment charges note above which were the result of the impairment review, there was an additional impairment charge of \$7.5 million in the year ended 31 December 2021 related to the write down of the Pori assets; these costs are included within restructuring costs in the consolidated income statement. In the year ended 31 December 2020 there was an additional \$3.0 million impairment charge related to the write down of Pori assets, these costs are included within impairment charge in the consolidated income statement.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19 Property, plant and equipment (continued)

Impairment (continued)

For the purposes of IAS 36, at present the following are defined as asset groups for Venator, which is subject to change based on changes in the operating characteristics of the company:

- Europe TiO₂ and FAD (inclusive of 8 legal entities)
- USA TiO₂ (1 legal entity)
- Malaysia TiO₂ (1 legal entity)
- Color Pigments (inclusive of 7 legal entities)
- Timber Treatment (2 entities)

The above asset groupings reflect how Management review and monitor operations and internal reporting for Venator. For instance when reviewing TiO₂ results, the results are split into Europe, NAFTA and APAC.

Where indicators of impairment are identified, an impairment assessment is undertaken. In assessing whether an asset group has been impaired, the net book value of the asset group is compared to its recoverable amount. The recoverable amount is the higher of its fair value less costs of disposal and its value in use.

For the purpose of estimating the value in use of CGUs, management has used a discounted cash flow approach.

The calculations use cash flow projections based on forecasts approved by management covering a three-year period including management's best estimate about future developments and market assumptions. The key assumptions used by management in the value in use calculations were:

Discount rates

The average pre-tax discount rate used is 11.75% (2020: 9.42%). Venator is managed as a global business therefore management believe a single discount rate is appropriate for the group.

Terminal value

The terminal value is based on a multiple of 6.6x which represents the Venator EV ("Enterprise Value") / NTM ("Next Twelve Months") average since the IPO in 2017. Although the multiple as at 31 December 2021 was 4.4x, Management deems an average multiple to be the most reasonable estimate for the multiple to apply to the discounted cash flows.

EBITDA

EBITDA is used as an estimate for the cash flows of the business and is deemed an appropriate measure to use as it removes the non cash operating expenses.

For the two year period following the initial three year forecasts, EBITDA was set at the same level as year 3. Beyond the 5 year period normalised EBITDA was used for the cash flows as this equalises out the cyclical nature of the business. This normalised EBITDA is based on average VCM ("Variable Contribution Margin") through a TiO₂ cycle, indirect and SG&A forecasts based on the current business model and factoring in current business improvement programmes and inflation. VCM has averaged at ~\$1,200/t since the IPO in 2017 so management deem the target of \$1,150/t VCM to be a realistic estimate.

Other cash items

The capex include maintenance capital expenditures, and capex to support the implementation of business improvement projects including growth

The working capital needs is consistent with the forecast growth assumptions coming out of the covid-19 pandemic. Beyond the 5 year period, the working capital needs reach a normalised level.

Pori closure and restructuring are based on management's best estimates.

Pension cash flows are estimated based on the latest actuarial report.

Approved forecast period

Forecast cash flows for the initial three-year period are based on actual cash flows for the current year and applying growth assumptions and assumptions around the market conditions coming out of the COVID-19 pandemic.

The key assumptions used by management in setting the financial forecasts for the initial three-year period were as follows:

Forecast EBITDA: Forecast growth rates in volume and price taking into account changes in the market and predictions from industry commentators (TZMI).

Manufacturing sites are operating within their name plate capacities and are therefore able to meet demand.

Allocation of corporate cash flows

Corporate cash flows have been allocated across the asset groups using revenue as the basis of allocation. Revenue is one of the key allocation keys used to allocate corporate charges across the group so is deemed the most appropriate method to allocate the corporate costs for the purposes of the discounted cash flows.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19 Property, plant and equipment (continued)

Impairment (continued)

Sensitivity to changes in assumptions

The level of impairment is predominantly dependent upon judgements used in arriving at future growth rates and the discount rates applied to cash flow projections. The impact on the impairment result of applying a reasonably possible change in assumptions to the growth rates used in the three-year forecasts, long-term growth rates and in the pre-tax discount rates would result in the change in the headroom (value in use in excess of asset values) to:

Headroom (Value in Use in excess of asset values)	Asset Group				
	TiO ₂ and FAD Europe USD	TiO ₂ US USD	TiO ₂ Malaysia USD	Color USD	Timber USD
Impairment headroom (base impairment assessment)	442.1m	18.6m	23.6m	6.1m	76.1m
Impairment headroom if discount rates were increased by 1% pt	383.1m	12.6m	17.0m	(3.0)m	70.6m
Impairment headroom if discount rates were decreased by 1% pt	506.2m	25.2m	30.8m	15.9m	81.9m
Impairment headroom if terminal value was increased by 1 point	507.7m	25.5m	31.2m	16.1m	80.9m
Impairment headroom if terminal value was decreased by 1 point	376.5m	11.8m	16.1m	(3.9)m	71.2m
Impairment headroom if EBITDA was increased by 10%	597.6m	38.2m	44.5m	29.7m	87.9m
Impairment headroom if EBITDA was decreased by 10%	286.7m	(0.9)m	2.8m	(17.6)m	64.2m
Impairment headroom (base case excluding Scarlino site)	246.4m	18.3m	23.5m	5.7m	75.9m

Note: The sensitivity based on a decrease in EBITDA of 10% incorporates the assumptions for Venator's downside scenario taking into account rising global energy costs and potential gas shortages as a result of the conflict between Russia and Ukraine.

Impairment Results

The discounted cash flows base case calculations do not suggest an impairment for any of the asset groups as the value in use is higher than the net book value for all asset groups.

In the year ended 31 December 2020, the discounted cash flows base case calculations suggested an impairment of the Water Treatment group as the value in use was lower than the net book value for these asset groups. In May 2021 the Water Treatment business sold for a consideration of \$6 million which would represent the fair market value of the Water Treatment business. The net book value of the assets for this group as at 31 December 2020 was \$8.6 million and therefore a \$2.6 million impairment was booked to bring the asset value down to the \$6 million fair value. The impairment related to all of the assets held in relation to the Water Treatment business, the majority of which are plant and equipment (\$5.7 million) and buildings (\$2.1 million).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20 Investment in unconsolidated affiliates

Investments in companies in which we exercise significant influence, but do not control, are accounted for using the equity method.

Venator Investments Limited, a wholly-owned subsidiary of Venator, has a 50% interest in LPC. Located in Lake Charles, Louisiana, LPC is a joint venture that produces TiO₂ for the exclusive benefit of each of the joint venture partners. In accordance with the joint venture agreement, this plant operates on a break-even basis. This investment is accounted for using the equity method and totalled \$100.9 million, \$104.3 million and \$91.9 million at 31 December 2021, 31 December 2020 and 1 January 2020, respectively.

21 Investment in consolidated joint ventures

We evaluate our investments and transactions to identify entities for which the group holds 50% or less of the share capital and voting rights, but for which we are the primary beneficiary and can exert control. Any such entities will be consolidated into the results of the Venator group.

We hold a 50% interest in the following joint ventures for which we are the primary beneficiary and can exert control and therefore consolidate into the group results:

Pacific Iron Products Sdn Bhd is our 50%-owned joint venture with Coogee Chemicals that manufactures products for Venator. It was determined that the activities that most significantly impact its economic performance are raw material supply, manufacturing and sales. In this joint venture we supply all the raw materials through a fixed cost supply contract, operate the manufacturing facility and market the products of the joint venture to customers. Through a fixed price raw materials supply contract with the joint venture we are exposed to the risk related to the fluctuation of raw material pricing. As a result, we concluded that we do have power over the investee, we have exposure to variable returns from involvement with the investee and we can use our power over the investee to affect the amount of the investor's returns and therefore do have control over the entity and would include this entity in the consolidated results.

Viance LLC is our 50%-owned joint venture with IFF. Viance markets timber treatment products for Venator. It was determined that the activity that most significantly impacts Viance's economic performance is manufacturing. The joint venture sources all of its products through a contract manufacturing arrangement at our Harrisburg, North Carolina facility and we bear a disproportionate amount of working capital risk of loss due to the supply arrangement whereby we control manufacturing on Viance's behalf. As a result, we concluded that we do have power over the investee, we have exposure to variable returns from involvement with the investee and we can use our power over the investee to affect the amount of the investor's returns and therefore do have control over the entity and would include this entity in the consolidated results.

Creditors of these entities have no recourse to Venator's general credit. As we have control of these 50% owned joint ventures at 31 December 2021 and 31 December 2020, the joint ventures' assets, liabilities and results of operations are included in Venator's consolidated and combined financial statements.

The revenues, income before income taxes and net cash provided by operating activities for our consolidated joint ventures are as follows:

	As at 31 December 2021 \$'000	As at 31 December 2020 \$'000
Revenues	91,965	104,258
Income from continuing operations before income taxes	6,338	15,072
Net cash provided by operating activities	11,159	15,901

22 Cash and cash equivalents

	As at 31 December 2021 \$'000	As at 31 December 2020 \$'000	As at 1 January 2020 \$'000
Current assets			
Cash at bank and in hand	114,257	66,999	54,772
Deposits on call	42,000	152,950	-
	<u>156,257</u>	<u>219,949</u>	<u>54,772</u>

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are payable within short notice with no penalties.

All obligations under the Senior Credit Facilities are guaranteed by Venator and substantially all of our subsidiaries (the "Guarantors"), and are secured by substantially all of the assets of Venator and the Guarantors, in each case subject to certain exceptions. The cash of the Venator group is all included in the assets pledged as security.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**23 Inventories**

Inventories are stated at the lower of cost or market, with cost determined using first in, first out and average cost methods for different components of inventory.

	As at 31 December 2021 \$'000	As at 31 December 2020 \$'000	As at 1 January 2020 \$'000
Raw materials and consumables	183,726	135,402	164,783
Work in progress	51,293	51,019	49,171
Finished goods and goods for resale	241,804	251,905	297,637
Materials and supplies	1,538	1,884	1,657
Total	478,361	440,210	513,248

In 2021, inventories of \$2,020 million (2020: \$1,778 million) were recognised as an expense during the year and included in 'cost of sales', this expense is after recognising a credit of \$2.5 million (2020: \$1.9 million credit) as a result of the write down of inventories to net realisable value. The credit recognised in 2021 is the result of a reduction in the NRV provision required between 31 December 2020 and 31 December 2021. Reversals of inventory write downs are immaterial to the Venator consolidated results.

All obligations under the Senior Credit Facilities are guaranteed by Venator and substantially all of our subsidiaries (the "Guarantors"), and are secured by substantially all of the assets of Venator and the Guarantors, in each case subject to certain exceptions. The inventories of the Venator group are all included in the assets pledged as security.

24 Trade and other receivables

	As at 31 December 2021 \$'000	As at 31 December 2020 \$'000	As at 1 January 2020 \$'000
Non-current			
Pension assets	171,964	123,810	78,830
Spare parts inventory	32,063	34,761	27,089
Debt issuance costs	3,844	2,251	3,554
Other non-current assets	66	946	391
Total non-current trade and other receivables	207,937	161,768	109,864
Current			
Accounts receivable, net	316,328	304,759	297,539
Notes receivable	-	-	11,950
Prepaid expenses and deposits	23,184	24,450	21,118
Spare parts inventory	33,160	31,460	31,858
Current and other taxes receivable	48,245	22,706	36,893
Emissions allowances	8,369	-	-
Other current assets	13,442	10,399	7,474
Total current trade and other receivables	442,728	393,774	406,832

As at 31 December 2021 and 2020, trade receivables (net of credit balances) of 18.4 million and 8.5 million were past due but not impaired, respectively. These relate to a number of independent customers for whom there is no recent history of default.

The ageing analysis of these trade receivables is as follows:

	1-30 days \$'000	31-90 days \$'000	Past due but not impaired 91-120 days \$'000	121-180 days \$'000	Over 180 days \$'000	Total \$'000
Overdue balances as at 31 December 2021	18,789	3,977	293	608	303	23,970
Overdue balances as at 31 December 2020	13,286	2,704	550	354	808	17,702

All obligations under the Senior Credit Facilities are guaranteed by Venator and substantially all of our subsidiaries (the "Guarantors"), and are secured by substantially all of the assets of Venator and the Guarantors, in each case subject to certain exceptions. The trade and other receivables of the Venator group are all included in the assets pledged as security.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

25 Trade and other payables

	As at 31 December 2021 \$'000	As at 31 December 2020 \$'000	As at 1 January 2020 \$'000
Non-current			
Employee benefit accrual	2,881	3,408	3,221
Other non-current liabilities	21,844	341	3,749
Total non-current trade payables and other payables	24,725	3,749	6,970
Current			
Trade payables	330,705	216,717	288,768
Capital accruals	29,535	23,047	45,806
Payroll and other benefits	27,165	34,271	47,895
Interest	21,426	23,808	10,044
Rebate accruals	9,299	17,737	18,797
Accrued taxes	-	778	369
Carbon credits	9,985	-	-
Other current payables	32,806	26,750	23,016
Total current trade payables and other payables	460,921	343,108	434,695

26 Loans and borrowings

Short-term debt and current portion of long-term debt

Outstanding short-term debt as of 31 December 2021 and 31 December 2020, respectively consisted of the following:

	As at 31 December 2021 \$'000	As at 31 December 2020 \$'000	As at 1 January 2020 \$'000
Bank overdrafts	-	2,141	-
Current portion of Term Loan facility	3,750	3,750	3,750
Notes payable	-	-	7,400
	3,750	5,891	11,150

Notes payable as at 1 January 2020 were unsecured and related to an insurance financing loan agreement for 2019/2020 entered into during 2019. The financing carried a fixed rate of interest of 4.160% per annum and expired in June 2020. There was no similar agreement for the 2020/21 or 2021/22 insurances.

Long-term debt

Outstanding debt, net of issuance costs of \$14 million and \$18 million as of 31 December 2021 and 31 December 2020, respectively, consisted of the following:

	As at 31 December 2021 \$'000	As at 31 December 2020 \$'000	As at 1 January 2020 \$'000
Term Loan Facility due August 2024	356,101	358,759	361,410
Senior Secured Notes due July 2025	217,035	214,836	-
Senior Unsecured Notes due July 2025	372,388	371,645	370,904
Total debt	945,524	945,240	732,314
Less: current portion of long-term debt	3,750	3,750	3,750
Total long-term debt	941,774	941,490	728,564

The estimated fair value of the Term Loan Facility was \$359 million and \$358 million as of 31 December 2021 and 31 December 2020, respectively. The estimated fair value of the Senior Secured Notes was \$247 million as of 31 December 2021 and 31 December 2020, each. The estimated fair value of the Senior Unsecured Notes was \$362 million and \$354 million as of 31 December 2021 and 31 December 2020, respectively. The estimated fair values of the Term Loan Facility, Senior Secured Notes and Senior Unsecured Notes are based upon quoted market prices (Level 1).

The aggregate principal outstanding under our ABL facility was nil as of 31 December 2021 and 2020, each.

The weighted average interest rate on our outstanding balances under the Senior Notes, Term Loan Facility and cross-currency swaps as of 31 December 2021 is approximately 5% (2020: 5%).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**26 Loans and borrowings (continued)****Terms and repayment schedule**

The terms and conditions of outstanding debt are as follows:

	Currency	Nominal interest rate	Year of maturity	31 December 2021		31 December 2020		1 January 2020	
				Face value	Carrying amount	Face value	Carrying amount	Face value	Carrying amount
Term Loan Facility	USD	5.75%	2024	375,000	356,101	375,000	358,759	375,000	361,410
Senior Secured Notes	USD	9.50%	2025	225,000	217,035	225,000	214,836	-	-
Senior Unsecured Notes	USD	5.75%	2025	375,000	372,388	375,000	371,645	375,000	370,904
Long-term debt, net of debt issuance costs				975,000	945,524	975,000	945,240	750,000	732,314

Senior Secured Notes

On 22 May 2020, we completed an offering of \$225 million in aggregate principal amount of senior secured notes (the "Senior Secured Notes") due on 1 July 2025 at 98% of their face value. The Senior Secured Notes are obligations of our wholly owned subsidiaries, Venator Finance S.à r.l. and Venator Materials LLC (the "Issuers") and bear interest of 9.5% per year payable semi-annually in arrears. The Senior Secured Notes are guaranteed on a senior secured basis by Venator and each of Venator's restricted subsidiaries (other than the Issuers and certain other excluded subsidiaries) that is a guarantor under Venator's Term Loan Facility and ABL Facility. The Senior Secured Notes are secured on a first-priority basis by liens on all of the assets that secure the Term Loan Facility on a first-priority basis and are secured on a second-priority basis in all inventory, accounts receivable, deposit accounts, securities accounts, certain related assets and other current assets that secure the ABL Facility on a first-priority basis and the Term Loan Facility on a second-priority basis, in each case, other than certain excluded assets. The Senior Secured Notes contain covenants that are usual and customary for facilities of this type, including events of default and financial, affirmative and negative covenants. Upon the occurrence of certain change of control events, holders of the Venator Senior Secured Notes will have the right to require that the Issuers purchase all or a portion of such holder's Senior Secured Notes in cash at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to the date of repurchase.

Senior Notes

Our Senior Unsecured Notes are general unsecured senior obligations of the Issuers and are guaranteed on a general unsecured senior basis by Venator and certain of Venator's subsidiaries. The indenture related to the Senior Unsecured Notes imposes certain limitations on the ability of Venator and certain of its subsidiaries to, among other things, incur additional indebtedness secured by any principal properties, incur indebtedness of non-guarantor subsidiaries, enter into sale and leaseback transactions with respect to any principal properties, consolidate or merge with or into any other person or lease, sell or transfer all or substantially all of its properties and assets. The Senior Unsecured Notes bear interest of 5.75% per year payable semi-annually and will mature on 15 July 2025. The Senior Unsecured Notes will be redeemable in whole or in part at any time at the redemption prices set forth in the indenture, plus accrued and unpaid interest, if any, up to, but not including, the redemption date. Upon the occurrence of certain change of control events (other than the separation), holders of the Venator Senior Unsecured Notes will have the right to require that the Issuers purchase all or a portion of such holder's Senior Unsecured Notes in cash at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to the date of repurchase.

Senior Credit Facilities

Our Senior Credit Facilities provide for first lien senior secured financing of up to \$705 million, consisting of:

- the Term Loan Facility in an aggregate principal amount of \$375 million, with a maturity of seven years; and
- the ABL Facility in an aggregate principal amount of up to \$330 million, with a maturity of five years.

The Term Loan Facility amortises in aggregate annual amounts equal to 1% of the original principal amount of the Term Loan Facility, and is paid quarterly.

On 15 October 2021, we entered into the Amendment and Restatement Agreement, which amended and restated the ABL Credit Agreement. Among other things, the amendment provides for (i) an extension of the revolving loan commitments pursuant to the ABL Credit Agreement until 15 October 2026, or if earlier, 91 days prior to maturity date of any indebtedness in an amount in excess of \$75 million and (ii) a reduction in the revolving loan commitments to \$330 million. Availability to borrow under the \$330 million of commitments under the ABL Facility is subject to a borrowing base calculation comprised of accounts receivable and inventory in U.S., Canada, the U.K., and Germany and accounts receivable in France and Spain, that fluctuate from time to time and may be further impacted by the lenders' discretionary ability to impose reserves and availability blocks that might incrementally decrease borrowing availability. As a result, the aggregate amount available for extensions of credit under the ABL Facility at any time is the lesser of \$330 million (2020: \$350 million) and the borrowing base calculated according to the formula described above minus the aggregate amount of extensions of credit outstanding under the ABL Facility at such time. The borrowing base calculation as of 31 December 2021 is approximately \$278 million (2020: \$281 million), of which \$201 million is available to be drawn (2020: \$251 million), as a result of approximately \$32 million of letters of credit issued (2020: \$30 million) and outstanding as well as a portion of the borrowing base reserved for \$45 million of letters of credit available to be issued by one of our lenders, of which approximately \$33 million has been utilised at 31 December 2021.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

26 Loans and borrowings (continued)

Senior Credit Facilities (continued)

Borrowings under the Term Loan Facility bear interest at a rate equal to, at Venator's option, either (a) a LIBOR based rate determined by reference to the costs of funds for Eurodollar deposits for the interest period relevant to such borrowing, adjusted for certain additional costs subject to an interest rate floor to be agreed or (b) a base rate determined by reference to the highest of (i) the rate of interest per annum determined from time to time by JPMorgan Chase Bank, N.A. as its prime rate in effect at its principal office in New York City, (ii) the federal funds rate plus 0.50% per annum and (iii) the one-month adjusted LIBOR plus 1.00% per annum, in each case plus an applicable margin to be agreed upon. Borrowings under the ABL Facility bear interest at a variable rate equal to an applicable margin based on the applicable quarterly average excess availability under the ABL Facility plus either a LIBOR or a base rate. The applicable margin percentage is calculated and established once every three calendar months and varies from 150 to 200 basis points for LIBOR loans depending on the quarterly average excess availability under the ABL Facility for the immediately preceding three-month period. The Senior Credit Facilities contain covenants that are usual and customary for facilities of this type, including events of default and financial, affirmative and negative covenants. In addition, the ABL Facility contains a springing financial covenant that requires the Company and its restricted subsidiaries to maintain a consolidated fixed charge coverage ratio of at least 1:1 for certain periods of time, if borrowing availability is less than a specified threshold. The Senior Credit Facilities contain customary change of control provisions, the breach of which entitle the lenders to take various actions, including the acceleration of amounts due under the facility.

Guarantees

All obligations under the Senior Credit Facilities are guaranteed by Venator and substantially all of our subsidiaries (the "Guarantors"), and are secured by substantially all of the assets of Venator and the Guarantors, in each case subject to certain exceptions. Lien priority as between the Term Loan Facility and the ABL Facility with respect to the collateral will be governed by an intercreditor agreement.

Letters of Credit

As of 31 December 2021 we had \$105 million (2020: \$75 million) issued and outstanding letters of credit and bank guarantees to third parties. Of this amount, \$40 million (2020: \$45 million) were issued by various banks on an unsecured basis with the remaining \$65 million (2020: \$30 million) issued from our secured ABL facility.

Related Party Notes Payable of Venator to Subsidiaries of Huntsman International

We have a note payable of \$21 million and \$20 million as of 31 December 2021 and 2020, respectively, to Huntsman for a liability pursuant to the tax matters agreement entered into at the time of the separation of which \$21 million and \$17 million has been presented as Noncurrent payable to affiliates on our consolidated balance sheets as of 31 December 2021, and 2020. \$3 million was included in accounts payable to affiliates as of 31 December 2020. See "Note 15. Income Taxes" for further discussion.

Maturities

The scheduled maturities of our debt (excluding debt to affiliates) by year as of 31 December 2021 and 31 December 2020 are as follows:

	As at 31 December 2021 \$'000	As at 31 December 2020 \$'000
Year 1	3,750	5,750
Year 2	3,750	3,750
Year 3	352,000	3,750
Year 4	600,000	352,000
Year 5	-	600,000
Thereafter	-	-
Total	959,500	965,250

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

26 Loans and borrowings (continued)

Reconciliation of movements of liabilities to cash flows arising from financing activities:

	1 January 2021 \$'000	Financing Cash Flows - Reclass \$'000	ROU Additions \$'000	Lease terminations \$'000	Interest expense \$'000	Interest paid \$'000	Other Changes \$'000	31 December 2021 \$'000
Loans and borrowings	947,381	(8,677)	-	-	4,086	-	2,734	945,524
Lease liabilities	50,964	(9,415)	2,615	(281)	(2,965)	2,965	(2,616)	41,267
Accounts payable to affiliates	3,000	(2,346)						654
Other liabilities	4,124	(4,124)	-	-	-	-	-	-
	<u>1,005,469</u>	<u>(24,562)</u>	<u>2,615</u>	<u>(281)</u>	<u>1,121</u>	<u>2,965</u>	<u>118</u>	<u>987,445</u>

Accounts payable to affiliates as at 31 December 2020, included a \$3.0 million note payable to Huntsman for a liability pursuant to the tax matters agreement entered into at the time of the separation. The remaining note payable of \$21 million and \$17 million as at 31 December 2021 and 2020 respectively, is presented as Noncurrent payable to affiliates. (see note 33: Related party transactions for further details).

