



2021 SUSTAINABILITY REPORT

# People. Drive. Sustainability.

 ALBEMARLE®

# Charting Our Course to a More Sustainable Future

## What's New:

- On track to meet our existing targets for GHG and freshwater intensity
- Completed initial assessment of our scope 3 GHG emissions
- Completed initial Life Cycle Assessments (LCAs) of our lithium products
- Established new targets for our DE&I priorities

Sustainability is core to our long-term strategy. Our Sustainability Report highlights progress, commitments, and successes we realized in 2021 on a global scale as we continue to add value for all our stakeholders through our sustainability efforts. ”

Kent Masters  
Chairman and CEO



# Diverse Portfolio Generating Significant Cash

Global Employees<sup>1,2</sup> ~5,600

Countries<sup>1</sup> ~70

Dividend Increases **28<sup>th</sup>**  
consecutive year

## Financial Highlights<sup>3</sup>

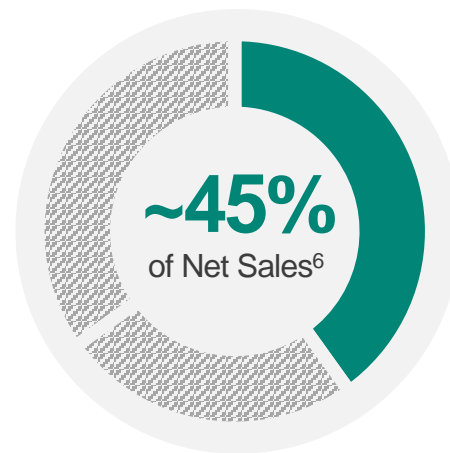
Net Sales **\$3.6B**

Net Income<sup>4</sup> **\$281M**

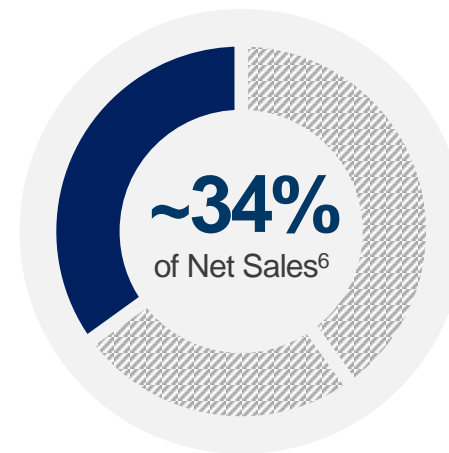
Adj. EBITDA<sup>5</sup> **\$1,073M**

Adj. EBITDA Margin<sup>5</sup> **30%**

Lithium



Bromine



Catalysts



**A global market leader** with durable competitive advantages  
Track record of **strong financial and operational performance**  
**Significant growth** expected by 2026 (Adj. EBITDA >3x 2021)  
Clear strategy to **accelerate profitable growth and advance sustainability**

<sup>1</sup> As of December 31, 2021. <sup>2</sup> Includes permanent and temporary workers, excludes JVs. <sup>3</sup> Trailing twelve months ended March 31, 2022. <sup>4</sup> Attributable to Albemarle Corporation. Includes an after-tax gain of \$332M related to the sale of the FCS business and an accrual of \$505M after-tax related to the settlement with Huntsman. <sup>5</sup> Non-GAAP measure. See Appendix for definition and reconciliations of historical measures to most directly comparable GAAP measure. <sup>6</sup> Trailing twelve months ended March 31, 2022 net sales used to calculate percentage excludes divested FCS business.



# Sustainability Is Core to Our Long-term Strategy



## GROW PROFITABLY

- Strategically grow lithium and bromine capacity
- Maintain capital discipline and operational excellence

## MAXIMIZE PRODUCTIVITY

- Optimize earnings, cash flow, and cost structure across our businesses
- Deploy operating model to build a strong platform for growth

## INVEST WITH DISCIPLINE

- Actively manage portfolio to generate shareholder value
- Maintain Investment Grade credit rating and support our dividend

## ADVANCE SUSTAINABILITY

- Drive continuous improvement on ESG performance across our businesses
- Accelerate our customers' sustainability ambitions