Payments for other liabilities includes the final payment for the European paper laminates business purchased from Tronox in 2019 (see note 11: Intangible assets for further details of purchase). Other liabilities form part of the Trade and other payables balance on the consolidated balance sheet.

Other changes include debt issuance costs paid related to the refinancing of the ABL facility for which there is no liability as at 31 December 2021 and 2020. Also included is the impact of foreign currency translation on the lease liabilities.

	1 January 2020 \$'000	Financing Cash Flows \$'000	ROU Additions \$'000	Lease terminations \$'000	Interest expense \$'000	Interest paid \$'000	Other Changes \$'000	31 December 2020 \$'000
Loans and borrowings	739,714	205,039	-	-	3,191	-	(563)	947,381
Lease liabilities	55,184	(9,696)	2,502	(170)	(3,331)	3,331	3,144	50,964
Other liabilities	8,428	(4,304)	-	-	-	-	-	4,124
	<u>803,326</u>	<u>191,039</u>	<u>2,502</u>	<u>(170)</u>	<u>(140)</u>	<u>3,331</u>	<u>2,581</u>	<u>1,002,469</u>

Payments for other liabilities includes the penultimate payment for the European paper laminates business purchased from Tronox in 2019 (see note 11: Intangible assets for further details of purchase). Other liabilities form part of the Trade and other payables balance on the consolidated balance sheet.

Other changes include the impact of foreign currency translation on the lease liabilities..

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**27 Employee benefits**

	As at 31 December 2021 \$'000	As at 31 December 2020 \$'000	As at 1 January 2020 \$'000
Net defined benefit pension asset	(171,964)	(123,810)	(78,830)
Total employee benefit asset	(171,964)	(123,810)	(78,830)
Net defined benefit pension liability	215,836	270,870	243,282
Post-employment medical benefit liability	2,845	3,118	3,014
Other long term benefit plan liability	908	956	845
Termination benefit liability	Note 36 21,344	25,139	14,430
Payroll benefits (incl. bonus, vacation accrual, payroll taxes)	Note 25 27,165	34,271	47,895
Other post-employment benefits	2,881	3,408	3,221
Total employee benefit liabilities	270,979	337,762	312,687
Non-current	229,316	298,532	256,969
Current	41,663	39,230	55,718
	270,979	337,762	312,687

Employee benefit programs

The group operates a number of pension and other post-retirement benefit schemes for the benefit of its employees. We sponsor several contributory and non-contributory defined benefit plans, covering employees primarily in the U.S., the U.K., Germany and Finland, but also covering employees in a number of other countries. We fund the material plans through trust arrangements (or local equivalents) where the assets are held separately from us. We also sponsor unfunded postretirement plans which provide medical and, in some cases, life insurance benefits covering certain employees in the U.S. and Canada. Amounts recorded in our consolidated financial statements are recorded based upon actuarial valuations performed by various third-party actuaries. Inherent in these valuations are numerous assumptions regarding discount rates, compensation increases, mortality rates and health care cost trends. We evaluate these assumptions at least annually.

Defined Benefit and Other Post-retirement Benefit Plans

Venator sponsors defined benefit plans in a number of countries outside of the UK in which employees of Venator participate. The availability of these plans and their specific design provisions are consistent with local competitive practices and regulations.

Of the total projected benefit obligations for Venator as of 31 December 2021, 31 December 2020 and 1 January 2020, the amount related to the UK benefit plans was \$710.1 million, \$779.2 million and \$719.9 million respectively, or 65% each. Of the total fair value of plan assets for Venator, the amount related to the UK benefit plans for 31 December 2021, 31 December 31 2020 and 1 January 2020 was \$880.3 million, \$898.7 million and \$793.9 million, respectively, or 85% each.

The majority of benefit payments are from trustee-administered funds; however, there are also a number of unfunded plans where the group meets the benefit payment obligation as it falls due (As of 31 December 2021, our net deficit under our defined benefit plans was \$44 million (2020: \$148 million)), the majority of which related to funding obligations for our pension plans in Finland and Germany. Plan assets held in trusts are governed by local regulations and practice in each country, as is the nature of the relationship between the group and the trustees (or equivalent) and their composition. Responsibility for governance of the plans including investment decisions and contributions schedules lies jointly with the group and the board of trustees. The board of trustees must be composed of representatives of the group and plan participants in accordance with the plan's regulations.

UK Pension Plans

In the UK there are two defined benefit pension plans, The Tioxide Pension Fund and the Huntsman Global Pension Scheme.

The Tioxide Pension Fund is a funded multi-employer defined benefit pension scheme, for all qualifying employees. The principal employer for the scheme is Venator Materials PLC and the participating employer is Venator Materials UK Limited. The defined benefit pension scheme was closed to future service for existing members from 1 January 2011 and from this date there are no additional service costs.

The most recent actuarial valuation of scheme assets and the present value of the defined benefit obligation was carried out at 31 March 2021 by Kathryn Taylorson, Fellow of the Institute and Faculty of Actuaries and Scheme Actuary to the Trustees. The latest valuation shows that the scheme is in a surplus on a technical provisions basis and as such no further company contributions are required. The Scheme Trustees and the Company will be pursuing a buy-out process to move the member benefits to an insurance company – this process is likely to take a number of years.

The UK Tioxide plan shows a surplus as at 31 December 2021, 31 December 2020 and 1 January 2020 of \$172.0 million, \$123.8 million and \$78.8 million respectively. As required by IAS19 and IFRIC14, a restriction must be placed on the amount of surplus, or potential surplus that may be recognised by the sponsor if it is not going to be recoverable (directly or indirectly) by the sponsor. IFRIC 14 provides guidance on assessing any restriction. Venator believe that this surplus is recognisable under IAS19 on the basis that the employer would have an unconditional right to a refund assuming the scheme runs on until the last member has drawn their benefits and then any surplus assets are refunded to the sponsor at that point in time.

No other plans are in surplus at 31 December 2021, 31 December 2020 or 1 January 2020 and there are no minimum funding requirements that may result in the possible need to recognise additional liabilities.

The Huntsman Global Pension Scheme is a funded multi-employer defined benefit pension fund, for all qualifying employees. The principal employer for the scheme is Venator Materials UK Limited, a subsidiary of Venator Materials PLC and participating employers include Huntsman Polyurethanes (UK) Limited. A full actuarial valuation of the Huntsman Global Pension Scheme was carried out at 30 September 2020 and updated to 31 December 2019. The Company aims to eliminate the current deficit over 7 years.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

27 Employee benefits (continued)

US Pension and Other Post-retirement Medical Plans

Venator's U.S. employees participated in a trustee, non-contributory defined benefit pension plan (the "Plan") that covered substantially all of Huntsman International's full-time U.S. employees. In July 2004, the Plan formula for employees not covered by a collective bargaining agreement was converted to a cash balance design. For represented employees, participation in the cash balance design was subject to the terms of negotiated contracts. For participating employees, benefits accrued under the prior formula were converted to opening cash balance accounts. The new cash balance benefit formula provides annual pay credits from 4% to 12% of eligible pay, depending on age and service, plus accrued interest. Participants in the plan as of 1 July 2004 were eligible for additional annual pay credits from 1% to 8%, depending on their age and service as of that date, for up to 5 years. Beginning 1 July 2014, the Huntsman Defined Benefit Pension Plan was closed to new, non-union entrants and as of 1 April 2015, it was closed to new union entrants. After closure, new hires were provided with a defined contribution plan with a non-discretionary employer contribution of 6% of pay and a company match of up to 4% of pay, for a total company contribution of up to 10% of pay. In connection with the separation, Venator adopted a non-contributory defined benefit pension plan for union entrants prior to April 2015.

Our eligible employees (who were employed by Huntsman prior to 1 August 2015) also participate in an unfunded postretirement benefit plan, which provides medical and life insurance benefits. This plan is sponsored by Venator.

Our U.S. employees participate in a postretirement benefit plan that provides a fully insured Medicare Part D plan including prescription drug benefits affected by the Medicare Prescription Drug, Improvement and Modernisation Act of 2003 (the "Act"). Venator has not determined whether the medical benefits provided by these postretirement benefit plans are actuarially equivalent to those provided by the Act. Venator does not collect a subsidy, and our net periodic postretirement benefits cost, and related benefit obligation, do not reflect an amount associated with the subsidy.

Germany Other Long-term Benefit Plan

Other post-retirement benefit plans include a Jubilee Plan related to Venator Uerdingen GmbH, a subsidiary of Venator Materials PLC.

The IAS19 results have been based on the local GAAP reports provided by the local actuary at the same date, and converted to the equivalent IAS19 standard.

a). Amounts recognised in the income statement for the years ended 31 December:**Defined benefit pension**

	2021 \$'000	2020 \$'000
UK Defined benefit pension schemes:		
Current service cost	-	224
Net interest (income) / expense on retirement benefit obligations	(1,819)	(1,639)
Total charge in respect of UK defined benefit pension schemes	(1,819)	(1,415)
Non-UK Defined benefit pension schemes:		
Current service cost	2,409	2,796
Past service cost	5,545	(59)
Net interest expense on retirement benefit obligations	1,763	2,332
Administrative expenses	821	808
Total charge in respect of non-UK defined benefit pension schemes	10,538	5,877
Total charge in respect of defined benefit pension schemes	8,719	4,462

There has been a special event allowed for in the 2021 pension cost, the cessation of future accrual for the Spanish pension plan, which was booked in July 2021. This event has resulted in a defined benefit obligation loss due to past service cost (plan amendment) of \$5.5 million, measured as of 1 January 2021.

Other post-retirement benefit plans

	2021 \$'000	2020 \$'000
UK Other post-retirement benefit schemes:		
Current service cost	-	-
Net interest (income) / expense on retirement benefit obligations	-	-
Total charge in respect of UK defined benefit pension schemes	-	-
Non-UK Other post-retirement benefit schemes:		
Current service cost	78	71
Past service cost	-	-
Net interest expense on retirement benefit obligations	76	97
Immediate recognition of (gains) / losses	3	(24)
Total charge in respect of non-UK defined benefit pension schemes	157	144
Total charge in respect of defined benefit pension schemes	157	144

Of the expense (service cost) for the year, for both the defined benefit pensions and other post-retirement benefit plans, \$8.0 million (2020: \$2.8 million) has been included in administrative expenses. The net interest expense has been included within administrative expenses. The remeasurement of the net defined benefit liability is included in other comprehensive income.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

27 Employee benefits (continued)

b). Amounts recognised in the balance sheet:

Defined benefit pension

The following shows a breakdown of the defined benefit obligation and plan assets by UK and Non-UK scheme.

	As at 31 December 2021		
	UK \$'000	Non-UK \$'000	Total \$'000
Present value of obligations	710,142	361,581	1,071,723
Fair value of plan assets	(880,282)	(147,569)	(1,027,851)
	(170,140)	214,012	43,872
Effect of asset ceiling / (onerous liability)	-	-	-
Net (asset) / liability on defined benefit pension plans	(170,140)	214,012	43,872

	As at 31 December 2020		
	UK \$'000	Non-UK \$'000	Total \$'000
Present value of obligations	779,150	423,294	1,202,444
Fair value of plan assets	(898,709)	(156,675)	(1,055,384)
	(119,559)	266,619	147,060
Effect of asset ceiling / (onerous liability)	-	-	-
Net (asset) / liability on defined benefit pension plans	(119,559)	266,619	147,060

	As at 1 January 2020		
	UK \$'000	Non-UK \$'000	Total \$'000
Present value of obligations	719,945	378,331	1,098,276
Fair value of plan assets	(793,928)	(139,896)	(933,824)
	(73,983)	238,435	164,452
Effect of asset ceiling / (onerous liability)	-	-	-
Net (asset) / liability on defined benefit pension plans	(73,983)	238,435	164,452

Other post-retirement benefit

The following shows a breakdown of the defined benefit obligation and plan assets by UK and Non-UK scheme.

	As at 31 December 2021		
	UK \$'000	Non-UK \$'000	Total \$'000
Present value of obligations	-	3,753	3,753
Fair value of plan assets	-	-	-
	-	3,753	3,753
Effect of asset ceiling / (onerous liability)	-	-	-
Net (asset) / liability on other post-retirement benefit plans	-	3,753	3,753

	As at 31 December 2020		
	UK \$'000	Non-UK \$'000	Total \$'000
Present value of obligations	-	4,074	4,074
Fair value of plan assets	-	-	-
	-	4,074	4,074
Effect of asset ceiling / (onerous liability)	-	-	-
Net (asset) / liability on other post-retirement benefit plans	-	4,074	4,074

	As at 1 January 2020		
	UK \$'000	Non-UK \$'000	Total \$'000
Present value of obligations	-	3,859	3,859
Fair value of plan assets	-	-	-
	-	3,859	3,859
Effect of asset ceiling / (onerous liability)	-	-	-
Net (asset) / liability on other post-retirement benefit plans	-	3,859	3,859

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

27 Employee benefits (continued)

c). Movements in the present value of retirement benefit obligations and the fair value of plan assets for the years ended 31 December:

Defined benefit pension schemes

	2021			2020		
	Present value of obligations	Fair value of plan assets	Total	Present value of obligations	Fair value of plan assets	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 January	1,202,444	(1,055,384)	147,060	1,098,276	(933,824)	164,452
Current service cost	2,409	-	2,409	3,020	-	3,020
Past service cost	5,545	-	5,545	-	-	-
Losses on curtailment and settlement	-	-	0	(59)	-	(59)
Interest expense / (income)	12,915	(12,971)	(56)	16,835	(16,142)	693
Administration costs	821	-	821	808	-	808
Total amount recognised in profit or loss	21,690	(12,971)	8,719	20,604	(16,142)	4,462
Remeasurements:						
Return on plan assets, excluding amounts included in interest (income)	-	(3,292)	(3,292)	-	(82,022)	(82,022)
Loss from change in demographic assumptions	18,326	-	18,326	(9,478)	-	(9,478)
Loss from change in financial assumptions	(66,767)	-	(66,767)	81,768	-	81,768
Experience (gains) / losses	(23,848)	-	(23,848)	5,548	-	5,548
Change in asset ceiling, excluding amounts included in interest expense	-	-	-	-	-	-
Total amount recognised in other comprehensive income	(72,289)	(3,292)	(75,581)	77,838	(82,022)	(4,184)
Exchange differences	(30,841)	13,895	(16,946)	61,357	(42,381)	18,976
Contributions paid by the employer	-	(17,947)	(17,947)	-	(37,776)	(37,776)
Benefits paid	(47,539)	47,539	-	(55,631)	55,631	-
Other	(1,742)	309	(1,433)	-	1,130	1,130
As at 31 December	1,071,723	(1,027,851)	43,872	1,202,444	(1,055,384)	147,060

Other post-retirement benefit plans

	2021			2020		
	Present value of obligations	Fair value of plan assets	Total	Present value of obligations	Fair value of plan assets	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 January	4,074	-	4,074	3,859	-	3,859
Current service cost	78	-	78	71	-	71
Losses on curtailment and settlement	-	-	-	-	-	-
Interest expense / (income)	76	-	76	97	-	97
Administration costs	-	-	-	-	-	-
Immediate recognition of (gains) / losses	3	-	3	(24)	-	(24)
Total amount recognised in profit or loss	157	-	157	144	-	144
Remeasurements:						
Return on plan assets, excluding amounts included in interest (income)	-	-	-	-	-	-
Loss from change in demographic assumptions	-	-	-	(14)	-	(14)
Loss from change in financial assumptions	(129)	-	(129)	211	-	211
Experience (gains) / losses	(92)	-	(92)	(33)	-	(33)
Change in asset ceiling, excluding amounts included in interest expense	-	-	-	-	-	-
Total amount recognised in other comprehensive income	(221)	-	(221)	164	-	164
Exchange differences	(73)	-	(73)	118	-	118
Contributions paid by the employer	-	(184)	(184)	-	(211)	(211)
Benefits paid	(184)	184	-	(211)	211	-
Other	-	-	0	-	-	0
As at 31 December	3,753	-	3,753	4,074	-	4,074

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

27 Employee benefits (continued)

d). Amounts recognised in other comprehensive income for the years ended 31 December are as follows:-

Defined benefit pension schemes (UK)

	2021 \$'000	2020 \$'000
The return on plan assets (excluding amounts included in net interest expense)	5,067	(78,145)
Actuarial losses and (gains) arising from changes in demographic assumptions	16,882	(9,487)
Actuarial (gains) and losses arising from changes in financial assumptions	(44,063)	65,269
Actuarial (gains) and losses arising from experience adjustments	(18,421)	5,940
Remeasurement of the net defined benefit asset	<u>(40,535)</u>	<u>(16,423)</u>

Defined benefit pension schemes (Non-UK)

	2021 \$'000	2020 \$'000
The return on plan assets (excluding amounts included in net interest expense)	(8,359)	(3,878)
Actuarial losses arising from changes in demographic assumptions	1,444	9
Actuarial (gains) and losses arising from changes in financial assumptions	(22,704)	16,499
Actuarial (gains) arising from experience adjustments	(5,427)	(392)
Remeasurement of the net defined benefit liability	<u>(35,046)</u>	<u>12,238</u>

Other post-retirement benefit plans (Non-UK)

	2021 \$'000	2020 \$'000
The return on plan assets (excluding amounts included in net interest expense)	-	-
Actuarial (gains) arising from changes in demographic assumptions	-	(14)
Actuarial (gains) and losses arising from changes in financial assumptions	(129)	211
Actuarial (gains) arising from experience adjustments	(92)	(33)
Remeasurement of the net defined benefit liability	<u>(221)</u>	<u>164</u>

e). Analysis of fair value of pension scheme assets:

Our investment strategy with respect to pension assets is to pursue an investment plan that, over the long term, is expected to protect the funded status of the plan, enhance the real purchasing power of plan assets and not threaten the plan's ability to meet currently committed obligations. Additionally, our investment strategy is to achieve returns on plan assets, subject to a prudent level of portfolio risk. Plan assets are invested in a broad range of investments. These investments are diversified in terms of domestic and international equities, both growth and value funds, including small, mid and large capitalisation equities; short-term and long-term debt securities; real estate; and cash and cash equivalents. The investments are further diversified within each asset category. The portfolio diversification provides protection against a single investment or asset category having a disproportionate impact on the aggregate performance of the plan assets.

Our pension plan assets are managed by outside investment managers. The investment managers value our plan assets using quoted market prices, other observable inputs or unobservable inputs. For certain assets, the investment managers obtain third-party appraisals at least annually, which use valuation techniques and inputs specific to the applicable property, market or geographic location. We have established target allocations for each asset category. Venator's pension plan assets are periodically rebalanced based upon our target allocations.

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27 Employee benefits (continued)

e). Analysis of fair value of pension scheme assets (continued):

The fair value of plan assets for the pension plans was \$1,028 million and \$1,055 million at 31 December 2021 and 31 December 2020, respectively.

The following plan assets are measured at fair value on a recurring basis:

	As at 31 December 2021				As at 31 December 2020			
	Quoted \$'000	Unquoted \$'000	Total \$'000	%	Quoted \$'000	Unquoted \$'000	Total \$'000	%
Equities	46,525	-	46,525	4.5%	221,346	-	221,346	21.0%
Bonds	386,507	-	386,507	37.6%	341,819	-	341,819	32.4%
Liability driven investment ("LDI")	504,243	-	504,243	49.1%	411,157	-	411,157	39.0%
Real estate	8,681	-	8,681	0.8%	9,348	-	9,348	0.9%
Cash and other equivalents	32,136	-	32,136	3.1%	18,461	-	18,461	1.7%
Other quoted securities	49,759	-	49,759	4.8%	53,253	-	53,253	5.1%
Total pension plan assets	1,027,851	-	1,027,851		1,055,384	-	1,055,384	

Equity securities in Venator's pension plans did not include any equity securities of Huntsman Corporation or Venator and its affiliates as at 31 December 2021 and 31 December 2020. All above securities have quoted prices in active markets.

f). Financial assumptions:

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	2021	2020
Benefit obligations		
Discount rate	1.58%	1.09%
Inflation rate	3.04%	2.60%
Salary increases	2.34%	2.30%
Net benefit cost / (income)		
Discount rate	1.09%	1.60%
Inflation rate	2.60%	2.69%
Salary increases	2.30%	2.67%

Policies Regarding Defined Benefit Plans

The Venator group has no policy for sharing risks of defined benefit plans between entities under common control and for determining contributions to be paid by entity for shared defined benefit schemes.

Risks

The group is exposed to a number of risks arising from operating its defined benefit pension schemes and post-employment medical plans, the most significant of which are detailed below. The group actively monitors how the duration and the expected yield of the investments are matching the expected cash obligations under the pension schemes. The group has not changed the process used to manage defined benefit scheme risks during the year.

Asset volatility

In determining the present value of schemes' defined benefit obligations, liabilities are discounted using interest rates of high quality corporate bonds. To the extent the actual return on schemes' assets is below this yield, the retirement benefit obligations recognised in the consolidated financial statements would increase. This risk is partly mitigated by funded schemes investing in liability driven investment assets ("LDI's") where the investment strategy closely matches the behaviour of the pension liabilities, such that changes in asset values are then offset by similar changes in the value of scheme liabilities. However, the group also invests in other asset types such as equities and debt securities. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

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27 Employee benefits (continued)

Risks (continued)

Interest risk

In determining the present value of schemes' defined benefit obligations, liabilities are discounted using interest rates of high quality corporate bonds. If these yields fall, the retirement benefit obligations recognised in the consolidated financial statements would increase. This risk is partly mitigated through the funded schemes investing in LDI assets as described above. The group currently does not use derivatives to mitigate this risk.

Inflation risk

In determining the present value of schemes' defined benefit obligations, estimates are made as to the levels of salary inflation, inflation increases that will apply to deferred benefits during deferment and pensions in payment, and healthcare cost inflation. To the extent actual inflation exceeds these estimates, the retirement benefit obligations recognised in the consolidated financial statements would increase. The majority of the plan's assets are either unaffected by (fixed interest bonds) or loosely correlated with (equities) inflation, meaning that an increase in inflation will also increase the deficit.

Longevity risk

In determining the present value of schemes' defined benefit obligations, assumptions are made as to the life expectancy of members during employment and in retirement. To the extent life expectancy exceeds this estimate, the retirement benefit obligations recognised in the consolidated financial statements would increase. The group currently does not use derivatives to mitigate this risk.

No shares of Venator were included in equity securities at either 31 December 2021 or 2020.

Other information

Mortality assumptions

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in each territory. The estimates below are based on the most material plans in Finland, Germany, UK and USA.

These assumptions translate into an average life expectancy in years for a pensioner retiring at age 65:

	2021	2020
Retiring at the end of the reporting period:		
Male	21.4	21.4
Female	24.1	24.0
Retiring 15 years after the end of the reporting period:		
Male	22.5	22.4
Female	25.4	25.2

At 31 December 2021, the weighted-average duration of the defined benefit obligation was 15.2 years (2020: 16.2 years).

Expected future contributions and benefit payments as at 31 December 2021 are as follows:

	Defined Benefit Plans	Other Post-retirement Benefit Plans
	\$'000	\$'000
2022 expected employer contributions		
To plan trusts	11,000	-
Estimated future payments		
2022	41,000	-
2023	42,000	-
2024	43,000	-
2025	44,000	-
2026	45,000	-
2027-2031	238,000	1,000

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27 Employee benefits (continued)

Expected future contributions and benefit payments as at 31 December 2020 were as follows:

	Defined Benefit Plans \$'000	Other Post-retirement Benefit Plans \$'000
2021 expected employer contributions		
To plan trusts	50,000	-
Estimated future payments		
2021	56,000	-
2022	44,000	-
2023	46,000	-
2024	46,000	-
2025	46,000	-
2026-2030	240,000	1,000

Future benefit payments represent payments to either active or terminated employees who have a vested pension, but who have yet to begin their annuity as well as current annuitants and their expected length of payments based on mortality tables. Whether or not the plans require funding is dictated by the annual valuation report in the US and the triennial valuation report in the UK. There are prescribed funding levels which if the actuaries determine we are below in a given plan, will trigger funding in order to at least meet the passing threshold level. The above tables summarise our estimated future benefit payments as at 31 December 2021 and 31 December 2020.

Sensitivity analysis

Reasonably possible changes to one of the actuarial assumptions, holding other assumptions constant (in practice, this is unlikely to occur, and changes in some of the assumptions may be correlated), would have increased / (decreased) the defined benefit obligation by the amounts shown below:

	31 December 2021		31 December 2020	
	Increase \$'000	Decrease \$'000	Increase \$'000	Decrease \$'000
Discount rate (1% movement)	(148,886)	189,119	(177,562)	219,814
Future salary growth (1% movement)	5,794	(5,036)	8,546	(6,277)
Future price inflation (1% movement)	88,901	(86,443)	109,252	(104,981)
Future mortality (1 year movement in life expectancy)	44,437	(43,192)	50,229	(51,256)

Other post-employment benefits

The majority of the other post employment benefits liability of \$2.9 million at 31 December 2021 (2020: \$3.4 million), relates to an accrual for severance pay / redundancy compensation in Italy known as Trattamento di Fine Rapporto ("TFR"). The TFR is a legally required severance pay and is payable in any case of termination of employment (2021: \$2.2 million; 2020: \$2.4 million).

Payroll benefits

Payroll benefits liability of \$27.2 million at 31 December 2021 primarily relates to bonus / profit share (\$10.2 million), vacation accrual (\$4.6 million) and payroll taxes (\$8.6 million).

Payroll benefits liability of \$34.3 million at 31 December 2020 primarily relates to bonus / profit share (\$7.9 million), vacation accrual (\$5.3 million), payroll taxes (\$11.2 million) and CEO pension top-up settlement (\$4.6 million).

Defined Contribution Pension Plans

The group also operates defined contributions plans in a variety of locations. The group's legal or constructive obligation for these plans is limited to the contributions.

UK and Non - US Defined Contribution Plans

We have defined contribution plans in a variety of non-US locations. Venator's combined expense for these defined contribution plans for the years ended 31 December 2021 and 31 December 2020 was \$11.2 million and \$12.1 million, respectively, primarily related to the UK Pension Plan.

All UK associates are eligible to participate in the Huntsman U.K. Pension Plan, a contract-based arrangement with a third party. Company contributions vary by business during a 5 year transition period. Plan participants elect to make voluntary contributions to this plan up to a specified amount of their compensation. We contribute a matching amount not to exceed 12% of the participant's salary for new hires and 15% of the participant's salary for all other participants.

US Defined Contribution Plans

We have a salary deferral plan covering substantially all US employees. Plan participants may elect to make voluntary contributions to this plan up to a specified amount of their compensation. New hires are provided a defined contribution plan with a non-discretionary employer contribution of 6% of pay and a company match of up to 4% of pay, for a total company contribution of up to 10% of pay.

Along with the introduction of the cash balance formula within the defined benefit pension plan, the money purchase pension plan was closed to new hires.

Our total combined expense for the above defined contribution plans was \$2 million for the years ended 31 December 2021 and 31 December 2020.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

28 Leases

We have leases for warehouses, office space, land, office equipment, production equipment and automobiles. Right of Use ("ROU") assets and lease obligations are recognised at the lease commencement date based on the present value of lease payments over the lease term. Lease ROU assets and liabilities are included in right-of use assets, current lease liabilities and long-term lease liabilities on our consolidated balance sheet. On transition to IFRS as at 1 January 2020, the group has elected to use the 'simplified approach' and will therefore not restate comparative periods. The group has also elected to not reassess whether an arrangement is or contains a lease on transition to IFRS.

This note provides information for leases where the group is a lessee.

Amounts recognised in the balance sheet

The balance sheet shows the following amounts related to leases:

	31 December 2021 \$'000	31 December 2020 \$'000	1 January 2020 \$'000
Right-of-use assets			
Land	7,927	9,005	8,853
Buildings	11,873	17,870	21,669
Plant & equipment	11,348	13,105	14,522
Transportation equipment	3,162	4,208	5,110
Furniture & fixtures	460	572	726
Total	34,770	44,760	50,880
Lease liabilities			
Current	6,685	9,191	9,964
Non-current	34,582	41,773	45,220
	41,267	50,964	55,184

Included in the right-of-use asset balance of \$34.8 million (2020: \$44.8 million) as at 31 December 2021, is \$2.6 million (2020: \$2.5 million) related to right-of-use additions during 2021.

Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	31 December 2021 \$'000	31 December 2020 \$'000
Depreciation charge of right-of-use assets		
Land	703	663
Buildings	4,969	5,242
Plant & equipment	2,963	3,286
Transportation equipment	1,182	1,803
Furniture & fixtures	254	308
Total	10,071	11,302
Interest expense (included in finance cost)	2,965	3,331
Expense relating to short-term leases (included in cost of goods sold and administrative expenses)	415	702
Expense relating to variable lease payments not included in lease liabilities (included in administrative expenses)	23	55

Amounts recognised in the statement of cash flows

The statement of cash flows shows the following amounts relating to leases:

	31 December 2021 \$'000	31 December 2020 \$'000
Principal elements of lease payments	9,415	9,696
Interest on lease payments	2,965	3,331
Total cash outflow for leases	12,380	13,027

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

28 Leases (continued)

Maturities of lease liabilities were as follows:

	As at 31 December 2021 \$'000	As at 31 December 2020 \$'000
Year 1	11,075	12,106
Year 2	8,085	9,802
Year 3	6,032	7,016
Year 4	5,269	5,828
Year 5	4,934	5,081
Thereafter	32,806	43,505
Total lease payments	68,201	83,338
Less: Interest	(26,934)	(32,374)
Present value of lease liability	41,267	50,964

Average remaining lease term:

	As at 31 December 2021	As at 31 December 2020
Weighted average remaining lease term (years)	13.9	12.5

The group leases various warehouses, office space, land, office equipment, production equipment and vehicles.

We determine if an arrangement is a lease or contains a lease at inception.

Contracts may contain both lease and non-lease components. The group associates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for all asset classes with the exception of buildings for which the group is a lessee it has elected not to separate lease and non-lease components and instead account for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments, less any lease incentives receivable)
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Certain leases contain renewal options that can extend the term of the lease for one year or more. Our leases have remaining lease terms of up to 90 years, some of which include options to extend the lease term for up to 20 years. Options are recognised as part of our ROU assets and lease liabilities when it is reasonably certain that we will extend that option. Sublease arrangements and leases with residual value guarantees, sale leaseback terms or material restrictive covenants, are immaterial. Lease payments include fixed and variable lease components. Variable components are derived from usage or market-based indices, such as the consumer price index.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. The rate is based on information available at the commencement date of the lease.

To determine the incremental borrowing rate, the group:

- gives consideration to our recent debt issuances as well as publicly available data for instruments with similar characteristics.
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by Venator, which does not have recent third party financing, and makes adjustments specific to the lease, e.g. term, country, currency and security.

The group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal 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 measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

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. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less that do not contain a purchase option. The group does not apply a minimum lease value when capitalising leases (all leases with a term over 12 months irrespective of value are capitalised).

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29 Commitment and contingencies

Purchase commitments

We have various purchase commitments extending through 2030 for materials, supplies and services entered into in the ordinary course of business. Included in the purchase commitments table below are contracts which require minimum volume purchases that extend beyond one year or are renewable annually and have been renewed for 2022. Certain contracts allow for changes in minimum required purchase volumes in the event of a temporary or permanent shutdown of a facility. To the extent the contract requires a minimum notice period; such notice period has been included in the table below. The contractual purchase prices for substantially all of these contracts are variable based upon market prices, subject to annual negotiations. We have estimated our contractual obligations by using the terms of our current pricing for each contract. We also have a limited number of contracts which require a minimum payment even if no volume is purchased.

Total purchase commitments as of 31 December 2021 and 31 December 2020 were as follows:

	As at 31 December 2021 \$'000	As at 31 December 2020 \$'000
Year 1	200,874	123,970
Year 2	216,296	120,905
Year 3	152,603	23,685
Year 4	59,464	20,630
Year 5	41,697	15,323
Thereafter	43,607	12,630

Capital commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	As at 31 December 2021 \$'000	As at 31 December 2020 \$'000
Property, plant and equipment	10,643	15,594
Investment property	-	-
Intangible assets	-	-

Contractual obligations and commercial commitments

Our obligation under long term debt (including the current portion), lease agreements and other contractual commitments as of 31 December 2021 are summarised below:

	2022 \$'000	2023- 2024 \$'000	2025- 2026 \$'000	After 2026 \$'000	Total \$'000
Long term debt, including current portion	3,750	355,750	600,000	-	959,500
Interest ⁽¹⁾	54,194	110,910	20,000	-	185,104
Leases	11,075	14,117	10,203	32,806	68,201
Purchase commitments (as shown above)	200,874	368,899	101,161	43,607	714,541
Total	269,893	849,676	731,364	76,413	1,927,346

(1) Interest calculated using actual and forecasted interest rates as of 31 December 2021 and contractual maturity dates.

Our obligation under long term debt (including the current portion), lease agreements and other contractual commitments as of 31 December 2020 are

	2021 \$'000	2022- 2023 \$'000	2024-2025 \$'000	After 2025 \$'000	Total \$'000
Long term debt, including current portion	5,750	7,500	952,000	-	965,250
Interest ⁽¹⁾	56,200	103,600	90,800	-	250,600
Leases	12,107	16,818	10,909	43,504	83,338
Purchase commitments (as shown above)	123,970	144,590	35,953	12,630	317,143
Total	198,027	272,508	1,089,662	56,134	1,616,331

(1) Interest calculated using actual and forecasted interest rates as of 31 December 2020 and contractual maturity dates.

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29 Commitment and contingencies (continued)

Legal Proceedings

Overview

We accrue liabilities related to legal matters when we have a present obligation arising from a past event, it is either known or is considered probable (>50%) that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Legal matters are inherently unpredictable and subject to significant uncertainties, and significant judgment is required to determine both probability and the estimated amount. Some of these uncertainties include the stage of litigation, available facts, uncertainty as to the outcome of any legal proceedings or settlement discussions, and any novel legal issues presented.

In addition to the matters discussed below, we are a party to various other proceedings instituted by private plaintiffs, governmental authorities and others arising under provisions of applicable laws, including various environmental, products liability and other laws. Except as otherwise disclosed in these consolidated financial statements, we do not believe that the outcome of any of these matters will have a material effect on our financial condition, results of operations or liquidity.

Shareholder Litigation

On 8 February 2019 we, certain of our executive officers, Huntsman and certain banks who acted as underwriters in connection with our IPO and secondary offering were named as defendants in a proposed class action civil suit filed in the District Court for the State of Texas, Dallas County (the "Dallas District Court"), by an alleged purchaser of our ordinary shares in connection with our IPO on 3 August 2017 and our secondary offering on 30 November 2017. The plaintiff, Macomb County Employees' Retirement System, alleges that inaccurate and misleading statements were made regarding the impact to our operations, and prospects for restoration thereof, resulting from the fire that occurred at our Pori, Finland manufacturing facility, among other allegations. Additional complaints making substantially the same allegations were filed in the Dallas District Court by the Firemen's Retirement System of St. Louis on 4 March 2019 and by Oscar Gonzalez on 13 March 2019, with the third case naming two of our directors as additional defendants. The cases filed in the Dallas District Court were consolidated into a single action, *In re: Venator Materials PLC Securities Litigation*.

On 8 May 2019, we filed a "special appearance" in the Dallas District Court action contesting the court's jurisdiction over the company and a motion to transfer venue to Montgomery County, Texas and on 7 June 2019 we and certain defendants filed motions to dismiss. On 9 July 2019, a hearing was held on certain of these motions, which were subsequently denied. On 21 January 2020, the Court of Appeals for the Fifth District of Texas reversed the Dallas District Court's order that denied the special appearances of Venator and certain other defendants, and rendered judgment dismissing the claims against Venator and certain other defendants for lack of jurisdiction. The Court of Appeals also remanded the case for the Dallas District Court to enter an order transferring the claims against Huntsman to the Montgomery County District Court. On 19 March 2020, plaintiffs from the Dallas District Court case filed suit in New York State Court (New York County) against Venator and the other defendants dismissed from the Dallas District Court case, making substantially the same allegations as were filed in the Dallas District Court. On 31 July 2020, Venator and the other defendants filed a motion to dismiss all claims in the New York State Court case. On 22 March 2021, the New York State Court entered an order dismissing the individual claims of plaintiffs with prejudice as time-barred, and without prejudice to the rights of the putative class. On 22 April 2021, plaintiffs filed a notice of appeal regarding the dismissal by the New York State Court. In the first quarter of 2022, Venator, Huntsman and other defendants in these state court cases entered into an agreement with plaintiffs to settle plaintiffs' individual claims for an amount not material to Venator's financial statements.

An additional case was filed on 31 July 2019, in the U.S. District Court for the Southern District of New York by the City of Miami General Employees' & Sanitation Employees' Retirement Trust, making substantially the same allegations, adding claims under sections 10(b) and 20(a) of the U.S. Exchange Act, and naming all of our directors as additional defendants. A case also was filed in the U.S. District Court for the Southern District of Texas by the Cambria County Employees' Retirement System on 13 September 2019, making substantially the same allegations as those made by the plaintiff in the case pending in the Southern District of New York. On 29 October 2019, the U.S. District Court for the Southern District of New York entered an order transferring the case brought by the city of Miami General Employees' and Sanitation Employees' Retirement Trust to the U.S. District Court for the Southern District of Texas, where it was consolidated into a single action with the case brought by the Cambria County Employees' Retirement Trust and is now known as *In re: Venator Materials PLC Securities Litigation*.

On 17 January 2020, plaintiffs in the consolidated federal action filed a consolidated class action complaint. On 18 February 2020, all defendants joined in a motion to dismiss the consolidated complaint, which plaintiffs opposed, and for which oral argument was heard on 14 May 2020. On 7 July 2021, the court issued a decision granting in part and denying in part defendants' motion to dismiss the consolidated complaint for failure to state a claim under Federal Rule of Civil Procedure 12(b)(6). The court's decision also indicated plaintiffs may seek leave to replead those claims that were dismissed by 9 August 2021, certain of which claims plaintiffs did replead. The Company has entered into settlement in principle with the plaintiffs, subject to completion and execution of definitive documentation and court approval. Substantially all of the Company's payment obligations under the settlement as currently structured will be covered by insurance.

Tronox Litigation

On 26 April 2019, we acquired intangible assets related to the European paper laminates product line from Tronox. A separate agreement with Tronox entered into on 14 July 2018 requires that Tronox promptly pay us a "break fee" of \$75 million upon the consummation of Tronox's merger with The National Titanium Dioxide Company Limited ("Cristal") once the sale of the European paper laminates business to us was consummated, if the sale of Cristal's Ashtabula manufacturing complex to us was not completed. The deadline for such payment was 13 May 2019. On 26 April 2019, Tronox publicly stated that it believes it is not obligated to pay the break fee.

On 14 May 2019, we commenced a lawsuit in the Delaware Superior Court against Tronox arising from Tronox's breach of its obligation to pay the break fee. We are seeking a judgment for \$75 million, plus pre- and post-judgment interest, and reasonable attorneys' fees and costs. On 17 June 2019, Tronox filed an answer denying that it is obligated to pay the break fee and asserting affirmative defences and counterclaims of approximately \$400 million, alleging that we failed to negotiate the purchase of the Ashtabula complex in good faith. The parties have engaged in discovery and the preparation of expert reports. On 4 February 2021, the parties participated in mediation as required by Delaware courts, during which no settlement was reached. A trial on the merits took place in April 2022. As at 31 December 2021, whilst we believed we would prevail on adjudication of these matters, we were unable to determine the likelihood of an unfavourable outcome and had not made any accrual with regard to this matter.

On 6 April 2022, the Delaware Superior Court granted judgment in favour of Venator for \$75 million and rejected Tronox's counterclaim for damages. On 25 April 2022, Venator received \$85 million in cash from Tronox, the settlement amount includes an additional \$10 million of value representing a negotiated amount of interest originating from 2019 when conditions were met that required Tronox to pay a \$75 million 'Break Fee' to Venator. Also see Note 38: post balance sheet events.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

29 Commitment and contingencies (continued)

Legal Proceedings (continued)

Neste Engineering Services Matter

We are party to an arbitration proceeding initiated by Neste Engineering Services Oy ("NES") on 19 December 2018 for payment of invoices allegedly due of approximately €14 million, or \$17 million at 31 December 2021, in connection with the delivery of services by NES to the company in respect of the Pori site rebuild project. While we have fully accrued for the value of these invoices, we are contesting their validity and filed counterclaims against NES on 8 March 2019. In the arbitration proceeding, our defence and counterclaim were filed on 17 April 2020. NES filed its reply and defence to counterclaim on 18 September 2020. Venator filed its rejoinder on 20 December 2020 and NES filed its rejoinder to reply to defence and counterclaim on 19 February 2021. A hearing during which the arbitration panel will hear the parties' respective fact witnesses and arguments is scheduled for July 2022.

Calais Pipeline Matter

The Region Hauts-de-France (the "Region") has issued two duplicate title perception demands against us requiring repayment of approximately €12 million, or \$14 million at 31 December 2021. This sum was previously paid to us by the Region under a settlement agreement, pursuant to which we were required to move an effluent pipeline at our Calais site. We filed claims with the Administrative Court in Lille, France on 14 February 2018 and 12 April 2018, requesting orders that the demands be set aside, which suspended enforcement of the demands. On 12 July 2018, the court set aside the first demand. The second demand remains suspended, but in dispute. The parties have lodged various arguments and responses regarding the second demand with the court. The court hearing for this matter has been scheduled for the second quarter of 2022. While we believe we will prevail on adjudication of these matters, we are unable to determine the likelihood of an unfavourable outcome and we have not made any accrual with regard to this matter.

Scarlino Gypsum Developments

Our Scarlino, Italy TiO₂ manufacturing facility, generates gypsum as a by-product of the manufacturing process, which has been landfilled on-site and also transported for use in the reclamation of a nearby former quarry owned and operated by third parties. Our Scarlino site and the quarry and their respective owner entities and site management are subjects of an investigation by the Italian Public Prosecutor's Office concerning whether our Scarlino site and the quarry operator are in full compliance with applicable laws and permits with regard to the use of gypsum for reclamation at the quarry. Additionally, we expect there will no longer be capacity for gypsum at the quarry under existing required governmental approvals beyond the second quarter of 2022.

In June 2021, we requested government approval for a project for the use of gypsum in a specified on-site area on our Scarlino site in an amount that would be sufficient to operate the facility for another approximately twelve months from the date of approval at current operating rates. In November 2021, we received a notice of a negative opinion from relevant authorities in relation to that project. Subsequently, we engaged with those authorities to determine appropriate revisions to the project. We have submitted a revised request for government approval in February 2022, regarding which we await a further determination by authorities. During the first half of 2022, we also intend to apply for approval for a second-phase project to use gypsum in an adjacent on-site area which would provide additional capacity sufficient to operate the site for a second additional year. If governmental authorities do not timely approve the proposals for additional capacity at the on-site area, we intend to curtail TiO₂ production at the facility to reduce the rate at which the remaining capacity at the quarry is consumed and, if necessary, to stop production at the facility, until such time as approvals are received or an alternative solution for gypsum becomes available. We continue to pursue longer term options, including off-site landfill capacity, reducing the volume of gypsum produced in our process and developing new business opportunities for the sale of gypsum for commercial use.

Environmental Liabilities

We accrue liabilities relating to anticipated environmental clean-up obligations, site reclamation and closure costs, and known penalties. Liabilities are recorded when we have a present obligation arising from a past event, it is either known or is considered probable (>50%) that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Our liability estimates are based upon requirements placed upon us by regulators, available facts, existing technology, and past experience. The environmental liabilities do not include amounts recorded as asset retirement obligations. As of 31 December 2021 and 2020, we had environmental liabilities of \$10 million and \$8 million, respectively. We may incur additional losses for environmental remediation.

We have incurred, and we may in the future incur, liabilities to investigate and clean up waste or contamination at our current or former facilities or facilities operated by third parties at which we may have disposed of waste or other materials. Similarly, we may incur costs for the clean-up of waste that was disposed of prior to the purchase of our businesses. Under some circumstances, the scope of our liability may extend to damages to natural resources.

In the EU, the Environmental Liability Directive (Directive 2004/35/EC) has established a framework based on the "polluter pays" principle for the prevention and remediation of environmental damage, which establishes measures to prevent and remedy environmental damage. The directive defines "environmental damage" as damage to protected species and natural habitats, damage to water and damage to soil. Operators carrying out dangerous activities listed in the Directive are strictly liable for remediation, even if they are not at fault or negligent.

Under EU Directive 2010/75/EU on industrial emissions, permitted facility operators may be liable for significant pollution of soil and groundwater over the lifetime of the activity concerned. We are in the process of plant closures at facilities in the EU and liability to investigate and clean up waste or contamination may arise during the surrender of operators' permits at these locations under the directive and associated legislation such as the Water Framework Directive (Directive 2000/60/EC) and the Groundwater Directive (Directive 2006/118/EC).

Under the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA") and similar state laws, a current or former owner or operator of real property in the U.S. may be liable for remediation costs regardless of whether the release or disposal of hazardous substances was in compliance with law at the time it occurred, and a current owner or operator may be liable regardless of whether it owned or operated the facility at the time of the release. Outside the U.S., analogous contaminated property laws, such as those in effect in France, can hold past owners and/or operators liable for remediation at former facilities. We have not been notified by third parties of claims against us for clean-up liabilities at former facilities or third-party sites, including, but not limited to, sites listed under CERCLA.

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29 Commitment and contingencies (continued)

Environmental Liabilities (continued)

Under the Resource Conservation and Recovery Act in the U.S. and similar state laws, we may be required to remediate contamination originating from our properties as a condition to our hazardous waste permit. Some of our manufacturing sites have an extended history of industrial chemical manufacturing and use, including on-site waste disposal and we have made accruals for related remediation activity. We are aware of soil, groundwater or surface contamination from past operations at some of our sites and have made accruals for related remediation activity, and we may find contamination at other sites in the future. Similar laws exist in a number of locations in which we currently operate, or previously operated, manufacturing facilities.

Recent developments in climate change related policy and regulations include the Green Deal in the EU; mandatory Task Force on Climate-Related Financial Disclosures ("TCFD") disclosures in the UK and the UK commitment to becoming carbon neutral by 2050. Other nations have made or indicated a desire to make similar policy changes and commitments, including the Corporate Governance Improvement and Investor Protection Act in the United States. These changes could affect us in a number of ways including potential requirements to decarbonise manufacturing processes and increased costs of greenhouse gas allowances. We are currently monitoring these developments to decarbonise manufacturing processes and increased costs of greenhouse gas allowances. We are currently monitoring these developments closely while investigating appropriate climate change strategies to enable us to comply with the new regulations and conform to new disclosure requirements, including TCFD. We expect that our facilities will be subject to additional regulation related to climate change and climate change itself may also have some impact on our operations. However, these impacts are currently uncertain and we cannot predict the nature and scope of these impacts.

Scarlino Investigation

Our Scarlino, Italy TiO₂ manufacturing facility generates gypsum as a by-product of its manufacturing process, which is currently used in the reclamation of a nearby former quarry owned and operated by third parties. On 29 September 2021, Italian police arrived at our Scarlino site to conduct a search at the site and to take certain samples at the site and at the former quarry, under an order from the Public Prosecutor's Office indicating that our Scarlino site and the quarry and their respective owner entities and site management are subjects of an investigation concerning whether our Scarlino site and the quarry operator are in full compliance with applicable laws and permits with regard to the disposal of gypsum at the quarry. The authorities continue to investigate the matter.

Pori Remediation

In connection with our previously announced intention to close our TiO₂ manufacturing facility in Pori, Finland, we have undertaken environmental investigations to assess any requirement for environmental remediation as part of the closure and operating permit surrender. In connection with the environmental assessment and related discussions with the Finnish environmental authorities, we have concluded that material environmental remediation will not be required as part of the closure and operating permit surrender process.

Harrisburg Remediation

We are engaged in source removal and groundwater remediation at our facility in Harrisburg, NC, under a corrective action plan agreed with the North Carolina Department of Environmental Quality. The agreed interim corrective measures include the removal of a settlement lagoon and the relining of lagoons and containment areas prior to risk based remediation of groundwater. We have environmental reserves of \$2 million at 31 December 2021 for this remediation obligation however the risk-based remediation of the groundwater following the remediation of the lagoons and containment areas cannot be reliably estimated at this stage, and these costs could be material to our consolidated financial statements.

Calais Remediation

Following the closure of our manufacturing facility in Calais, France we are engaged in a site assessment and a remediation assessment. We have reserves of \$5 million at 31 December 2021 related to decontamination of structures on the site. We have not otherwise set environmental reserves for this remediation obligation as the risk-based targets for remediation and the extent of any required remediation are yet to be agreed with regulators and cannot be reliably estimated. However, these costs could be material to our consolidated financial statements.

Duisburg Remediation

We are engaged in the assessment of metals in the groundwater and the hydrogeological nature of the groundwater beneath our Duisburg, Germany facility and are carrying out a risk assessment of the status of the groundwater body. We have reserves of \$1 million at December 31, 2021 for investigation into environmental contamination. Any remediation of the plume has not been demonstrated to be required and is not reliably estimable at this stage and will require further technical assessment and regulatory agreement, but these costs could be material to our consolidated financial statements.

Refer to Note 36: Provisions for details of legal and environmental commitments that have been accrued as at 31 December 2021 and 2020.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 Capital and reserves

Share capital

As of 31 December 2021, Venator Materials PLC had 107.3 million shares outstanding and trading as compared to 106.7 million shares outstanding and trading as at 31 December 2020. At 31 December 2021, the company has only one allocated class of share, being the \$0.001 ordinary shares. These shares carry a right to one vote per share, with no entitlement to fixed dividend income. There are no restrictions on the repayment of capital. All other share capital issued during the year carried the same voting, dividend and capital rights. The company has authorised share capital of 200.0 million as at 31 December 2021 and 31 December 2020.

The declaration and payment of dividends require the authorisation of the Board of Directors of Venator Materials PLC, provided that such dividends on issued share capital may be paid only out of Venator Materials PLC's distributable reserves on its statutory balance sheet in accordance with UK law. Therefore, Venator Materials PLC is not permitted to pay dividends out of share capital, which includes share premium. Venator has not paid dividends since incorporation. The payment of future dividends will depend on our results of operations, financial condition, cash requirements, future business prospects, contractual and indenture restrictions and other factors deemed relevant by the Board of Directors.

	As at 31 December 2021 000's	As at 31 December 2020 000's	As at 1 January 2020 000's
Shares outstanding and trading:			
Ordinary shares of \$0.001 each	107	107	107
	Ordinary shares outstanding 000's	Share capital (par value) \$'000	
Balance as at 1 January 2020	106,558	107	
Issuance of shares	177	-	
Balance as at 31 December 2020	106,735	107	
Issuance of shares	540	-	
Balance as at 31 December 2021	107,275	107	

Other reserves:

	Capital contribution reserve \$'000	Share option reserve \$'000	Accumulated Other Comprehensive Income / Expense \$'000
Balance as at 1 January 2020	1,308,083	17,152	(300,168)
Other comprehensive income	-	-	64,641
Credit to equity for equity settled share-based payment	-	(410)	-
Share-based payment expense	-	7,702	-
Balance as at 31 December 2020	1,308,083	24,444	(235,527)
Other comprehensive income	-	-	41,167
Credit to equity for equity settled share-based payment	-	(1,535)	-
Share-based payment expense	-	8,756	-
Balance as at 31 December 2021	1,308,083	31,665	(194,360)

Capital contribution reserve - This reserve represents the capital provided from the parent company as consideration for the transfer of subsidiary investments.

Share option reserve - This reserve represents the share-based payment expense recognised in profit or loss in respect of the share awards granted by the company.

Retained earnings - This represents the cumulative profits and losses of the company, net of any dividends payable.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 Capital and reserves

Accumulated other comprehensive income:

	Other comprehensive income of unconsolidated affiliates	Defined benefit pension items	Foreign currency items	Accumulated Other Comprehensive Income / Expense
	\$'000	\$'000	\$'000	\$'000
Balance as at 1 January 2020	(6,669)	(293,436)	(63)	(300,168)
Re-measurements of retirement benefit obligations, gross of tax	-	2,639	-	2,639
Re-measurements of retirement benefit obligations, tax (expense) / credit	-	247	-	247
Foreign currency translation adjustments	-	-	60,158	60,158
Other comprehensive loss	1,597	-	-	1,597
Balance as at 31 December 2020	(5,072)	(290,550)	60,095	(235,527)
Re-measurements of retirement benefit obligations, gross of tax	-	76,410	-	76,410
Re-measurements of retirement benefit obligations, tax (expense) / credit	-	(1,060)	-	(1,060)
Foreign currency translation adjustments	-	-	(34,523)	(34,523)
Other comprehensive loss	340	-	-	340
Balance as at 31 December 2021	(4,732)	(215,200)	25,572	(194,360)

31 Auditor remuneration

Services provided by the company's auditor and its associates.

During the year the group (including its overseas subsidiaries) obtained the following services from the company's auditor and its associates:

	Year ended 31 December 2021 \$'000	Year ended 31 December 2020 \$'000
Group		
Fees payable to company's auditor and its associates for the audit of parent company and consolidated financial statements	378	300
Fees payable to Deloitte US and its associates for other services:		
- Audit of company's subsidiaries	2,659	3,394
- Audit related assurance services	254	605
- Taxation compliance services	414	495
- Taxation advisory services	1,135	265
- Due diligence services	33	300
	4,873	5,359

Non-audit fees

Venator Materials PLC has adopted a formal policy on the provision of audit services.

The policy provides for general pre-approval of a range of services which are generally regarded as audit related, where the fees are equal to or less than \$200k. It also sets out a broad range of prohibited activities.

Services which are not prohibited, but which have not been pre-approved can be approved by the Audit Committee Chairman, who reports such approval to the Audit Committee.

Where Deloitte LLP is engaged to provide non-audit services, this results from its extensive knowledge of Venator's business and the sector generally, as well as demonstrating the required expertise and capability to provide good value for money.

32 Employee Information

Average number of people employed

The following table illustrates our average number of employees by functional area as at 31 December:

	Year ended 31 December 2021	Year ended 31 December 2020
Group		
Monthly average number of people (including executive directors) employed:	3,573	3,808
Production	2,317	2,470
Sales and distribution	251	267
Administration, research and development	1,005	1,071
Total Average Monthly Headcount	3,573	3,808

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

32 Employee Information (continued)

Employee costs

Employee benefit expenses for the group during the years ended 31 December were as follows:

	Year ended 31 December 2021 \$'000	Year ended 31 December 2020 \$'000
Group		
Wages and salaries	265,124	247,870
Social security costs	45,588	40,587
Equity settled share-based payments	8,756	7,702
Contributions to defined contribution plans	12,652	12,873
Expenses related to post-employment defined benefit plans	8,877	4,605
Other pension related expenses	2,285	4,089
Total employee benefit expense	<u>343,282</u>	<u>317,726</u>

Compensation of key management personnel

The following table details compensation earned by the executive leadership team and non executive directors of the board, during the years ending 31 December:

	Year ended 31 December 2021 \$'000	Year ended 31 December 2020 \$'000
Emoluments	9,090	6,790
Amounts receivable (other than shares and share options) under long-term incentive schemes	4,676	4,069
Sums paid to directors in lieu of company defined benefit pension contributions	632	210
	<u>14,398</u>	<u>11,069</u>
Non-executive directors	1,045	1,120
	<u>15,443</u>	<u>12,189</u>

Three of the executive leadership team are members of three of the defined benefit pension schemes within the group (Tioxide Pension Fund (UK), Huntsman Global Pension Fund and Huntsman Top-Up Payment); the present value of the accumulated benefits under the three schemes for these personnel was \$9.2 million as at 31 December 2021 (2020: \$13.2 million).

There are no accrued lump sums. The non-executive directors do not receive any retirement benefits.

33 Related Party Transactions

Transactions with Huntsman

We are party to a variety of transactions and agreements with Huntsman, our former parent and former largest shareholder.

On 11 August 2017, we entered into a separation agreement with Huntsman to effect the separation and to provide a framework for the relationship with Huntsman. This agreement governs the relationship between Venator and Huntsman subsequent to the completion of the separation and provides for the allocation between Venator and Huntsman of assets, liabilities and obligations attributable to periods prior to the separation. Pursuant to the separation agreement and other agreements with Huntsman, we agreed to indemnify Huntsman for certain liabilities, including those related to the operation of our business while it was still owned by Huntsman. Because these agreements were entered into in the context of a related party transaction, the terms may not be comparable to terms that would be obtained in a transaction between unaffiliated parties.

SK Capital Share Acquisition

In December 2020, funds advised by SK Capital purchased just under 40% of Venator's outstanding shares from Huntsman Corporation. We transact with other entities under common ownership by SK Capital in the ordinary course of business. Purchases and sales with these entities since becoming affiliates were immaterial to our consolidated statement of operations. Accounts receivable and accounts payable with these affiliates were immaterial to our consolidated balance sheet.

Other related party transactions

We conduct transactions in the normal course of business with other parties under common ownership. Sales of raw materials to LPC as part of a sourcing arrangement were \$84 million and \$81 million for the years ended 31 December 2021 and 31 December 2020, respectively. Proceeds from this arrangement are recorded as a reduction of cost of goods sold in Venator's consolidated statements of operations. Related to this same arrangement, purchases of finished goods from LPC were \$189 million and \$168 million for the years ended 31 December 2021 and 31 December 2020, respectively. The related accounts receivable from affiliates and accounts payable to affiliates as of 31 December 2020 and 2020 are recognised on the face of the consolidated balance sheets.

Related party notes payable of Venator to subsidiaries of Huntsman International

We have a note payable of \$21 million and \$20 million as of 31 December 2021 and 2020, respectively, to Huntsman for a liability pursuant to the tax matters agreement entered into at the time of the separation of which \$21 million and \$17 million has been presented as Noncurrent payable to affiliates on our consolidated balance sheets as of 31 December 2021, and 2020. \$3 million was included in accounts payable to affiliates as of 31 December 2020. See "Note 16. Income Taxes" for further discussion.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

34 Financial Instruments

The carrying amounts reported in the balance sheets for cash and cash equivalents, accounts receivable, amounts receivable from affiliates, accounts payable, current portion of amounts payable to affiliates, and accrued liabilities approximate their fair value because of the immediate or short-term maturity of these financial instruments. The fair value of non-qualified employee benefit plan investments is estimated using prevailing market prices. The estimated fair values of Venator's long-term debt are based on quoted market prices for the identical liability when traded as an asset in an active market.

We are exposed to certain concentrations of interest rate and foreign currency exchange rate risk, in order to reduce cash flow volatility from foreign currency fluctuations, we enter into forward and swap contracts to hedge portions of cash flows of certain foreign currency transactions. We have documented policies and procedures to monitor and control the use of derivative instruments. We do not engage in derivative transactions for trading or speculative purposes. The derivative financial instruments are valued at the Bloomberg market rate on the last day of the month less the bank's risk of default.

The group has the following financial

	2021		2020	
	Due within one year \$'000	Due after one year \$'000	Due within one year \$'000	Due after one year \$'000
Financial assets that are debt instruments measured at amortised cost				
Trade and other receivables	442,728	35,973	393,774	37,958
Accounts receivable from affiliates	8,421	-	-	-
Cash and cash equivalents	156,257	-	219,949	-
Investments accounted for using the equity method	-	100,885	-	104,295
	607,406	136,858	613,723	142,253
Financial liabilities measured at amortised cost				
Interest bearing loans and borrowings	3,750	941,774	5,891	941,490
Trade and other payables	460,921	24,725	343,108	3,749
Non current payable to affiliates	-	20,526	-	17,221
Accounts payable to affiliates	17,399	-	22,035	-
Current tax liabilities	-	2,447	-	371
	482,070	989,472	371,034	962,831

Derivatives that are designated and effective as hedging instruments carried at fair value

Assets / (Liability)			Fair value hierarchy
Cross currency swaps	-	(1,063)	2

We estimate the fair values of our cross-currency swaps by taking into consideration valuations obtained from a third-party valuation service that utilises an income-based industry standard valuation model for which all significant inputs are observable either directly or indirectly. These inputs include foreign currency exchange rates, credit default swap rates and cross-currency basis swap spreads. The cross-currency swap has been classified as Level 2 because the fair value is based upon observable market-based inputs or unobservable inputs that are corroborated by market data.

The group's long-term debt is held in the consolidated balance sheet at amortised cost.

The estimated fair values of the long-term debt are based on quoted market prices for the identical liability when traded as an asset in an active market (Level 1 hierarchy). The estimated fair value of the Term Loan Facility was \$359 million and \$358 million as of 31 December 2021 and 31 December 2020, respectively. The estimated fair value of the Senior Secured Notes was \$247 million as of 31 December 2021 and 31 December 2020, each. The estimated fair value of the Senior Unsecured Notes was \$362million and \$354 million as of 31 December 2021 and 31 December 2020, respectively.

There were no transfers between fair value hierarchy levels during the year.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

34 Financial Instruments (continued)

Financial risk management

The group has exposure to the following risks arising from financial instruments: Credit risk, Liquidity risk and Market risk.

i). Risk management framework

Management is responsible for assessing and managing risks our company faces, including establishing controls to manage risks and bringing to the attention of the Board any significant risks facing our company. As part of this responsibility, management continually assesses enterprise risk management assessment. The Board is responsible for overseeing management in this effort. The Board understands that its focus on effective risk oversight is critical to setting our company's tone and culture towards effective risk management.

The Board has delegated to the Audit Committee the responsibility for oversight of financial and enterprise risk. The Audit Committee engages in discussions with management to establish a mutual understanding of our company's overall appetite for risk. The Audit Committee and management also discuss existing risk management processes and the ways in which management identifies, assesses and manages our company's most significant risk exposures. In exercising its oversight, the Audit Committee strives to effectively oversee our company's enterprise-wide and financial risk management in a way that balances managing risks while enhancing the long-term value of our company for the benefit of our shareholders.

The Audit Committee receives regular presentations from key leaders of our businesses and functions about significant risks the business or function faces. These presentations assist the Audit Committee in evaluating our company's risk assessment and risk management policies and practices. The presentations address strategic, operational, financial reporting, cyber security, compliance, governance and other risks, as appropriate.

The Governance Committee oversees risks related to our EHS and compliance programs and receives regular reports from management regarding these risks and the Compensation Committee's oversees risks related to our compensation practices.

We believe that the oversight function of the Board and its committees, combined with its active dialogue with management about risks our company faces and effective risk management, provide our company with the appropriate framework to help ensure effective risk oversight.

ii). Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial asset fails to meet its contractual obligations. Credit risk arises from cash and cash equivalents, favourable derivative financial instruments, deposits with banks and financial institutions, as well as credit exposures from the group's receivables from customers.

The carrying amounts of financial assets represent the maximum credit exposure.

Risk Management

The group's philosophy of accounts receivable management is predicated on the presumption that the overall credit quality of the corporation's customer base is good and the likelihood of bad debts is minimal. The Credit Department is charged with the responsibility of assessing credit risk and reporting collection performance. Collectability can be assessed based on the customer's financial capacity and intent to pay. Venator's credit team follow a rigorous process prior to approving new customers and monitor the customer's credit worthiness, as a result when sales are made there is limited risk of bad debts. Venator assesses the probability of collectability based on being virtually certain (approx. 95% probable) and there is no adjusting down of revenues for collectability based on the robust customer approval processes – customers where collectability would be uncertain are not approved. This can be supported by the fact that during the covid pandemic when businesses are struggling, the group has seen very little bad debt with its customers.

Security

For some trade receivables the group may obtain securities in the form of guarantees or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement.

Impairment of financial assets

The group has one type of financial asset that is subject to the expected credit loss model:

- trade receivables for sales of inventory.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, no impairment loss was identified for the years ended 31 December 2021 and 31 December 2020. The cash and short-term investments are highly liquid assets and would not be subject to impairment as the recoverability of these balances at the current rate is guaranteed.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

34 Financial Instruments (continued)

ii). Credit risk (continued)

Trade Receivables

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on payment profiles of sales over a period of 60 months before 31 December 2021 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables, where applicable. The group's policy is to provide for expected credit losses where the expected loss rate is over \$500k. As at 31 December 2021, the calculated expected loss rate was \$431k (2020: \$342k) across the group and therefore a provision was not recorded for this as it was deemed immaterial to the Venator consolidated results.

In addition to the expected credit losses, the group also provides for specific invoices where the invoice is overdue by 90 days or more and where known information about the customer, market etc would indicate a provision is required. Factors considered when determining whether an overdue invoice should be provided for include: loss history of the company, the economic condition of the market place, any special arrangements for riskier customers, accounts receivable ageing history, amounts expected to be written off, current and predicted sale and inventory levels and the number of accounts in dispute.

The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. Details of concentration of revenue are included in Note 9 and further details of Venator's credit risk management policy are detailed below.

Trade receivables are written off where there is no reasonable expectation of recovery and in line with the local GAAP requirements in each jurisdiction. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 120 days past due. Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The group uses judgement in making these assumptions and selecting inputs to the impairment calculation, based on the group's past history and existing market conditions, as well as forward-looking estimates at the end of the reporting period.

Net impairment losses on financial assets recognised in profit or loss

During the year, the following gains / (losses) were recognised in profit or loss in relation to impaired financial assets:

	Year ended 31 December 2021 \$'000	Year ended 31 December 2020 \$'000
Impairment losses - movement in loss allowance for trade receivables	<u>245</u>	<u>(840)</u>

Credit risk management

Credit limits for accounts receivable are considered on a net basis after taking into consideration credit protection for i) cash advances, ii) letters of credit issued by a bank which maintains investment grade credit ratings, iii) bank acceptance drafts, iv) credit insurance, v) global rebates or vi) non-recourse factoring arrangements. Parent guarantees are excluded. Established credit limits shall be permitted to exceed up to 10% or \$100k, whichever amount is greater, in order to allow for a fluctuating pricing environment.

Credit assigns a customer a rating of very high, high, medium or low risk using proprietary financial analysis models where applicable to ensure consistency of credit risk assessments. The primary objective of the rating is to quantify the credit risk, provide a framework for approving credit limits, and for monitoring the credit quality of Venator's portfolio.

In determining the rating, credit may review qualitative and quantitative information including:

Qualitative - management expertise; rank within industry; credit limit relative to company size and capacity; length of time in business; type of business or type of company.

Quantitative - published credit rating; country risk; financial statement and ratio analysis; liquidity and cash flow; long-term and short-term debt obligations; additional borrowing capacity; debt maturities and covenants; existing lawsuits, liens or judgments.

Subsequent to the initial creditworthiness assessment, Credit is responsible for monitoring any changes in the financial condition or qualitative factors that would cause deterioration in credit quality.

In general, low and medium risk customers must be reviewed every 18 months, whilst very high risk and high risk customers must be reviewed annually. Customers with an aggregate credit limit less than \$100k may be reviewed based upon a credit reporting agency but do not require annual reviews. If an account is inactive for one year, an annual review is also not required.

There has been no significant increase in credit risk of accounts receivable in the years ended 31 December 2021 and 2020.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

34 Financial Instruments (continued)

ii). Credit risk (continued)

Derivatives

We would be exposed to credit losses in the event of non-performance by a counterparty to our derivative financial instruments. We continually monitor our position and the credit rating of our counterparties, and we do not anticipate non-performance by the counterparties.

On a quarterly basis the creditworthiness of the cross-currency counterparty is assessed in accordance with the group's credit risk management policy. This is in order to ensure that a default on the counterparty's obligations under the cross-currency swap is not probable. Any changes to the creditworthiness is reviewed in line with our policy and steps may be taken to cancel or move the swap to an alternative counterparty. The credit risk of Venator is also considered on the monthly mark to market position and incorporated into the fair valuation of the derivative.

iii). Liquidity risk

Liquidity risk is the risk that the group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The group's objective when managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

Venator's indebtedness is substantial and a significant portion of our indebtedness is subject to variable interest rates. Our indebtedness may make us more vulnerable to financial market volatility and economic downturns and may limit our ability to respond to market conditions, to obtain additional financing or to refinance our debt. Venator may also incur more debt in the future.

As of 31 December 2021, we had \$945 million (2020: \$946 million) in debt outstanding under our \$375 million Term Loan Facility due 2024, \$225 million (2020: \$215 million) of 9.5% Senior Secured Notes due 2025 which were issued on May 22, 2020 and \$375 million (2020: \$372 million) of 5.75% Senior Unsecured Notes due 2025. There were no borrowings under our ABL facility as at 31 December 2021 and 31 December 2020 (borrowing capacity of \$201 million at 31 December 2021 (2020: \$251 million)). Our debt level and the fact that a significant percentage of our cash flow is required to make payments to service our debt, could have important consequences for our business, including but not limited to the following:

- we may be more vulnerable to business, industry or economic downturns, making it more difficult to respond to market conditions;
- cash flow available for other purposes, including the growth of our business, may be reduced;
- our ability to refinance or obtain additional financing may be constrained, particularly during periods when the capital markets are unsettled;
- our competitors with lower debt levels may have a competitive advantage relative to us; and
- part of our debt is subject to variable interest rates, which makes us more vulnerable to increases in interest rates (for example, a 1% increase in interest rates on our floating rate debt as of December 31, 2021, without giving effect to interest rate hedges or other offsetting items, would increase our annual interest expense by approximately \$4 million).

During 2020, the group took out additional debt (senior secured notes of \$215 million) to manage liquidity during the uncertainty of the COVID pandemic, which resulted in an increased net leverage ratio. The group's current strategy is to actively reduce the debt level to improve the ratio thereby also reducing interest expense.

Our ability to make scheduled payments on or refinance our debt obligations depends on our financial condition and operating performance, which are subject to prevailing economic and competitive conditions and to certain financial, business, legislative, regulatory and other factors beyond our control. We may be unable to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness. Our inability to generate sufficient cash flows to satisfy our debt obligations, or to refinance our indebtedness on commercially reasonable terms or at all, would materially and adversely affect our financial position and results of operations.

In addition, the availability and cost of credit for our businesses may be significantly affected by credit ratings. The credit rating agencies periodically review our ratings, considering factors such as our capital structure, earnings profile, and the condition of our industry and the credit markets generally. Credit ratings are subject to revision or withdrawal at any time by the assigning rating organisation. A drop in our credit ratings, such as that which occurred during the second quarter of 2020, could adversely impact our business, cash flows, results of operations, financial condition, liquidity and our ability to obtain additional financing or to refinance our debt.

Negative rating actions can adversely affect our ability to access capital at rates and on terms that are attractive. A negative rating action can also adversely impact our business relationships with suppliers and operating partners, who may be less willing to extend credit or offer us similarly favourable terms as secured in the past under such circumstances. The result of such impacts may be material and could adversely affect our cash flows, results of operations and financial condition.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

34 Financial Instruments (continued)

iii). Liquidity risk (continued)

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include principal payments and exclude interest payments and the impact of netting arrangements.

		Contractual cash flows				
31 December 2021 (\$'000's)	Carrying Amount	Total	< 1 year	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Bank overdraft	-	-	-	-	-	-
Term loan	356,101	359,500	3,750	3,750	352,000	-
Senior secured notes	217,035	-	-	-	225,000	-
Senior unsecured notes	372,387	-	-	-	375,000	-
	945,523	359,500	3,750	3,750	952,000	-
Derivative financial liabilities						
Cross currency interest rate swaps	1,063	1,063	-	-	1,063	-
	1,063	1,063	-	-	1,063	-

		Contractual cash flows				
31 December 2020 (\$'000's)	Carrying Amount	Total	< 1 year	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Bank overdraft	2,141	2,141	2,141	-	-	-
Term loan	358,759	363,250	3,750	7,500	352,000	-
Senior secured notes	214,836	225,000	-	-	225,000	-
Senior unsecured notes	371,645	375,000	-	-	375,000	-
	947,381	965,391	5,891	7,500	952,000	-
Derivative financial liabilities						
Cross currency interest rate swaps	14,018	14,018	-	-	14,018	-
	14,018	14,018	-	-	14,018	-

As disclosed in note 26, the group has a secured note payable that contains loan covenants. A future breach of covenants may require the group to repay the loan earlier than indicated in the above table.

iv). Market risk

Market risk is the risk that changes in market prices e.g. foreign exchange rates, interest rates and equity prices, will affect the group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Managing interest rate benchmark reform and associated risks

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform').

As a result of the reform there will be amendments to certain IFRS standards and these amendments will require an entity to account for a change in the basis for determining contractual cash flows of a financial asset or financial liability that is required by interest rate benchmark reform by updating the effective interest rate of the financial asset or financial liability.

At 31 December 2021, the group understand this will be of minor impact to us. The only LIBOR linked transactions are the Term Loan where we are currently rolling for 1 month US LIBOR and the ABL which we are not borrowing on. US LIBOR is not due to be phased out until 2023 and the LIBOR wording in the ABL has been replaced with RFR for each currency. The group is also looking to refinance the term loan in 2022 and so this will also be dealt with prior to the 2023 deadline.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

34 Financial Instruments (continued)

iv). Market risk (continued)

Currency risk

The group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables and borrowings are denominated and the respective functional currencies of group companies. The functional currencies of group companies are primarily USD Euro and GBP. The currencies in which these transactions are primarily denominated are USD, Euro and GBP.

We transact business in various foreign currencies and we enter into currency forward contracts to offset the risk associated with the risks of foreign currency exposure. At 31 December 2021 and 31 December 2020 we had \$68 million and \$77 million, respectively, notional amount (in U.S. dollar equivalents) outstanding in foreign currency contracts with a term of approximately one month. The contracts are valued using observable market rates (Level 2).

The group also holds interest rate swaps for risk management purposes which are designated in cash flow hedging relationships. The objective of the pay Euro, receive USD fixed-for-fixed cross currency swap transaction is to lock the Euro functional currency cash flows associated with a USD denominated fixed rate intercompany loan between Venator Investments UK Limited, which has a Euro functional currency and Venator Materials PLC, which has a USD functional currency. By executing the swap the group has mitigated the effects of future changes in foreign currency exchange rates associated with the USD intercompany loan (both principal and interest) in Venator Investments UK Limited by converting such obligation to the entities functional currency.

Hedge effectiveness is determined at the inception of the hedge relationship, and through annual effectiveness assessments to ensure that an economic relationship between the hedged item and hedging instrument. The cross-currency swap has terms that match the payments on the USD loan, including interest rate, notional, payment date and maturity. The swap is expected to be highly effective in offsetting the variability in interest and principal payments on the USD loan (attributed to changes in forward EUR/USD rates). Cross currency basis and forward points are deemed to be immaterial for effectiveness testing so whilst form part of the potential ineffectiveness will not be separated out.

At inception of the hedge the Company will assess hedge effectiveness prospectively using a linear regression analysis. In line with IFRS 9, regression analysis will be performed on an annual basis in line with the reporting period to validate the effectiveness of the hedge. The group evaluates under qualitative assessment that there is an economic relationship between the hedged item and the hedging instrument. As the terms under the hedged item and hedging instrument match, the subsequent movements in fair value on the hedged item will move in tandem with the hedging instrument.

The swap is highly effective in offsetting the variability in interest and principal payments on the USD loan. No ineffectiveness has been recorded from the cash flow hedge.

The main source of hedge ineffectiveness in the groups hedging relationship is the effect of the counterparty and the groups own credit risk on the cross currency swap. On a quarterly basis the creditworthiness of the cross-currency counterparty is assessed in accordance with the Company's credit risk management policy. This is in order to ensure that a default on the counterparty's obligations under the cross-currency swap is not probable. Any changes to the creditworthiness is reviewed in line with our internal policy and steps may be taken to cancel or move the swap to an alternative counterparty. The credit risk of Venator is also considered on the monthly mark to market position and incorporated into the valuation.

The amounts related to items designated as hedging instruments and hedge ineffectiveness in the year ended 31 December 2021 were as follows:

	Nominal Amount \$'000	Liability \$'000	2021 Changes in the value of hedging instrument recognised in OCI \$'000	Hedge ineffectiveness recognised in profit or loss \$'000	Amount reclassified from hedging reserve to profit or loss \$'000
Interest rate risk					
Interest rate swaps	<u>200,000</u>	<u>(1,063)</u>	<u>(16,298)</u>	<u>-</u>	<u>16,298</u>

The amounts related to items designated as hedging instruments and hedge ineffectiveness in the year ended 31 December 2020 were as follows:

	Nominal Amount \$'000	Liability \$'000	2020 Changes in the value of hedging instrument recognised in OCI \$'000	Hedge ineffectiveness recognised in profit or loss \$'000	Amount reclassified from hedging reserve to profit or loss \$'000
Interest rate risk					
Interest rate swaps	<u>200,000</u>	<u>(14,018)</u>	<u>7,711</u>	<u>-</u>	<u>(10,038)</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

34 Financial Instruments (continued)

iv). Market risk (continued)

Exposure to currency risk

The summary quantitative data about the group's exposure to currency risk as reported to the management of the group is as follows.

	31 December 2021			31 December 2020		
	USD	EUR	GBP	USD	EUR	GBP
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade receivables	117,834	158,964	11,841	106,484	144,728	19,709
Bank loans	(945,523)			(945,240)	-	-
Trade payables	(99,724)	(165,812)	(27,175)	(43,005)	(113,841)	(39,456)

The group is also exposed to currency risk through intercompany loans where the loan is denominated in a currency different to the entity's functional currency. Whilst the loans net off on consolidation the resulting FX remains in the consolidated results. Many of the loans are deemed to be 'quasi-equity' and therefore the exchange gains / losses are remain in other comprehensive income until the foreign operation is disposed of.

One of the significant intercompany loans between Venator Investments UK Limited and Venator Materials PLC, is the hedged item detailed in Note 35: Derivatives.

The aggregate net foreign exchange (gains) / losses recognised in profit or loss were:

	Year ended 31 December 2021 \$'000	Year ended 31 December 2020 \$'000
Net foreign exchange (gain) / loss included in other (income) / expense	2,037	6,910
Exchange gains on foreign financial assets, included in finance costs	4,691	(2,697)
Exchange gains on derivative hedged item, included in finance costs	16,139	(18,269)
Total net foreign exchange (losses) recognised in profit before income tax for the period	<u>22,867</u>	<u>(14,056)</u>

Interest Rate Risk

We are exposed to interest rate risk through the structure of our debt portfolio which includes a mix of fixed and floating rates. Actions taken to reduce interest rate risk include managing the mix and rate characteristics of various interest-bearing liabilities.

The carrying value of our floating rate debt is \$356 million at 31 December 2021. A hypothetical 1% increase in interest rates on our floating rate debt as of 31 December 2021 would increase our interest expense by approximately \$4 million on an annualised basis.

Commodity Price Risk

A portion of our products and raw materials are commodities whose prices fluctuate as market supply and demand fundamentals change. Accordingly, product margins and the level of our profitability tend to fluctuate with the changes in the business cycle. We try to protect against such instability through various business strategies. These include provisions in sales contracts allowing us to pass on higher raw material costs through timely price increases and formula price contracts to transfer or share commodity price risk. We did not have any commodity derivative instruments in place as of 31 December 2021 and 2020.

35 Derivatives

The group has the following derivative financial instruments in the consolidated balance sheet:

	As at 31 December 2021 \$'000	As at 31 December 2020 \$'000	As at 1 January 2020 \$'000
Non-current liabilities			
Cross currency swaps - cash flow hedges	<u>1,063</u>	<u>14,018</u>	<u>2,765</u>
Cash flow hedge reserve	<u>-</u>	<u>-</u>	<u>(2,326)</u>

Cross-currency swaps

In December 2017, we entered into three cross-currency swap agreements to convert a portion of our intercompany fixed-rate, U.S. Dollar denominated notes, including the semi-annual interest payments and the payment of remaining principal at maturity, to a fixed-rate, Euro denominated debt. The economic effect of the swap agreement was to eliminate the uncertainty of the cash flows in U.S. Dollars associated with the notes by exchanging a notional amount of \$200 million at a fixed rate of 5.75% for €169 million with a fixed annual rate of 3.43%. These hedges were designated as cash flow hedges and the critical terms of the cross-currency swap agreements correspond to the underlying hedged item. These swaps were scheduled to mature in July 2022, which was the best estimate of the repayment date of the intercompany loans.

In August 2019, we terminated the three cross-currency interest rate swaps entered into in 2017, resulting in cash proceeds of \$15 million. Concurrently, we entered into three new cross-currency interest rate swaps which notionally exchanged \$200 million at a fixed rate of 5.75% for €181 million on which a weighted average rate of 3.73% is payable. The cross-currency swaps have been designated as cash flow hedges of a fixed rate U.S. Dollar intercompany loan and the economic effect is to eliminate uncertainty on the U.S. Dollar cash flows. The cross-currency swaps are set to mature in July 2024, which is the best estimate of the repayment date on the intercompany loan. The nominal amounts of the three cross-currency interest rate swaps were \$90 million, \$60 million and \$50 million.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

35 Derivatives (continued)

Cross-currency swaps (continued)

The amount and timing of the semi-annual principal payments under the cross-currency swap also correspond with the terms of the intercompany loans. Gains and losses from these hedges offset the changes in the value of interest and principal payments as a result of changes in foreign exchange rates.

We formally assessed the hedging relationship at the inception of the hedge in order to determine whether the derivatives that are used in the hedging transactions are highly effective in offsetting cash flows of the hedged item and we will continue to assess the relationship on an ongoing basis. We use the hypothetical derivative method in conjunction with regression analysis to measure effectiveness of our cross-currency swap agreement. The portion of the hedge that is ineffective would be recorded in earnings in other income / (expense) - there was no ineffectiveness recorded in 2021 (2020: nil).

The effective portion of the changes in the fair value of the swaps are deferred in other comprehensive loss (cash flow hedge reserve) and subsequently recognised in other income / (expense) when the hedged item impacts earnings. Cash flows related to our cross-currency swap that relate to our periodic interest settlement will be classified as operating activities and the cash flows that relates to principal balances will be designated as financing activities. The fair value of these hedges were liabilities of \$1 million and an asset of \$14 million at 31 December 2021 and 31 December 2020, respectively, and they were recorded as derivative financial instruments within non-current liabilities on our consolidated balance sheets. We estimate the fair values of our cross-currency swaps by taking into consideration valuations obtained from a third-party valuation service that utilises an income-based industry standard valuation model for which all significant inputs are observable either directly or indirectly. These inputs include foreign currency exchange rates, credit default swap rates and cross-currency basis swap spreads. The cross-currency swap has been classified as Level 2 because the fair value is based upon observable market-based inputs or unobservable inputs that are corroborated by market data.

During 2021 and 2020 the changes in the cash flow hedge reserve associated with these cash flow hedging activities was a gain of \$16.3 million and a loss of \$7.7 million, respectively.

We would be exposed to credit losses in the event of non-performance by a counterparty to our derivative financial instruments. We continually monitor our position and the credit rating of our counterparties, and we do not anticipate non-performance by the counterparties.

Foreign currency contracts not designated as hedges

We transact business in various foreign currencies and we enter into currency forward contracts to offset the risk associated with the risks of foreign currency exposure. At 31 December 2021 and 31 December 2020 we had \$68 million and \$77 million, respectively, notional amount (in U.S. dollar equivalents) outstanding in foreign currency contracts with a term of approximately one month. The contracts are valued using observable market rates (Level 2).

36 Provisions

The group holds provisions for restructuring, asset retirement obligations, environmental remediation and legal matters.

	Asset retirement obligations \$'000	Restructuring \$'000	Environmental reserves \$'000	Legal \$'000	Total \$'000
Balance at 1 January 2020	37,003	15,634	8,501	1,637	62,775
Provisions made during the year	-	17,312	769	966	19,047
Provisions used during the year	-	(6,348)	(1,809)	(2,218)	(10,375)
Provisions reversed during the year	-	(1,357)	-	-	(1,357)
Accretion expense	1,503	-	-	-	1,503
Change in estimate	(3,138)	-	-	-	(3,138)
Effects of movements in exchange rates	1,850	1,511	525	279	4,165
Balance at 31 December 2020	37,218	26,752	7,986	664	72,620
Non-current	35,875	20,180	7,099	558	63,712
Current	1,343	6,572	887	106	8,908
	37,218	26,752	7,986	664	72,620
Balance at 1 January 2021	37,218	26,752	7,986	664	72,620
Provisions made during the year	-	2,235	5,599	752	8,586
Provisions used during the year	-	(4,031)	(5,257)	(1,024)	(10,312)
Provisions reversed during the year	-	(1,193)	(2,295)	(6)	(3,494)
Transfer of provision	(4,680)	-	4,680	-	-
Accretion expense	1,684	-	-	-	1,684
Change in estimate	342	-	-	-	342
Effects of movements in exchange rates	(1,623)	(1,442)	(604)	(100)	(3,769)
Balance at 31 December 2021	32,941	22,321	10,109	286	65,657
Non-current	31,763	6,846	3,968	89	42,666
Current	1,178	15,475	6,141	197	22,991
	32,941	22,321	10,109	286	65,657

Unwinding of discount was immaterial in the years ended 31 December 2021 and 31 December 2020.

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36 Provisions (continued)

Asset retirement obligations

Asset retirement obligations consist primarily of asbestos abatement costs, demolition and removal costs, leasehold remediation costs and landfill closure costs. Venator is legally required to perform capping and closure and post-closure care on the landfills and asbestos abatement on certain of its premises. For each asset retirement obligation, Venator recognised the estimated fair value of a liability and capitalised the cost as part of the cost basis of the related asset.

Restructuring

Venator has initiated various restructuring programs in an effort to reduce operating costs and maximise operating efficiency, which have included in some instances the planned or completed closure of sites within our manufacturing network, including manufacturing sites in Pori, Finland, Calais, France and a partial closure in Duisburg, Germany.

We recorded restructuring charges in recent periods in connection with closing certain plant locations, workforce reductions and other cost savings programs in each of our business segments. These charges are recorded when management has committed to a plan and incurred a liability related to the plan. Estimates for plant closing costs include the write-off of the carrying value of the plant, any necessary environmental and/or regulatory costs, contract termination and demolition costs. Estimates for workforce reductions and other costs savings are recorded based upon estimates of the number of positions to be terminated, termination benefits to be provided and other information, as necessary. Management evaluates the estimates on a quarterly basis and will adjust the reserve when information indicates that the estimate is above or below the currently recorded estimate.

Of the \$22.3 million provision for restructuring as at 31 December 2021 (2020: \$26.8 million), \$14.3 million relates to restructuring in Duisburg, Germany (2020: \$17.1 million), \$5.4 million relates to the restructuring in Pori, Finland (2020: \$4.8 million) and \$2.3 million to the restructuring in Calais, France (2020: \$4.1 million). See below for further details.

Company-wide Restructuring

In December 2020, we implemented a plan to decommission certain existing equipment in a section of our Duisburg, Germany Titanium Dioxide manufacturing site. As part of the program, we recorded restructuring expense of \$2 million for the year ended 31 December 2021, all of which is related to employee benefits. We recorded restructuring expense of \$38 million for the year ended 31 December 2020, of which \$20 million was accelerated depreciation and \$18 million related to employee benefits.

We expect to incur additional charges of approximately \$5 million through the end of 2023, all of which relates to employee costs. This is in addition to the \$14 million of employee benefits already provided for as at 31 December 2021 (2020: \$17 million).

Tioxide Dioxide Segment

In July 2016, we implemented a plan to close our Umbogintwini, South Africa Titanium Dioxide manufacturing facility. As part of the program, we recorded restructuring expense of nil and \$1 million for the years ended 31 December 2021 and 2020, respectively, all of which related to plant shutdown costs. We expect further charges as part of this program to be immaterial. In connection with this plan, in August 2020 we sold the Umbogintwini facility. Accordingly, during the third quarter of 2020 we received proceeds of \$6 million related to this sale and recognised a corresponding gain on disposal of assets of \$6 million. This gain is recorded in the "other income / expense" line item of our consolidated statement of profit or loss for year ended 31 December 2020.

In March 2017, we implemented a plan to close the white end finishing and packaging operation of our Titanium Dioxide manufacturing facility at our Calais, France site. The announced plan follows the 2015 closure of the black-end manufacturing operations and resulted in the closure of the entire facility. As part of the program, we recorded restructuring expense of \$9 million and \$5 million for the years ended 31 December 2021 and 2020, respectively, all of which related to plant shutdown costs. \$5 million of the plant shutdown costs recorded in 2021 were non-restructuring plant closure costs. We expect to incur additional plant shutdown costs of approximately \$10 million through 2023, this is in addition to the \$2 million of employee benefits and \$1 million of plant shutdown costs already provided for as at 31 December 2021 (2020: \$2 million and \$2 million, respectively).

In September 2018, we implemented a plan to close our Pori, Finland Titanium Dioxide manufacturing facility. We recorded approximately \$49 million of restructuring expense in the year ended 31 December 2021, of which approximately \$12 million was restructuring expense related to the plan and \$37 million was non-restructuring plant shutdown expenses. Restructuring expense consists of \$5 million related to accelerated depreciation, \$5 million related to plant shutdown costs, and \$2 million related to employee benefits. Non-restructuring plant closing costs of \$14 million recorded as trade and other payables within current liabilities and \$23 million recorded as trade and other payables within non-current liabilities, on our consolidated balance sheet as at 31 December 2021.

We recorded restructuring expense related to our Pori facility of \$19 million for the year ended 31 December 2020, of which \$12 million was related to accelerated depreciation, \$5 million was related to plant shutdown costs, and \$2 million was related to employee benefits.

We expect to incur additional charges of approximately \$39 million at our Pori site through the end of 2024, of which \$4 million relates to accelerated depreciation, \$30 million relates to plant shut down costs, \$3 million relates to other employee costs and \$2 million related to the write off of other assets. This is in addition to the \$5 million of employee benefits already provided for as at 31 December 2021 (2020: \$5 million).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

36 Provisions (continued)

Environmental reserves

We accrue liabilities relating to anticipated environmental clean-up obligations, site reclamation and closure costs, and known penalties. Liabilities are recorded when we have a present obligation arising from a past event, it is either known or is considered probable (>50%) that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Our liability estimates are calculated using present value techniques as appropriate and are based upon requirements placed upon us by regulators, available facts, existing technology, and past experience. The environmental liabilities do not include amounts recorded as asset retirement obligations. As of 31 December 2021 and 2020, we had environmental liabilities of \$10 million and \$8 million, respectively. We may incur additional losses for environmental remediation.

Legal

We are subject to legal proceedings and claims arising out of our business operations. We routinely assess the likelihood of any adverse outcomes to these matters, as well as ranges of probable losses. A determination of the amount of the reserves required, if any, for these contingencies is made after analysis of each known claim. We have an active risk management program consisting of numerous insurance policies secured from many carriers. These policies often provide coverage that is intended to minimise the financial impact, if any, of the legal proceedings. The required reserves may change in the future due to new developments in each matter. See "Note 29 - Commitment and contingencies" for further detail on legal proceedings.

37 Capital Management

The Group's objectives when managing capital are to:

- Maintain investor, creditor and market confidence as well as sustaining the future development of the business,
- Ensuring an appropriate return for shareholders and other benefits for stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital, manage financial risk, such as foreign exchange and interest risk, and provide appropriate liquidity to the business.

In order to maintain or adjust the capital structure, the group may at any time, within the restrictions and requirements of its overall third-party debt agreements, adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the group monitors capital on the basis of the net leverage ratio:

- NET DEBT divided by Last Twelve Months ("LTM") EBITDA

During 2021, the group refinanced its ABL Facility reducing it from \$350 million to \$330 million and extending it to 2026, all other material terms remained the same. The group's current strategy is to actively reduce the debt level to improve the ratio thereby also reducing interest expense.

The net leverage ratio as of 31 December 2021, 31 December 2020 and 1 January 2020 were as follows:

These figures are based on the US GAAP consolidated financial statements as the covenants are based on Venator's financial position as reported under US GAAP.

	As at 31 December 2021 \$'000	As at 31 December 2020 \$'000	As at 1 January 2020 \$'000
Net Debt	789,500	737,000	695,000
LTM EBITDA	180,000	136,000	194,000
Net Leverage Ratio	4.4x	5.4x	3.6x

Debt Covenants

Under the terms of the major borrowing facilities, the group is required to comply with an interest coverage ratio as a maintenance financial covenant:

- The LTM interest expense to LTM EBITDA must not be less than 2:1. The group has complied with the covenant during the financial period. As of 31 December 2021 and 31 December 2020 the interest coverage was 3.1 times and 2.3 times, respectively.

The group's debt facilities also have various springing covenants which apply depending upon headroom availability and time to expiry. These covenants are a fixed charge coverage ratio, net leverage ratio, first lien net debt leverage and an indebtedness basket, and net senior unsecured leverage ratio. There were no events in the years ended 31 December 2021 and 31 December 2020, which resulted in a breach of covenants related to these ratios.

Venator Materials PLC, Company Registration No. 10747130

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For the year ended 31 December 2021

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

37 Capital Management (continued)

Net debt to adjusted equity	As at 31 December 2021 \$'000	As at 31 December 2020 \$'000	As at 1 January 2020 \$'000
Total Liabilities	1,799,118	1,746,411	1,596,184
Less: Cash and cash equivalents	(156,257)	(219,949)	(54,772)
Net debt	1,642,861	1,526,462	1,541,412
Total Equity	568,081	613,885	672,517
Less: hedging reserve	-	-	2,326
Adjusted Equity	568,081	613,885	674,843
Net debt to adjusted equity ratio	2.89	2.49	2.28

The group's share capital is comprised of one class of ordinary shares of \$0.001 each, the shares are listed on the New York Stock Exchange under the symbol "VNTR".

At 31 December 2021, 107,275,245 shares were in issue (2020: 106,735,892). The shares carry no rights to fixed income and each share carries the right to one vote at general meetings. All shares are fully paid.

The group's net debt to adjusted equity ratio at 31 December 2021 is 2.89, compared to 2.49 at 31 December 2020 and 2.28 at 31 December 2019. This increase in the proportion of debt financing relative to the group's equity in the year is the result of an increase in long-term debt and the increase in accumulated losses. The company is financed primarily through external financing in the form of a Term Loan, Senior Notes and an ABL revolving credit facility ("RCF"), which totals \$1.3bn at 31 December 2021 (2020: \$1.3bn).

On 22 May 2020 the company completed an offering of \$225mm in aggregate principal amount of senior secured notes due on 1 July 2025 at 98% of their face value.

On 15 October 2021, we entered into the Amendment and Restatement Agreement, which amended and restated the ABL Credit Agreement. Among other things, the amendment provides for (i) an extension of the revolving loan commitments pursuant to the ABL Credit Agreement until 15 October 2026, or if earlier, 91 days prior to maturity date of any indebtedness in an amount in excess of \$75 million and (ii) a reduction in the revolving loan commitments to \$330 million.

Further information on the external financing can be found within Note 26: Loans and borrowings.

38 Post balance sheet events

On 6 April 2022, the Delaware Superior Court granted judgment in favour of Venator for \$75 million and rejected Tronox's counterclaim for damages. On 25 April 2022, Venator received \$85 million in cash from Tronox, the settlement amount includes an additional \$10 million of value representing a negotiated amount of interest originating from 2019 when conditions were met that required Tronox to pay a \$75 million 'Break Fee' to Venator. Also see Note 29: commitments and contingencies for further details regarding the Tronox litigation.

39 Ultimate controlling party

At 31 December 2021 Venator Materials PLC is the ultimate parent undertaking of the Venator group.

The company only results of Venator Materials PLC for the year ended 31 December 2021 have been consolidated in these consolidated financial statements.

40 Interests in other entities

The extent of the Group's ownership in its various subsidiaries, equity-accounted investees and their principal activities are as follows:

Indirect Investment	Principal Activity	Country of Registration and Operation	Registered Office Address	Proportion of Nominal Value of Ordinary Shares Held
Venator International Holdings UK Limited	Holding company	England & Wales	Titanium House, Hanzard Drive, Wynyard Park, TS22 5FD	100%
Venator Materials International UK Limited	Holding company	England & Wales	Titanium House, Hanzard Drive, Wynyard Park, TS22 5FD	100%
Venator P&A Finland Oy	Manufacturing entity	Finland	Titaanitie, 28840 Pori, Finland	100%
Venator Italy S.r.l	Manufacturing entity	Italy	Scarlino (GR), Localita' Casone SNC, CAP 58020	100%
Venator Asia Sdn. Bhd.	Manufacturing entity	Malaysia	Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia	100%
Venator P&A Spain S.L.U	Manufacturing entity	Spain	Poligono Nuevo Puerto, Palos de la Frontera, 21080 Huelva, Spain	100%
Venator South Africa Proprietary Limited	Holding company	South Africa	Suite 17 2nd Floor 201 Beacon Rock, 21 Lighthouse Road, Umhlanga Rocks, KWA-ZULU NATAL, 4320	100%

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****40 Interests in other entities (continued)**

Indirect Investment	Principal Activity	Country of Registration and Operation	Registered Office Address	Proportion of Nominal Value of Ordinary Shares Held
Venator Investments UK Limited	Holding company	England & Wales	Titanium House, Hanzard Drive, Wynyard Park, TS22 5FD	100%
Venator Holdings UK Limited	Holding company	England & Wales	Titanium House, Hanzard Drive, Wynyard Park, TS22 5FD	100%
Venator Far East Limited	Holding company	Hong Kong	30th Floor, Jardine House, One Connaught Place, Central, Hong Kong	100%
Venator Holdings Germany GmbH	Holding company	Germany	Sachtleben, StaBe 4, 47198, Duisburg	100%
Venator P&A Holdings UK Limited	Holding company	England & Wales	Titanium House, Hanzard Drive, Wynyard Park, TS22 5FD	100%
Venator Chemicals France SAS	Distributor	France	2 Rue du Languedoc, 91220 Bretigny Sur Orge	100%
Venator International France SAS	Holding company	France	203 Route de Wervicq, 59559 Comines, Cedex	100%
Venator Pigments France SAS	Manufacturing entity	France	203 Route de Wervicq, 59559 Comines, Cedex	100%
Venator Pigments S.r.l	Manufacturing entity	Italy	Via Reiss, Romoli 44/12, 10148 Torino	100%
Venator Pigments Hong Kong Limited	Dormant	Hong Kong	30th Floor, Jardine House, One Connaught Place, Central, Hong Kong	100%
Venator Pigments Taicang Company Ltd	Manufacturing entity	China	Petrochemical Zone, Taicang Port Development Zone, Taicang Jiangsu Province, P.R. China	100%
Venator Pigments Espana S.A.U	Distributor	Spain	CI Albert Einstein 50, 1. P.I. Santa Margarita II, 08023 Terrassa, Barcelona, Spain	100%
Venator Africa Pty Limited	Distributor	South Africa	Suite 17 2nd Floor 201 Beacon Rock, 21 Lighthouse Road, Umhlanga Rocks, KWA-ZULU NATAL, 4320	100%
Venator Belgium BV	Administrative and support services	Belgium	3078 Kortenberg, Everslaan 45	100%
Venator Materials UK Limited	Manufacturing entity	England & Wales	Titanium House, Hanzard Drive, Wynyard Park, TS22 5FD	100%
Venator Group Canada Inc.	Distributor	Canada	c/o Dentons Canada LLP, 1 Place Ville-Marie, Suite 3900, Montreal, H3B 4M7, Canada	100%
Creambay Limited	Holding company	England & Wales	Titanium House, Hanzard Drive, Wynyard Park, TS22 5FD	100%
Venator Group Services Limited	Holding company	England & Wales	Titanium House, Hanzard Drive, Wynyard Park, TS22 5FD	100%
Venator Materials Services Limited	Holding company	England & Wales	Titanium House, Hanzard Drive, Wynyard Park, TS22 5FD	100%
Inorganic Pigments Limited	Holding company	England & Wales	Titanium House, Hanzard Drive, Wynyard Park, TS22 5FD	100%
Venator Pigments UK Limited	Manufacturing entity	England & Wales	Titanium House, Hanzard Drive, Wynyard Park, TS22 5FD	100%
Excalibur Realty UK Limited	Holding company	England & Wales	Titanium House, Hanzard Drive, Wynyard Park, TS22 5FD	100%
Venator Australia Pty Ltd	Holding company	Australia	21 David Street Dandenong Victoria 3175 Australia	100%
Venator Pigments Pty Ltd	Sales entity	Australia	21 David Street Dandenong Victoria 3175 Australia	100%
Venator Germany GmbH	Manufacturing entity	Germany	Sachtleben, StaBe 4, 47198, Duisburg	100%
Silo Pigmente GmbH	Holding company	Germany	Muhlstrasse 118 Walluf 65396 Germany	100%
Venator Pigments Holding GmbH	Holding company	Germany	Muhlstrasse 118 Walluf 65396 Germany	100%
Venator Wasserchemie Holding GmbH	Holding company	Germany	Konigsberger Strasse 160487 Frankfurt am Main Germany	100%
Venator Uerdingen GmbH	Manufacturing entity	Germany	Sachtleben, StaBe 4, 47198, Duisburg	100%
Venator Shanghai Company Limited	Distributor	China	Room 5F-584 No.1955 Hami Road, Changning District, Shanghai 200336, China	100%
Venator Americas Holdings LLC	Dormant	United States of America	Suite 600 10001 Woodloch Forest Dr The Woodlands, TX 77380	100%
Venator Group	Dormant	England & Wales	Titanium House, Hanzard Drive, Wynyard Park, TS22 5FD	100%
Venator Investments LLC	Holding company	Cayman Islands	c/o Intertrust Corporate Services (Cayman) Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands	100%

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****40 Interests in other entities (continued)**

Indirect Investment	Principal Activity	Country of Registration and Operation	Registered Office Address	Proportion of Nominal Value of Ordinary Shares Held
Venator Americas LLC	Manufacturing entity	United States of America	Suite 600 10001 Woodloch Forest Dr The Woodlands, TX 77380	100%
Venator Chemicals LLC	Manufacturing entity	United States of America	Suite 600 10001 Woodloch Forest Dr The Woodlands, TX 77380	100%
Venator Nominees UK Limited	Dormant	England & Wales	Titanium House, Hanzard Drive, Wynyard Park, TS22 5FD	100%
Venator France SAS	Distributor	France	1 rue des garennnes, 62100 Calais	100%
Venator Representação Comercial Brasil Ltda	Sales entity	Brazil	Alameda Caiapós, No 243, Ground floor, Suite A, Room 03 Barueri, São Paulo, 06460-110, Brasil	100%
Venator Pigments GmbH & Co.KG	Manufacturing entity	Germany	Muhlstrasse 118 Walluf 65396 Germany	99.94%
Oligo SA	Manufacturing entity	Spain	Polígono Industrial Nuevo Puerto, Calle Gobernador Angel Horcajadas s/n, Palos de la Frontera, 21810, Spain	75%
Viance LLC	Joint venture - distributor	United States of America	Suite 600 10001 Woodloch Forest Dr The Woodlands, TX 77380	50.001%
Pacific Iron Products Sdn Bhd	Joint venture - manufacturing entity	Malaysia	Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia	50%

All direct and indirect subsidiaries are included in the consolidation of Venator Materials PLC other than the following non wholly owned investments where Venator Materials PLC is not the controlling party and therefore these are accounted for using equity accounting.

Indirect Investment	Reason for non consolidation	Registered Office Address	Proportion of Nominal Value of Ordinary Shares Held
Louisiana Pigment Company L.P	Operations of the joint venture are under the direction of a supervisory committee on which each partner has equal representation. (2 partners both 50% shareholdings)	P.O. Box 70, 3300 Bayou D'Inde Road, Westlake, LA 70669-9638	50%

At 31 December 2020 Venator also held a 50% shareholding in Mineral Feed S.L.; Venator's shares in the company were sold in May 2021 and therefore as at 31 December 2021 Venator no longer held this shareholding.

Venator group has branches outside of the UK, these branches are operating locations outside of the registered office for a number of indirect subsidiaries listed above. The following are branches within the Venator group: Netherlands, Russia, Singapore, Hong Kong, India and Korea.

41 Exemption from Audit by Parent Guarantee

The following UK subsidiaries of Venator Materials PLC are exempt from the requirement to obtain an audit of their individual statutory accounts for the year ended 31 December 2021, by virtue of s479A of the Companies Act 2006. Venator Materials PLC has issued guarantees for the following subsidiary companies under s479C Companies Act 2006.

Subsidiary Name	Registered Number
Venator Materials UK Limited	00832447
Venator International Holdings UK	10407671
Venator Investments UK Limited	10417559
Venator Holdings UK Limited	10518724
Venator Materials International UK	10408218
Venator P&A Holdings UK Limited	03767080
Venator Materials Services Limited	13476731
Venator Group Services Limited	00995450
Venator Pigments UK Limited	02395270
Excalibur Realty UK Limited	06311960
Creambay Limited	04050413
Inorganic Pigments Limited	00688762

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****STATEMENT OF FINANCIAL POSITION (PARENT COMPANY)
As at 31 December 2021**

	Note	2021 USD	2020 USD (Restated)*
Fixed assets			
Tangible assets	10	1,420,593	2,376,950
Investments:			
Shares in group undertakings	11	1,078,330,016	1,078,330,016
Loans to group undertakings	14	348,904,712	348,904,712
		1,428,655,321	1,429,611,678
Current assets			
Debtors - due within one year	12	33,496,798	8,772,630
Debtors - due after one year	12	3,236,163	332,991
Cash at bank and in hand	13	42,660,474	156,727,080
		79,393,435	165,832,701
Creditors: Amounts falling due within one year	15	(10,454,802)	(29,003,876)
Net current assets		65,702,470	136,495,834
Total assets less current liabilities		1,497,593,954	1,566,440,503
Creditors: Amounts falling due after one year	16	(975,000,000)	(972,749,232)
Net assets		522,593,954	593,691,271
Capital and reserves			
Called up share capital	18	107,275	106,735
Capital contribution		1,291,191,330	1,291,191,652
Share option reserve	19	28,613,327	21,873,248
Profit and loss account*		(797,317,978)	(719,480,364)
Total shareholder's funds		522,593,954	593,691,271

*For details on the restated balances see notes 12 and 14 to the company only financial statements

As permitted by section 408 of the Companies Act 2006, the company has elected not to present its own profit and loss account for the year. The company reported a loss for the financial year ended 31 December 2021 of USD 77,837,614 (2020: loss of USD 73,221,793). In addition, the company has taken advantage of the legal dispensation contained in Section 408 of the Companies Act 2006 allowing it not to publish a separate statement of comprehensive income.

The notes on pages 212 to 233 are an integral part of these financial statements.

These Financial Statements of Venator Materials PLC (registered number 10747130) were approved by the board of directors and authorised for issue on 20 May 2022.

Signed on behalf of the board of directors

DocuSigned by:

 F9A417F13DB6404...
 Simon Turner
 Director
 20 May 2022

Venator Materials PLC, Company Registration No. 10747130

Annual Report and Financial Statements
For the year ended 31 December 2021STATEMENT OF CHANGES IN EQUITY (PARENT COMPANY)
As at 31 December 2021

		Called up share capital	Capital contribution reserve	Share option reserve	Profit and loss account	Total
	Note	USD	USD	USD	USD	USD
At 1 January 2020		106,558	1,291,191,525	14,286,219	(646,258,571)	659,325,731
Loss for the financial year		-	-	-	(73,221,793)	(73,221,793)
Other comprehensive income		-	-	-	-	-
Total comprehensive expense		-	-	-	(73,221,793)	(73,221,793)
Issue of share capital, net of issue costs		177	-	-	-	177
Credit to equity for equity settled share-based payment		-	127	-	-	127
Share-based payment credit		-	-	7,587,029	-	7,587,029
At 31 December 2020		106,735	1,291,191,652	21,873,248	(719,480,364)	593,691,271
Loss for the financial year		-	-	-	(77,837,614)	(77,837,614)
Other comprehensive income		-	-	-	-	-
Total comprehensive expense		-	-	-	(77,837,614)	(77,837,614)
Issue of share capital, net of issue costs	18	540	-	-	-	540
Debit to equity for equity settled share-based payment		-	(322)	-	-	(322)
Share-based payment credit	19	-	-	6,740,079	-	6,740,079
At 31 December 2021		107,275	1,291,191,330	28,613,327	(797,317,978)	522,593,954

Reserves

Capital contribution reserve - This reserve represents the capital provided from the parent company as consideration for the transfer of subsidiary investments.

Share option reserve - This reserve represents the share-based payment expense recognised in profit or loss in respect of the share awards granted by the company. Refer to note 18 for further details.

Profit and loss account - This represents the cumulative profits and losses of the company, net of any dividends payable.

The notes on pages 213 to 234 are an integral part of these Financial Statements.

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****NOTES TO THE COMPANY FINANCIAL STATEMENTS****GENERAL INFORMATION**

Venator Materials PLC is a public company limited by shares and was incorporated on 28 April 2017, in England and Wales under the Companies Act 2006. The address of the registered office is Titanium House, Hanzard Drive, Wynyard Park, Stockton on Tees, England, TS22 5FD. The nature of the company's operations is to act as the holding and financing company for its subsidiary entities. The Venator Group is a publicly traded global manufacturer and marketer of differentiated chemicals.

The company is a publicly traded company listed on the NYSE Stock Market.

The following notes to the financial statements relate to the parent company only.

1 ACCOUNTING POLICIES**i Basis of preparation**

These financial statements have been prepared in compliance with United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("FRS 102") and applicable legislation as set out in the Companies Act 2006 and SI 2008/410 'The Large and Medium-sized Companies and Groups (Accounts and Reports) 2008'. These financial statements have been prepared under the historical cost convention.

These notes to the financial statements have been prepared for the company as an individual reporting entity.

These financial statements are presented in United States Dollars ("USD") because that is the company's functional currency, being the currency of the primary economic environment in which the company operates.

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions that have been complied with.

Accordingly in preparing these financial statements, the company has taken advantage of the following exemptions:

- to present a statement of cash flows, as required by Section 7 'Statement of Cash Flows' and Section 3 'Financial Statement Presentation' paragraph 3.17 (d);
- to disclose transactions with other group entities that are wholly owned subsidiaries within the group as required by Section 33 "Related Party Disclosures", paragraph 33.7; and
- to present a reconciliation of the number of shares outstanding at the beginning and at the end of the period for each class of share capital, as required by Section 4 'Statement of Financial Position' paragraph 4.12(a)(iv).
- the requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26 (in relation to those cross-referenced paragraphs from which a disclosure exemption is available), 12.27, 12.29(a), 12.29(b), and 12.29A.

The Companies Act 2006 allows a qualifying entity certain disclosure exemptions, subject to certain conditions that have been complied with.

Accordingly in preparing these financial statements, the company has taken advantage of the following exemptions:

- to present a profit or loss account by the Company as permitted by Section 408 of the Companies Act 2006; and
- the company's dormant subsidiaries, Venator Group (company registration no. 00249759) and Venator Nominees UK Limited (company registration no. 03767301), are exempt from audit for the year ended 31 December 2021 by virtue of s479A Companies Act 2006.

ii Basis of consolidation

The consolidated financial statements comprise the financial statements of the group and its subsidiaries as at 31 December 2021. The financial statements of subsidiaries for use in the consolidation are prepared for the same reporting year as the parent company and are based on consistent accounting policies. All intra-group balances and transactions, including unrealised profits arising from intragroup transactions, have been eliminated in full.

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)****iii Going concern**

The group and parent company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report on pages 2 to 19. The Strategic Report also sets out the principal risks and uncertainties facing the group and company on pages 21 to 44. The group and the company have the same going concern considerations.

The group and parent company meet their day to day working capital requirements through the group's bank facilities.

The directors have considered the group and the company's current and future prospects, risks and uncertainties, including an assessment of the impact of a potential gas supply shortage as a result of the Russia / Ukraine conflict, rising global energy costs, and its availability of financing, and are satisfied that the group and company can continue to pay its liabilities as they fall due for a period of at least twelve months from the date of approval of these Financial Statements.

The Group operates an annual budget process. The Group's budgets, and risks to their achievement are reviewed by the Board and, once approved are used as the basis for monitoring the Group's performance, incentivising employees, and providing external guidance to shareholders. The processes for identifying and managing risk are described in the Strategic Report which forms part of the consolidated financial statements.

In accordance with the requirements of the UK Corporate Governance Code 2018, the directors have undertaken a comprehensive going concern review over a 24-month period to December 2023, considering the forecast cash flows and the available liquidity of the Group over that 24-month period, taking into account the Group's principal risks and uncertainties

The directors considered the impact of the following when completing their going concern review:-

- Impacts of the COVID-19 pandemic
- Impacts of Russia's invasion of Ukraine and potential gas shortages
- Impacts of Scarlino Gypsum Developments

COVID-19 pandemic

The COVID-19 pandemic has had a significant adverse impact on our business and the markets in which we operate beginning in the first quarter of 2020. The measures implemented by governmental authorities around the world to contain the virus, including travel bans and restrictions, limits on gatherings, quarantines, shelter-in-place orders and business shutdowns, drove a decrease in demand for many of our products. We began to see recovery in the third quarter of 2020 and by the end of 2021 most of our product lines had returned to pre-pandemic levels of demand.

The impacts of the COVID-19 pandemic on our supply chain and the sudden return of global demand have increased global shipping and logistics challenges. We have experienced delays in shipments due to port congestion and availability of vessels and containers and are taking actions to manage through these challenges. We have seen constrained global supplies of ore feedstocks and other raw materials and we have experienced increases in energy, raw materials and shipping costs. We expect supply chain and logistics challenges to continue in 2022, and we continue to proactively manage our supplier network by maintaining close contact with existing suppliers and seeking alternative arrangements.

We have manufacturing and other operations that are important to our company in areas that remain affected by the outbreak. We continue to actively manage our business and have enacted appropriate safety measures across our organisation in response to the COVID-19 pandemic, including curtailing non-essential business travel, increasing personal protective equipment requirements at our manufacturing sites, increasing cleaning and sanitising measures, implementing social distancing protocols, and requiring or permitting work-from-home arrangements as appropriate. We continue to evaluate the appropriate measures to have in place to safeguard our employees and our business and we may modify our actions as government authorities require or recommend, or as we determine to be in the best interest of our employees, customers, partners and suppliers.

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)****iii Going concern (continued)*****COVID-19 pandemic (continued)***

We anticipate strong demand throughout 2022 as COVID-19 vaccinations progress globally and governments continue to roll back restrictions and protective measures that influence the markets in which we operate. Continued recovery will depend on a variety of other factors beyond our control, including the global rollout of vaccines and the impact of a resurgence of COVID-19 (including from the Omicron variant and other emerging variants which may be more contagious), including the responses of governments to such resurgences, and the effects on the global economy.

The COVID-19 pandemic had a significant impact on our liquidity during 2020 and we took active measures to manage our cash flows during the pandemic. These measures included implementation of our COVID-19 response program during 2020, whereby \$27 million of savings were realised through managing our production network to align with customer demand, managing our inventories and reducing planned capital expenditures during 2020. The cost savings from our COVID-19 response program have been replaced by savings from our 2020 business improvement program, which began in the third quarter of 2020 and for which we expect to realise the full benefit by the end of 2022. The group also raised additional funding during 2020 by completing an offering of \$225 million in aggregate principal amount of senior secured notes (the "Senior Secured Notes") due on July 1, 2025 at 98% of their face value.

Impact of Russia's invasion of Ukraine

A newly emerging risk to the global economy and potentially the business is the invasion of Russia into Ukraine in Feb 2022 and the resulting sanctions imposed from around the world on Russia.

An initial risk assessment has been performed by the business and the impact is not expected to be material.

In 2021, globally across the Venator group, we have minimum exposure to sales and supply with Russia and Ukraine. The main impact could come from energy prices - in 2020, Russia supplied 36% of gas consumed across Europe, ~40% natural gas imports to Europe now. From 2020 levels data, Europe would not be able to meet supply without the gas supplied by Russia and would have to moderate total gas usage by 19%. Therefore, there is the potential for gas prices and supply headwinds which Venator would have exposure to. However, whilst the situation will be monitored closely, Management do not expect the conflict will have a material impact on the Venator group.

Our downside scenario adjusts for a potential gas shortage affecting some of our European facilities reducing our production volume up to 20% for a period in 2022.

Impact of Scarlino Gypsum Developments

Our Scarlino, Italy TiO₂ manufacturing facility, which has a nameplate capacity of 80,000 metric tons and represents approximately 13% of our global nameplate capacity, generates gypsum as a by-product of the manufacturing process, which has been landfilled on-site and also transported for use in the reclamation of a nearby former quarry owned and operated by third parties. Our Scarlino site and the quarry and their respective owner entities and site management are subjects of an investigation by the Italian Public Prosecutor's Office concerning whether our Scarlino site and the quarry operator are in full compliance with applicable laws and permits with regard to the use of gypsum for reclamation at the quarry. Additionally, we expect there will no longer be capacity for gypsum at the quarry under existing required governmental approvals beyond the second quarter of 2022.

In June 2021, in an effort to seek an intermediary solution for gypsum disposal until a longer-term solution could be reached, we requested approval from the region for disposal of gypsum at an area on our Scarlino site in an amount that would be sufficient to operate the facility for an additional twelve months from the date of approval, operating at our effective capacity.

In October 2021, our Scarlino site and the quarry and their respective owner entities and site management became the subject of an investigation by the Italian Public Prosecutor's Office concerning whether our Scarlino site and the quarry operator are in full compliance with applicable laws and permits with regard to the use of gypsum for reclamation at the quarry. This matter remains outstanding although the tests and samples we have taken have confirmed that we are well within the confines of the permit issued. In the fourth quarter of 2021 we received a notice of negative opinion related to this project. We responded in a meeting with the region on October 21, 2021 whereby we presented a ten year plan to reduce our reclamation activities by 80% by the year 2031. This plan provided further details to the strategy set forth in the MOU signed with the region in 2020.

In November 2021, we began working with Ramboll, to prepare a proposal to Regione Toscana, this new application was submitted in February 2022. This on-site capacity, if approved, would provide sufficient red gypsum disposal capacity to operate the facility for another 12 months at current operating rates, with potential for a further separate on-site project that could provide further additional gypsum capacity beyond this first project which combined could provide disposal capacity to operate the facility for an additional 18-24 months.

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)****iii Going concern (continued)*****Impact of Scarlino Gypsum Developments (continued)***

While there are currently challenges securing additional disposal capacity for our Scarlino we believe we have a clear path to continue operating our sites at the effective capacity throughout the remaining useful life of approximately 10 years.

We believe the abundance of options for gypsum disposal provides us sufficient evidence for us to “expect” to use our Scarlino assets for their remaining useful lives and beyond.

Liquidity and borrowings

The directors have taken into consideration the groups available liquidity (cash plus availability under our line of credit). At 31 December 2021, \$201 million was available to be drawn on the ABL revolving credit facility and the group had cash and cash equivalents of \$156 million, a total available liquidity of \$357 million.

The group's financial position as at 31 December 2021 and forecast position at 31 December 2023 are shown below:

	31 December 2021 \$'000	31 December 2023 \$'000
Cash & cash equivalent	156,000	222,000
ABL facility and LC capacity, net	201,000	217,000
Available liquidity	<u>357,000</u>	<u>439,000</u>

The Group's committed borrowing facilities at 31 December 2021 and 31 December 2023 are set out below:

	31 December 2021 \$'000	31 December 2023 \$'000
Term Loan Facility ⁽¹⁾	375,000	375,000
Senior Secured Notes ⁽²⁾	225,000	225,000
Senior Unsecured Notes ⁽³⁾	375,000	375,000
Revolving Credit Facility ⁽⁴⁾	330,000	330,000
	<u>1,305,000</u>	<u>1,305,000</u>

1. The Term Loan Facility matures in August 2024
2. The Senior Secured Notes mature in July 2025
3. The Senior Unsecured Notes mature in July 2025
4. The Revolving Credit Facility matures in October 2026

Taking into account the maturity of borrowing facilities, the Group has committed facilities of \$1.3 billion available throughout the period to 31 December 2023.

Covenants

The primary condition or event that would adversely affect our ability to meet our obligations is our financial covenants related to our outstanding debt. We have financial covenants in our ABL Revolving Credit Facility, Term Loan Facility, Senior Secured Notes and our Senior Unsecured Notes (collectively, “Credit Agreements”). The Credit Agreements are categorised as ‘covenant lite’ deals, as the covenants are predominately ‘springing’ in nature rather than maintenance covenants. We are subject to maintenance covenants that to which we are subject to on an ongoing basis and can lead to an event of default if breached, and there are springing covenants to which we are subject only when certain triggering events occur.

Based upon our covenant forecast, we have substantial headroom for both our maintenance covenant and the trigger for our springing covenant throughout the forecast period.

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)****iii Going concern (continued)****Forecasts**

Recognising the challenges of rising global energy prices and the potential impact of the Russia / Ukraine conflict on gas supply, the Group has modelled two forecasts in its assessment of going concern which have been considered by the directors, along with a likelihood assessment of these forecasts, being: — base case, which reflects the directors current expectations of future trading; and a downside forecast, which envisages a 'stress' or 'downside' situation.

The downside forecast assumes a gas shortage which would result in up to a 20% decrease in production for a period in 2022 however, this is currently considered an unlikely scenario.

Our base case forecast assumes Russian gas supplies are not cut off which is supported by the view of Oxford Economics from 8th March 2022... "An important reason why we think the global economy will avoid recession is that we expect any cuts to Russian oil and gas exports to be relatively small and temporary. The recent sharp rises in oil and gas prices to a large degree reflect markets pricing in greater risk of Russian oil and gas supplies being cut off. Our baseline forecast assumes that this does not materialise and that prices fall back somewhat from their recent peaks over the coming weeks".

The downside scenario does not raise a significant doubt about our ability to meet our current obligations in the twelve months from the date of approval of these financial statements, assuming we remain in compliance with our debt covenants. The directors considered a target position where the group has available liquidity (cash plus availability under our line of credit) of around \$200 million, the downside scenario is comfortably above this target position. To date both EBITDA and cash are tracking ahead of the base scenario and external market data supports the assumptions our base case is modelled on.

The scenario analysis performed also does not cast doubt on the company being able to comply with its debt covenants in the twelve months from the date of approval of these financial statements.

iv Foreign currency

Transactions denominated in foreign currencies are translated into the functional currency, US dollars, at the exchange rates ruling at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into US dollars at the closing exchange rate ruling at that date. These translation differences are recognised in profit or loss. Non-monetary assets and liabilities measured at historical cost are translated using the exchange rate at the date of the transaction.

v Interest receivable

Interest income is recognised when it is probable that the economic benefits will flow to the company and the amount receivable can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable to the financial asset. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset to the asset's net carrying amount on initial recognition.

vi Interest payable

Interest payable is recognised when it is probable that the economic benefits will flow from the company and the amount payable can be measured reliably. Interest payable is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable to the financial liability. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial liability to the liability's net carrying amount on initial recognition.

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For the year ended 31 December 2021****NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)****vii Taxation**

The tax expense represents the sum of current tax payable and deferred tax. Tax is recognised in profit or loss except where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, and in which case the resulting current or deferred tax expense (or income) is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense (or income).

Current tax

Current tax is the amount of income tax payable (or recoverable) in respect of taxable profit for the year or prior years and is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax

Deferred tax is the tax expected to be payable (or recoverable) in respect of all timing differences that have originated but not reversed at the reporting date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred. Timing differences are differences between the company's taxable profits and total comprehensive income as stated in the Financial Statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Deferred tax assets and liabilities are offset only if: a) the company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

viii Tangible fixed assets

Tangible fixed assets are recognised at cost less accumulated depreciation and any provision for impairment and include leasehold improvements, fixtures and fittings, computer hardware equipment and assets under construction. Assets under construction are carried at cost, less any provision for impairment. Depreciation is not recognised on assets under construction until the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of the assets less their residual values over their useful lives, using the straight-line method, using the following basis:

- Leasehold improvements	15 years
- Fixtures and fittings	15 years
- Computer hardware equipment	3 years

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For the year ended 31 December 2021****NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)****ix Investment in subsidiary undertakings**

Investments in subsidiary undertakings are stated at cost less any provision for impairment.

x Financial instruments

Financial assets and liabilities are recognised when the company becomes party to the contractual provisions of the financial instrument. The company holds basic financial instruments only. The company has chosen to apply the recognition and measurement provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 in respect of its financial instruments.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except where the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Transaction fees receivable, or transaction costs payable, are included as a deduction to the initial carrying amount of the financial asset, or liability.

Financial assets and liabilities are only offset when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Financial assets, comprising of amounts owed by group undertakings, are subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities

Financial liabilities, comprising of loans and borrowings, trade creditors and amounts owed to group undertakings, are subsequently measured at amortised cost using the effective interest rate method. Liabilities are classified as current liabilities if the amount is due within one year or less, or as non-current liabilities if the amount is payable in more than one year from the reporting date.

xi Impairment of assets

Assets are assessed for indicators of impairment at each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

A non-financial asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value-in-use. Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

The company assesses assets or groups of assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Individual assets are grouped, for impairment assessment purposes, at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets (cash generating units or CGUs). If such indication of impairment exists or when annual impairment testing for an asset group is required, the company makes an estimate of the recoverable amount. The recoverable amount of an asset or CGU is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined with reference to the CGU to which the asset belongs.

Impairment losses are recognised in the profit or loss within operating costs.

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)****xi Impairment of assets (continued)***Financial assets*

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date. The impairment loss is recognised in profit or loss.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Any impairment reversal is recognised in profit or loss.

xii Equity instruments

Ordinary shares are classified as equity where the instrument evidences a residual interest in the assets of the company after deducting all of the company's liabilities. Incremental costs directly attributable to the issue of ordinary shares are shown as a deduction in equity, net of tax, from the proceeds.

xiii Employee benefits

The company provides benefits to its employees, being the directors, including salary and share-based payment awards.

Short-term benefits

Short-term benefits, including salary, are recognised as an expense in the period in which the service is received.

Share-based payments

The company issues equity-settled share-based payments to the directors of the company. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is recognised as an expense in profit or loss on a straight-line basis over the vesting period. The credit is recognised as a separate reserve within equity.

The fair value of each stock option award and restricted share award is estimated on the date of grant using the Black-Scholes valuation model.

xiv Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

Venator Materials PLC, Company Registration No. 10747130

**Annual Report and Financial Statements
For the year ended 31 December 2021**

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

2 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The directors have not made any critical accounting judgements in the process of applying the company's accounting policies, that could have a significant effect on the amounts recognised in the parent company Financial Statements, apart from those involving estimation uncertainty as presented below.

Key sources of estimation uncertainty

The following are the key areas of estimation uncertainty that may have a significant risk of causing material adjustments to the carrying value of assets and liabilities within the next financial year.

Impairment testing - investment in group undertakings

Where there are indicators of impairment, management performs an impairment assessment. Recoverable amounts for cash generating units are the higher of fair value less costs of disposal and value in use. Value in use is calculated from cash flow predictions based on the group's 3 year forecasts and extrapolated beyond the three years based on normalised EBITDA. Key estimates and sensitivities for impairment of investment in group undertakings are disclosed in Note 11.

Recoverability of intercompany receivables

Recoverability of intercompany receivables – the company assesses the recoverability of intercompany debtors on an annual basis. The financial results and expected future cash flows of intercompany debtors are used as part of this assessment – refer to notes 12 and 14.

Venator Materials PLC, Company Registration No. 10747130**Annual Report and Financial Statements
For the year ended 31 December 2021****NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)****3 SEGMENTAL REPORTING**

The company's principal activity is to act as a holding and financing company for subsidiary entities and other group entities. The chief operating decision-maker ("CODM") for the company is the board of directors. The directors have determined that the company has one reportable operating segment that relates to the provision of services for acting as a holding and financing company.

The company operates in one geographical market, being the United Kingdom.

4 LOSS BEFORE TAXATION

	Year ended 31 December 2021 USD	Year ended 31 December 2020 USD
This is stated after charging/(crediting):		
Impairment of investment in subsidiaries	-	-
Employee benefits (note 5)	8,719,962	8,519,430
Depreciation of tangible fixed assets (note 10)	1,026,516	2,291,343
Fees payable to the company's auditor for the audit of the UK consolidated Financial	377,859	300,250
Fees payable to the company's auditor for the audit of the group's US GAAP Financial	1,758,806	2,564,185
Fees payable to company's auditor and its associates for other services:		
- Transition to IFRS	-	67,669
- Due diligence and S1/3 filings	33,187	256,841
- Audit related assurance services	143,207	43,776
- Taxation compliance services	48,103	54,485
- Taxation advisory services	10,851	14,465
Foreign exchange loss	177,367	378,296

In 2020, a further \$443,850 of fees payable to the company's auditor and its associates related to the bond offering in May 2020 were included within debt issuance on the balance sheet.

5 EMPLOYEE BENEFITS

The company does not have any employees as at 31 December 2021 and 31 December 2020, other than the executive and non-executive directors. Employee benefits include directors fees for the non-executive directors (2021: \$445,000; 2020: \$520,000) and equity settled share based payments for the Venator group (2021: \$8,274,962; 2020: \$7,999,430).

6 DIRECTORS' EMOLUMENTS

	Year ended 31 December 2021 USD	Year ended 31 December 2020 USD
Director's emoluments		
Executive director:		
Emoluments	2,166,672	1,902,114
Amounts receivable (other than shares and share options) under long-term incentive schemes	2,625,000	2,062,500
Sums paid to directors in lieu of company defined benefit pension contributions	144,212	148,296
	4,935,884	4,112,910
Non-executive directors	1,045,000	1,120,013
	5,980,884	5,232,923

The company has only one executive director (highest paid director) who is remunerated through a subsidiary of the company, Venator Materials UK Limited. The emoluments are disclosed above.

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**Annual Report and Financial Statements
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NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

6 DIRECTORS' EMOLUMENTS (CONTINUED)

Remuneration of the highest paid director:

The executive director did not exercise any share options in the year.

The executive director is a member of three defined benefit pension schemes within the group (Tioxide Pension Fund, Huntsman Global Pension Fund and Huntsman Top-Up Payment); the present value of the accumulated benefits under the three schemes was \$3,960,483 (2020: \$8,023,456) at the end of the year.

As of 31 December 2018, the value of the executive director's top-up agreement was \$15,821,394. Effective 13 November 2019, the group terminated the pension top-up agreement with the executive director and agreed to fully satisfy its obligations thereunder by payment to the executive director of an aggregate amount totalling £6,800,000 (\$8,810,080), the approximate value of the pension top-up obligation at the date of Venator's separation from Huntsman, and which pursuant to the Top-Up Amendment is payable in four equal installments. The first two installments were paid on 20 December 2019 and 20 December 2020. The closing of the acquisition of just under 40% of our outstanding shares by SK Capital in December 2020 constituted a change in control under the Top-Up Amendment and accelerated payment of the remaining £3,400,000 (\$4,726,000) which was paid on 25 January 2021.

There is no accrued lump sum. The non-executive directors do not receive any retirement benefits.

The director has no accrued benefits under a defined contribution pension scheme.

For further details of directors' emoluments, refer to the Directors' Remuneration Report on pages 76 to 91.

7 INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 31 December 2021 USD	Year ended 31 December 2020 USD
Interest receivable - intergroup	20,671,004	21,494,546
Interest receivable - investment income	163,397	135,590
	<u>20,834,401</u>	<u>21,630,136</u>

8 INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 31 December 2021 USD	Year ended 31 December 2020 USD
Interest payable - intergroup	55,597,999	49,616,024
Interest payable - loans and borrowings	3,194,209	3,287,875
Debt issue costs - amortisation	1,488,369	1,368,257
Bank charges	268,202	232,755
Other intergroup finance charges	4,058,626	3,218,958
	<u>64,607,405</u>	<u>57,723,869</u>

Venator Materials PLC, Company Registration No. 10747130

Annual Report and Financial Statements
For the year ended 31 December 2021

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

9 TAXATION ON LOSS

	Year ended 31 December 2021 USD	Year ended 31 December 2020 USD
Analysis of tax charge		
Current taxation on loss		
UK corporation tax charge	-	-
Foreign tax charge for the year	17,358	76,605
	<u>17,358</u>	<u>76,605</u>
Deferred taxation		
Timing differences, origination and reversal	-	-
Origination and reversal of timing differences	-	-
Current year deferred tax charge related to pension credit	-	-
Impact of rate change	-	-
	<u>-</u>	<u>-</u>
Total tax on loss	<u>17,358</u>	<u>76,605</u>

The standard rate of tax applied to reported loss is 19.00% (2020: 19.00%). The applicable corporation tax rate remained at 19%.

In the March 2021 Budget it was announced that the Corporation Tax Rate will be increase from 19% to 25% from April 2023. Finance Bill 2021 had its third reading on 24 May 2021 and is now considered substantively enacted therefore the unrecognised deferred tax balances as at 31 December 2021 have been measured at a rate of 25% (2020: 19%). As a result of the amended tax rate, the unrecognised deferred tax asset is \$1,511,164 higher.

There is no expiry date on timing differences, unused tax losses or tax credits.

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

	Year ended 31 December 2021 USD	Year ended 31 December 2020 USD Restated
Loss before tax	<u>(77,837,614)</u>	<u>(73,221,793)</u>
Tax on loss at standard UK corporation tax rate of 19.00% (2020: 19.00%)	(14,789,147)	(13,912,141)
Effects of:		
Expenses not deductible for tax purposes	961,751	1,422,746
Share option charge non deductible	1,572,243	1,519,892
Impairment of investments in subsidiary	-	-
Unrecognised deferred tax assets	4,203,389	2,179,010
Group relief surrendered free of charge	8,069,122	8,867,098
Total tax charge for year	<u>17,358</u>	<u>76,605</u>

Deferred Tax

The company has unrecognised deferred tax assets of \$1,062,378 (2020 - \$863,212) in relation to fixed assets, \$4,892,167 (2020: \$2,927,296) in relation to short-term timing differences and \$341,974 (2020 - \$nil) in relation to losses carried forward to future periods. These balances have not been recognised due to the uncertainty of taxable profits in the foreseeable future.

Venator Materials PLC, Company Registration No. 10747130

Annual Report and Financial Statements
For the year ended 31 December 2021

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

10 TANGIBLE FIXED ASSETS

	Leasehold improvements USD	Fixtures and fittings USD	Computer hardware equipment USD	Assets in the course of construction USD	Total USD
Cost					
At 1 January 2021	1,987,409	176,234	9,680,746	-	11,844,389
Additions	-	-	-	70,159	70,159
Transfers of assets into use	-	-	-	-	-
Disposals	-	-	-	-	-
Balance at 31 December 2021	1,987,409	176,234	9,680,746	70,159	11,914,548
Accumulated depreciation					
At 1 January 2021	(725,902)	(40,593)	(8,700,944)	-	(9,467,439)
Charge for the year	(280,793)	(11,881)	(733,842)	-	(1,026,516)
Balance at 31 December 2021	(1,006,695)	(52,474)	(9,434,786)	-	(10,493,955)
Net book value					
Balance at 31 December 2021	980,714	123,760	245,960	70,159	1,420,593
Balance at 31 December 2020	1,261,507	135,641	979,802	-	2,376,950

Leasehold improvements are related to the Venator Headquarters based at Wynyard, Stockton on Tees which is leased by Venator Materials UK Limited.

11 INVESTMENTS - SHARES IN GROUP UNDERTAKINGS

Direct subsidiaries

The company holds direct interests in the two subsidiaries detailed below:

	Subsidiary Undertakings USD
Cost	
At 1 January 2021 and 31 December 2021	1,581,350,808
Provisions for impairment	
At 1 January 2021 and 31 December 2021	503,020,792
Net book value	
At 31 December 2020	1,078,330,016
At 31 December 2021	1,078,330,016
The company holds investments in two subsidiary undertakings, Venator Finance S.a.r.l and Venator Materials LLC, analysed as	
Venator Finance S.a.r.l	796,533,945
Venator Materials LLC	281,796,071
	1,078,330,016

The company owns 100% of the equity share capital of Venator Finance S.a.r.l, being 10,000 EUR 1.00 ordinary shares. The company was incorporated in Luxembourg and its registered office is 8-10 Avenue de la Gare, L-1610, LUXEMBOURG.

The principal activities of Venator Finance S.a.r.l is the acquisition of participations. The company may lend funds including the proceeds of any borrowings and/or issue of debt securities to its affiliated companies or any other company.

The company owns 100% of the equity share capital of Venator Materials LLC, being 10,000 USD 1.00 ordinary shares. The company was incorporated in the USA and its registered office is 10001 Woodloch Forest Drive, The Woodlands, Texas 77380, USA.

The principal activity of Venator Materials LLC is to act as a holding and financing company for the US subsidiary entities of the Venator group.

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**Annual Report and Financial Statements
For the year ended 31 December 2021**

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

11 INVESTMENTS - SHARES IN GROUP UNDERTAKINGS (CONTINUED)

Impairment

Following a full impairment assessment no impairment losses have been recorded in 2021 (2020: nil) against the value of the direct investments.

The company considers each direct investment along with the indirect investments to be a CGU and each CGU is reviewed annually for indicators of impairment.

Where indicators of impairment are identified, an impairment assessment is undertaken. In assessing whether an investment has been impaired, the carrying amount of the investment is compared to its recoverable amount. The recoverable amount is the higher of its fair value less costs of disposal and its value in use.

For the purpose of estimating the value in use of CGUs, management has used a discounted cash flow approach.

The calculations use cash flow projections based on forecasts approved by management covering a three-year period including management's best estimate about future developments and market assumptions. The key assumptions used by management in the value in use calculations were:

Discount rates

The average pre-tax discount rate used is 11.75% (2020: 9.42%). Venator is managed as a global business therefore management believe a single discount rate is appropriate for the group.

Terminal value

The terminal value is based on a multiple of 6.6x which represents the Venator EV ("Enterprise Value") / NTM ("Next Twelve Months") average since the IPO in 2017. Although the multiple as at 31 December 2021 was 4.4x, Management deems an average multiple to be the most reasonable estimate for the multiple to apply to the discounted cash flows.

EBITDA

EBITDA is used as an estimate for the cash flows of the business and is deemed an appropriate measure to use as it removes the non cash operating expenses.

For the two year period following the initial three year forecasts, EBITDA was set at the same level as year 3, this is the level post COVID-19 pandemic. Beyond the 5 year period normalised EBITDA was used for the cash flows as this equalises out the cyclical nature of the business. This normalised EBITDA is based on average VCM ("Variable Contribution Margin") through a TiO2 cycle, indirect and SG&A forecasts based on the current business model and factoring in current business improvement programmes and inflation. VCM has averaged at ~\$1,200/t since the IPO in 2017 so management deem the target of \$1,150/t VCM to be a realistic estimate.

Approved forecast period

Forecast cash flows for the initial three-year period are based on actual cash flows for the current year and applying growth assumptions and assumptions around the market conditions coming out of the COVID-19 pandemic. The key assumptions used by management in setting the financial forecasts for the initial three-year period were as follows:

Forecast EBITDA: Forecast growth rates in volume and price taking into account changes in the market and predictions from industry commentators (TZMI). Manufacturing sites are operating within their name plate capacities and are therefore able to meet demand.

Operating profits are forecast based on historical experience of TiO2 cycles, operating margins, adjusted for the impact of inflation and cost-saving initiatives. Other cash items, including capex, Pori closure and restructuring are based on management's best estimates.

Pension cash flows are estimated based on the latest actuarial report.

Sensitivity to changes in assumptions

The level of impairment is predominantly dependent upon judgements used in arriving at future growth rates and the discount rates applied to cash flow projections. The impact on the impairment result of applying a reasonably possible change in assumptions to the growth rates used in the three-year forecasts, long-term growth rates and in the pre-tax discount rates would result in the change in the headroom (value in use in excess of investment value) to:

Headroom (Value in Use in excess of investment value)	Investment in Venator Finance S.a.r.l USD	Investment in Venator Materials LLC USD
Impairment headroom (base impairment assessment)	170.9m	65.1m
Impairment headroom if discount rates were increased by 1%	93.5m	47.5m
Impairment headroom if discount rates were decreased by 1%	254.9m	84.1m
Impairment headroom if terminal value was increased by 1	257.5m	82.8m
Impairment headroom if terminal value was decreased by 1	84.2m	47.3m
Impairment headroom if EBITDA was increased by 10%	371.6m	106.4m
Impairment headroom if EBITDA was decreased by 10%	(29.9)m	23.7m
Impairment headroom (base case excluding Scarlino site)	9.3m	65.1m

Venator Materials PLC, Company Registration No. 10747130

Annual Report and Financial Statements
For the year ended 31 December 2021

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

11 INVESTMENTS - SHARES IN GROUP UNDERTAKINGS (CONTINUED)

As at 31 December 2021 the company had the following indirect investments in subsidiaries:

Indirect Investment	Principal Activity	Country of Registration and Operation	Registered Office Address	Proportion of Nominal Value of Ordinary Shares Held
Venator International Holdings UK Limited	Holding company	England & Wales	Titanium House, Hanzard Drive, Wynyard Park, TS22 5FD	100%
Venator Materials International UK Limited	Holding company	England & Wales	Titanium House, Hanzard Drive, Wynyard Park, TS22 5FD	100%
Venator P&A Finland Oy	Manufacturing entity	Finland	Titaanitie, 28840 Pori, Finland	100%
Venator Italy S.r.l	Manufacturing entity	Italy	Scarlino (GR), Localita' Casone SNC, CAP 58020	100%
Venator Asia Sdn. Bhd.	Manufacturing entity	Malaysia	Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia	100%
Venator P&A Spain S.L.U	Manufacturing entity	Spain	Poligono Nuevo Puerto, Palos de la Frontera, 21080 Huelva, Spain	100%
Venator South Africa Proprietary Limited	Holding company	South Africa	Suite 17 2nd Floor 201 Beacon Rock, 21 Lighthouse Road, Umhlanga Rocks, KWA-ZULU NATAL, 4320	100%
Venator Investments UK Limited	Holding company	England & Wales	Titanium House, Hanzard Drive, Wynyard Park, TS22 5FD	100%
Venator Holdings UK Limited	Holding company	England & Wales	Titanium House, Hanzard Drive, Wynyard Park, TS22 5FD	100%
Venator Far East Limited	Holding company	Hong Kong	30th Floor, Jardine House, One Connaught Place, Central, Hong Kong	100%
Venator Holdings Germany GmbH	Holding company	Germany	Sachtleben, StaBe 4, 47198, Duisburg	100%
Venator P&A Holdings UK Limited	Holding company	England & Wales	Titanium House, Hanzard Drive, Wynyard Park, TS22 5FD	100%
Venator Chemicals France SAS	Distributor	France	2 Rue du Languedoc, 91220 Bretigny Sur Orge	100%
Venator International France SAS	Holding company	France	203 Route de Wervicq, 59559 Comines, Cedex	100%
Venator Pigments France SAS	Manufacturing entity	France	203 Route de Wervicq, 59559 Comines, Cedex	100%
Venator Pigments S.r.l	Manufacturing entity	Italy	Via Reiss, Romoli 44/12, 10148 Torini	100%
Venator Pigments Hong Kong Limited	Dormant	Hong Kong	30th Floor, Jardine House, One Connaught Place, Central, Hong Kong	100%
Venator Pigments Taicang Company Ltd	Manufacturing entity	China	Petrochemical Zone, Taicang Port Development Zone, Taicang Jiangsu Province, P.R. China	100%
Venator Pigments Espana S.A.U	Distributor	Spain	CI Albert Einstein 50, 1. P.I. Santa Margarita II, 08023 Terrassa, Barcelona, Spain	100%
Venator Africa Pty Limited	Distributor	South Africa	Suite 17 2nd Floor 201 Beacon Rock, 21 Lighthouse Road, Umhlanga Rocks, KWA-ZULU NATAL, 4320	100%
Venator Belgium BV	Administrative and support services	Belgium	3078 Kortenbergh, Everslaan 45	100%
Venator Materials UK Limited	Manufacturing entity	England & Wales	Titanium House, Hanzard Drive, Wynyard Park, TS22 5FD	100%
Venator Group Canada Inc.	Distributor	Canada	c/o Dentons Canada LLP, 1 Place Ville-Marie, Suite 3900, Montreal, H3B 4M7, Canada	100%

Venator Materials PLC, Company Registration No. 10747130

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For the year ended 31 December 2021

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

11 INVESTMENTS - SHARES IN GROUP UNDERTAKINGS (CONTINUED)

Indirect Investment	Principal Activity	Country of Registration and Operation	Registered Office Address	Proportion of Nominal Value of Ordinary Shares Held
Creambay Limited	Holding company	England & Wales	Titanium House, Hanzard Drive, Wynyard Park, TS22 5FD	100%
Venator Group Services Limited	Holding company	England & Wales	Titanium House, Hanzard Drive, Wynyard Park, TS22 5FD	100%
Venator Materials Services Limited	Holding company	England & Wales	Titanium House, Hanzard Drive, Wynyard Park, TS22 5FD	100%
Inorganic Pigments Limited	Holding company	England & Wales	Titanium House, Hanzard Drive, Wynyard Park, TS22 5FD	100%
Venator Pigments UK Limited	Manufacturing entity	England & Wales	Titanium House, Hanzard Drive, Wynyard Park, TS22 5FD	100%
Excalibur Realty UK Limited	Holding company	England & Wales	Titanium House, Hanzard Drive, Wynyard Park, TS22 5FD	100%
Venator Australia Pty Ltd	Holding company	Australia	21 David Street Dandenong Victoria 3175 Australia	100%
Venator Pigments Pty Ltd	Sales entity	Australia	21 David Street Dandenong Victoria 3175 Australia	100%
Venator Germany GmbH	Manufacturing entity	Germany	Sachtleben, StaBe 4, 47198, Duisburg	100%
Silo Pigmente GmbH	Holding company	Germany	Muhlstrasse 118 Walluf 65396 Germany	100%
Venator Pigments Holding GmbH	Holding company	Germany	Muhlstrasse 118 Walluf 65396 Germany	100%
Venator Wasserchemie Holding GmbH	Holding company	Germany	Konigsberger Strasse 160487 Frankfurt am Main Germany	100%
Venator Uerdingen GmbH	Manufacturing entity	Germany	Sachtleben, StaBe 4, 47198, Duisburg	100%
Venator Shanghai Company Limited	Distributor	China	Room 804, Building B, No.500 of Ruby Road, Changning District, Shanghai 200336 P.R. China angning District, Shanghai	100%
Venator Americas Holdings LLC	Dormant	United States of America	Suite 600 10001 Woodloch Forest Dr The Woodlands, TX 77380	100%
Venator Group	Dormant	England & Wales	Titanium House, Hanzard Drive, Wynyard Park, TS22 5FD	100%
Venator Investments LLC	Holding company	Cayman Islands	c/o Intertrust Corporate Services (Cayman) Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands	100%
Venator Americas LLC	Manufacturing entity	United States of America	Suite 600 10001 Woodloch Forest Dr The Woodlands, TX 77380	100%
Venator Chemicals LLC	Manufacturing entity	United States of America	Suite 600 10001 Woodloch Forest Dr The Woodlands, TX 77380	100%
Venator Nominees UK Limited	Dormant	England & Wales	Titanium House, Hanzard Drive, Wynyard Park, TS22 5FD	100%
Venator France SAS	Distributor	France	1 rue des garennes, 62100 Calais	100%
Venator Representação Comercial Brasil Ltda	Sales entity	Brazil	Alameda Caiapós, No 243, Ground floor, Suite A, Room 03 Barueri, São Paulo, 06460-110, Brasil	100%
Venator Pigments GmbH & Co.KG	Manufacturing entity	Germany	Muhlstrasse 118 Walluf 65396 Germany	99.94%
Oligo SA	Manufacturing entity	Spain	Polígono Industrial Nuevo Puerto, Calle Gobernador Angel Horcajadas s/n, Palos de la Frontera, 21810, Spain	75%
Viance LLC	Joint venture - distributor	United States of America	Suite 600 10001 Woodloch Forest Dr The Woodlands, TX 77380	50.001%
Pacific Iron Products Sdn Bhd	Joint venture - manufacturing entity	Malaysia	Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia	50%

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NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

11 INVESTMENTS - SHARES IN GROUP UNDERTAKINGS (CONTINUED)

All direct and indirect subsidiaries are included in the consolidation of Venator Materials PLC other than the following non-wholly owned investments where Venator Materials PLC is not the controlling party and therefore these are accounted for using equity accounting.

Indirect Investment	Reason for non-consolidation	Registered Office Address	Proportion of Nominal Value of Ordinary Shares Held
Louisiana Pigment Company L.P	Operations of the joint venture are under the direction of a supervisory committee on which each partner has equal representation. (2 partners both 50% shareholdings)	P.O. Box 70, 3300 Bayou D'Inde Road, Westlake, LA 70669-9638	50%

At 31 December 2020 Venator also held a 50% shareholding in Mineral Feed S.L; Venator's shares in the company were sold in May 2021 and therefore as at 31 December 2021 Venator no longer held this shareholding.

Venator group has branches outside of the UK, these branches are operating locations outside of the registered office for a number of indirect subsidiaries listed above. The following are branches within the Venator group: Netherlands, Russia, Singapore, Hong Kong, India and Korea.

12 DEBTORS

Amounts due within one year

	At 31 December 2021 USD	At 31 December 2020 USD (Restated)*
Amounts owed by group undertakings	26,558,712	3,924,532
Prepayments	5,852,853	4,733,433
Debt issuance	775,789	-
VAT receivable	231,855	114,665
Other debtors	77,589	-
	<u>33,496,798</u>	<u>8,772,630</u>

Included within amounts owed by group undertakings is a current account debit balance of \$25,595,970 (2020: credit balance of \$14,977,869), this carries a variable rate of interest which are market rates calculated by JPMorgan, based on the rates charged on our debt and credit balances +12.5bp (0.125%). This balance is unsecured, has no fixed date of repayment and is repayable on demand.

The remaining balance of \$962,742 (2020: \$3,924,532) is unsecured, non-interest bearing, has no fixed date of repayment and is repayable on demand.

All loans are receivable from wholly owned subsidiaries of the company.

*Amounts at 31 December 2020 have been restated as a result of loan balances of \$141,998,879 being reclassified from current assets to fixed assets: loans to group undertakings. There are no current plans by the company to settle the loan balances, they are for continuing use in the business and therefore these should be reported as fixed assets.

Venator Materials PLC, Company Registration No. 10747130

Annual Report and Financial Statements
For the year ended 31 December 2021

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

12 DEBTORS (CONTINUED)

Amounts due after one year

	At 31 December 2021 USD	At 31 December 2020 USD (Restated)*
Debt issuance	3,068,191	-
Prepayments	167,972	332,991
	<u>3,236,163</u>	<u>332,991</u>

*Amounts at 31 December 2020 have been restated as a result of loan balances of \$206,905,833 being reclassified from current assets to fixed assets: loans to group undertakings. There are no current plans by the company to settle the loan balances, they are for continuing use in the business and therefore should be reported as fixed assets.

13 CASH AND CASH EQUIVALENTS

	At 31 December 2021 USD	At 31 December 2020 USD
Cash at bank and in hand	660,474	3,777,080
Short-term investments	42,000,000	152,950,000
	<u>42,660,474</u>	<u>156,727,080</u>

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are payable within short notice with no penalties.

14 LOANS TO GROUP UNDERTAKINGS

	At 31 December 2021 USD	At 31 December 2020 USD (Restated)*
Amounts owed by group undertakings - loan notes	<u>348,904,712</u>	<u>348,904,712</u>

Amounts owed by group undertakings due after one year relate to loan notes which were issued during 2017 with an initial loan value of \$456,300,000.

In September 2019, Venator Investments UK Limited repaid \$111,906,024 of the loan amount due after one year to Venator Materials PLC. In March 2020 and June 2020, a further \$15,488,142 and \$22,000,000 respectively were repaid of the loan amount due after one year by Venator Investments UK Limited to Venator Materials PLC. Of the remaining \$306,905,833 loan balance, \$100,000,000 has no fixed date of repayment and is repayable on demand and the remaining \$206,905,833 carries a fixed rate of interest of 5.75% per annum and has a maturity date of July 2025. The borrower (Venator Investments UK Limited) has the capacity to repay the loan to which this relates to at any time.

A further \$41,998,879 relates to a loan note issued in May 2020 with an initial loan value of \$60,898,879, this balance has no fixed date of repayment, carries a variable rate of interest equal to the cost of funds of Venator Materials PLC +12.5bp (0.125%) and is repayable on demand. The loan was increased by \$1,100,000 in June 2020 and \$20,000,000 was subsequently repaid in December 2020.

The loans are receivable from wholly owned subsidiaries of the company.

*Amounts at 31 December 2020 have been restated as a result of loan balances totalling \$348,904,712 being reclassified from current assets. There are no current plans by the company to settle the loan balances, they are for continuing use in the business, and therefore these should be reported as fixed assets: loans to group undertakings.

Venator Materials PLC, Company Registration No. 10747130

**Annual Report and Financial Statements
For the year ended 31 December 2020**

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	At 31 December 2021 USD	At 31 December 2020 USD
Trade creditors	8,159,628	7,869,522
Amounts owed to group undertakings	661,602	15,454,139
Other taxes and social security	7,912	-
Accruals	1,625,660	5,680,215
	<u>10,454,802</u>	<u>29,003,876</u>

Included within amounts owed to group undertakings as at 31 December 2020 is a current account credit balance of \$14,977,869. As at 31 December 2021 the current account is a debit balance and so included within note 12.

All other amounts are unsecured, non-interest bearing, have no fixed date of repayment and are repayable on demand.

Amounts owed to group undertakings are due to wholly owned subsidiaries of the company.

16 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	At 31 December 2021 USD	At 31 December 2020 USD
Amounts owed to group undertakings - 1-5	975,000,000	972,749,232
	<u>975,000,000</u>	<u>972,749,232</u>

Amounts owed to group undertakings includes an unsecured intercompany loan provided in July 2017 with an initial value of \$750,000,000 (issued in two tranches). The first tranche of \$375,000,000 carries a fixed rate of interest of 5.75% per annum and matures in full on 15 July 2025. The second tranche of \$375,000,000 carries a variable rate of interest of LIBOR +3% and matures in full on 8 August 2024. The actual rate of interest of this second loan tranche was an average of 3.147% during the current reporting period (2020: 3.167%). The loan is payable to a wholly owned subsidiary of the company.

Amounts owed to group undertakings also includes an unsecured intercompany loan provided in May 2020 with an initial value of \$225,000,000. The loan carries a fixed rate of interest of 9.5% per annum and matures in full on 1 July 2025. The loan is payable to a wholly owned subsidiary of the company.

Venator Materials PLC, Company Registration No. 10747130

**Annual Report and Financial Statements
For the year ended 31 December 2021**

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

17 FINANCIAL INSTRUMENTS

The company has the following financial instruments:

	At 31 December 2021 USD	At 31 December 2020 USD (Restated)*
Financial assets that are debt instruments measured at amortised cost		
Amounts owed by group undertakings	26,558,712	3,924,532
Amounts owed by group undertakings - loan	348,904,712	348,904,712
	<u>375,463,424</u>	<u>352,829,244</u>
Financial liabilities measured at amortised cost		
Trade creditors	8,159,628	7,869,522
Amounts owed to group undertakings	975,661,602	988,203,371
	<u>983,821,230</u>	<u>996,072,893</u>

The company does not hold any derivative financial instruments.

*Amounts at 31 December 2020 have been restated as a result of loan balances totalling \$348,904,712 being reclassified from current and non-current debtors to fixed assets: loans to group undertakings.

Managing interest rate benchmark reform and associated risks

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform').

As a result of the reform there will be amendments to certain FRS 102 standards and these amendments will require an entity to account for a change in the basis for determining contractual cash flows of a financial asset or financial liability that is required by interest rate benchmark reform by updating the effective interest rate of the financial asset or financial liability.

At 31 December 2021, the group understands this will be of minor impact to us. The only LIBOR linked transactions are the Term Loan where we are currently rolling for 1 month US LIBOR and the ABL which we are not borrowing on. US LIBOR is not due to be phased out until 2023 and the LIBOR wording in the ABL has been replaced with RFR for each currency. The group is also looking to refinance the term loan in 2022 and so this will also be dealt with prior to the 2023 deadline.

18 SHARE CAPITAL

	Number of Shares	2021 USD	Number of Shares	2020 USD
Allotted and fully paid				
\$0.001 ordinary shares	70,000,000	70,000	70,000,000	70,000
\$0.001 ordinary shares	36,271,712	36,272	36,271,712	36,272
\$0.001 ordinary shares	129,412	129	129,412	129
\$0.001 ordinary shares	157,448	157	157,448	157
\$0.001 ordinary shares	177,320	177	177,320	177
\$0.001 ordinary shares	521,714	522	-	-
\$0.001 ordinary shares	17,639	18	-	-
	<u>107,275,245</u>	<u>107,275</u>	<u>106,735,892</u>	<u>106,735</u>

At 31 December 2021, the company has only one allocated class of share, being the \$0.001 ordinary shares. These shares carry a right to one vote per share, with no entitlement to fixed dividend income. There are no restrictions on the repayment of capital. All other share capital issued during the year carried the same voting, dividend and capital rights.

On 28 April 2017, the company issued 50,000 £1 ordinary shares at par totalling £50,000 and on 30 June 2017 issued a further 50,000 £1 ordinary redeemable shares at par, totalling £50,000, and 1 \$1 ordinary shares at par, totalling \$1, all for cash consideration. On the 28 July 2017, the company repurchased or redeemed all these shares at their par value and subsequently cancelled them. Each repurchase and redemption was funded out of the proceeds of the following issue in accordance with S694 of the Companies Act 2006.

On 28 July 2017, the company issued 70,000,000 \$0.001 ordinary shares at par, totalling \$70,000 for cash consideration.
On 31 July 2017, the company issued 36,271,712 \$0.001 ordinary shares at par, totalling \$36,272 for cash consideration.
On 9 April 2018, the company issued 129,412 \$0.001 ordinary shares at par, totalling \$129 for cash consideration.
On 8 April 2019, the company issued 157,448 \$0.001 ordinary shares at par, totalling \$157 for cash consideration.
On 11 May 2020, the company issued 177,320 \$0.001 ordinary shares at par, totalling \$177 for cash consideration.
On 12th April 2021, the company issued 521,714 \$0.001 ordinary shares at par, totalling \$522 for cash consideration.
On 6th May 2021, the company issued 17,639 \$0.001 ordinary shares at par, totalling \$18 for cash consideration.

Venator Materials PLC, Company Registration No. 10747130

**Annual Report and Financial Statements
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NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

19 SHARE-BASED PAYMENTS

On 1 August 2017, our compensation committee and board of directors adopted the Venator Materials 2017 Stock Incentive Plan (the "LTIP") to provide for the granting of non-qualified stock options, incentive stock options, stock appreciation rights, restricted stock, phantom shares, performance awards and other stock-based awards to our employees, directors and consultants and to employees and consultants of our subsidiaries, provided that incentive stock options may be granted solely to employees. The terms of the grants are fixed at the grant date.

As of 31 December 2021, we were authorised to grant up to 17.8 million shares under the LTIP (2020: 17.8 million). As of 31 December 2021, we had 9.1 million shares remaining under the LTIP available for grant (2020: 11.2 million).

Stock option awards have a maximum contractual term of 10 years and generally must have an exercise price at least equal to the market price of Venator's ordinary shares on the date the stock option award is granted. Share-based awards generally vest over a three-year period; certain performance awards vest over a two-year period and awards to Venator's directors vest on the grant date.

The company recognised total expenses of \$8,274,962 related to equity-settled share-based payment transactions in 2021 (2020: \$7,999,430).

Share option awards

The fair value of the stock option awards were estimated using the Black-Scholes valuation model that uses the assumptions noted in the following table. Expected volatilities were based on a weighted average of the historical volatility of Huntsman's and our common stock through the grant date, whereby the volatility of Huntsman's common stock was used to estimate historical volatility for periods prior to the separation. The expected term of stock options granted was estimated using the safe harbor approach calculated as the vesting period plus remaining contractual term divided by two. The risk-free rate for the periods within the expected life of the option was based on the U.S. Treasury yield curve in effect at the time of grant. Service and non-market performance conditions attached to the arrangements were not taken into account in measuring fair value.

The inputs into the Black-Scholes model are as follows:

	Year ended 31 December 2021	Year ended 31 December 2020
Weighted average share price	\$4.77	\$3.27
Weighted average exercise price of share options outstanding at the beginning of the year	\$7.16	\$10.83
Weighted average exercise price of shares granted in the year	\$4.13	\$3.10
Weighted average exercise price of share options outstanding at the end of the year (Exercisable share options)	\$9.56	\$12.66
Share options exercisable at the end of the year	\$1,965,000	\$1,059,000
Expected volatility	64.4%	50.4%
Expected life	6 years	6 years
Risk-free rate	0.8%	1.5%
Dividend yield	0%	0%
Weighted average fair value at grant date	\$2.39	\$1.51

Restricted share awards

Details of the share option awards and restricted share awards outstanding during the year are as follows:

	Year ended 31 December 2021		Year ended 31 December 2020	
	Number of share options	Number of share awards	Number of share options	Number of share awards
Outstanding at the beginning of the year	829,415	702,467	374,117	258,919
Granted during the year	366,109	423,729	455,298	443,548
Granted, outstanding at the end of the year	1,195,524	1,126,196	829,415	702,467

Venator Materials PLC, Company Registration No. 10747130

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For the year ended 31 December 2021**

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

20 IMMEDIATE AND ULTIMATE PARENT UNDERTAKING

At 31 December 2021 Venator Materials PLC is the ultimate parent undertaking of the Venator group.

At 31 December 2017 the results of Venator Materials PLC were consolidated into the financial statements of Huntsman Corporation as Huntsman Corporation was the ultimate parent undertaking with a shareholding of 53.1%. On 3 December 2018 Huntsman Corporation sold down a further 7.7% of its shareholding in Venator Materials PLC bringing its total shareholding to 48.98%, therefore meaning it was no longer the ultimate parent undertaking of Venator Materials PLC. On 23 December 2020, funds advised by SK Capital Partners purchased just under 40% of Venator's outstanding shares from Huntsman Corporation reducing Huntsman Corporation's total shareholdings to 9.08% as at 31 December 2020.

The company only results of Venator Materials PLC for the year ended 31 December 2021 have been consolidated in the group financial statements of Venator Materials PLC, a company registered in England & Wales (registered office: Titanium House, Hanzard Drive, Wynyard Park, Stockton on Tees, England, TS22 5FD) and being the smallest and largest parent undertaking to prepare group financial statements.

21 RELATED PARTY TRANSACTIONS

Transactions with key management personnel

The directors are considered to be the key management personnel for the company. Refer to note 6 for details of their compensation. There were no other transactions with key management personnel during the year.

Transactions with group undertakings

The company has taken advantage of the exemption available within Section 33 "Related Party Disclosures" not to disclose transactions with other group entities that are wholly owned subsidiaries within the group.

There were no related party transactions during the year other than with wholly owned subsidiaries.

In December 2020, funds advised by SK Capital Partners purchased just under 40% of Venator's outstanding shares from Huntsman Corporation. Venator transacts with other entities under common ownership by SK Capital Partners in the ordinary course of business. Purchases and sales with these entities since becoming affiliates were immaterial to Venator's consolidated income statement. Accounts receivable and accounts payable with these affiliates were immaterial to Venator's consolidated balance sheet.

22 FINANCIAL GUARANTEES AND CONTINGENT LIABILITIES

The company has provided financial guarantees as part of a cross guarantee structure for external financing in the form of a Term Loan, Senior Notes and an ABL revolving credit facility ("RCF"), which totals \$1.3bn at 31 December 2021 (2020: \$1.3bn).

On 22 May 2020, Venator completed an offering of \$225mm in aggregate principal amount of Senior Secured Notes, these are obligations of Venator Finance S.a.r.l and Venator Materials LLC, subsidiaries of Venator Materials PLC. The Senior Secured Notes are guaranteed on a senior secured basis by Venator and each of Venator's restricted subsidiaries that is a guarantor under Venator's Term Loan facility and ABL facility.

On 15 October 2021, Venator entered into the Amendment and Restatement Agreement, which amended and restated the ABL Credit Agreement. Among other things, the amendment provides for (i) an extension of the revolving loan commitments pursuant to the ABL Credit Agreement until 15 October 2026, or if earlier, 91 days prior to maturity date of any indebtedness in an amount in excess of \$75 million and (ii) a reduction in the revolving loan commitments to \$330 million. Availability to borrow under the \$330 million of commitments under the ABL Facility is subject to a borrowing base calculation comprised of accounts receivable and inventory in U.S., Canada, the U.K., and Germany and accounts receivable in France and Spain, that fluctuate from time to time and may be further impacted by the lenders' discretionary ability to impose reserves and availability blocks that might incrementally decrease borrowing availability. As a result, the aggregate amount available for extensions of credit under the ABL Facility at any time is the lesser of \$330 million and the borrowing base calculated according to the formula described above minus the aggregate amount of extensions of credit outstanding under the ABL Facility at such time.

All assets of the company including PPE are included in the financial guarantees noted above. At 31 December 2021 the carrying value of the PPE included was \$1,420,593 (2020: \$2,376,950).

23 FINANCIAL COMMITMENTS - CAPITAL COMMITMENTS

	2021 USD	2020 USD
Contracted for but not provided	42,628	-
Capital commitments include IT systems implementation / improvements		