# Strategic Execution and The Albemarle Way of Excellence

Operating Model:  
How We Execute &  
Accelerate Our Strategy



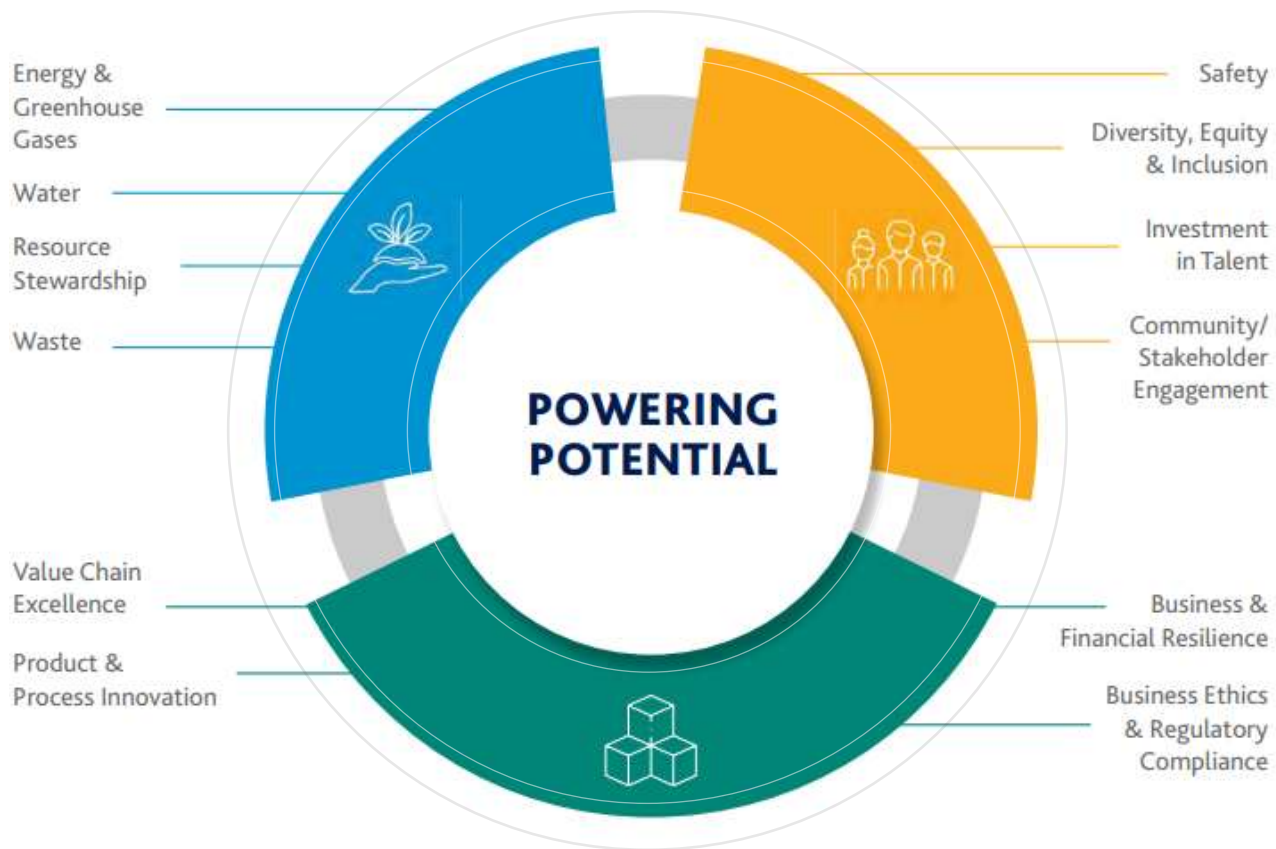
# Sustainability is Not Just Doing the Right Thing, but Doing it the **Right Way**

## Natural Resource Management

Responsibly manage our use of resources and materials

## Sustainable Shareholder Value

Foster the conditions that create sustainable value for shareholders



## People, Workplace & Community

Build an inclusive and diverse workplace focused on safety, mutual respect, development and wellbeing

Actively collaborate and engage in the communities in which we work

# United Nations Sustainable Development Goals (UNSDGs)

WE SUPPORT



The UNSDGs are a blueprint to achieve a better and more sustainable future



## Natural Resource Management



We responsibly manage our use of resources and materials.



## People, Workplace & Community



We are committed to building an inclusive and diverse workplace. We promote collaboration and engage in the communities where we work and live.

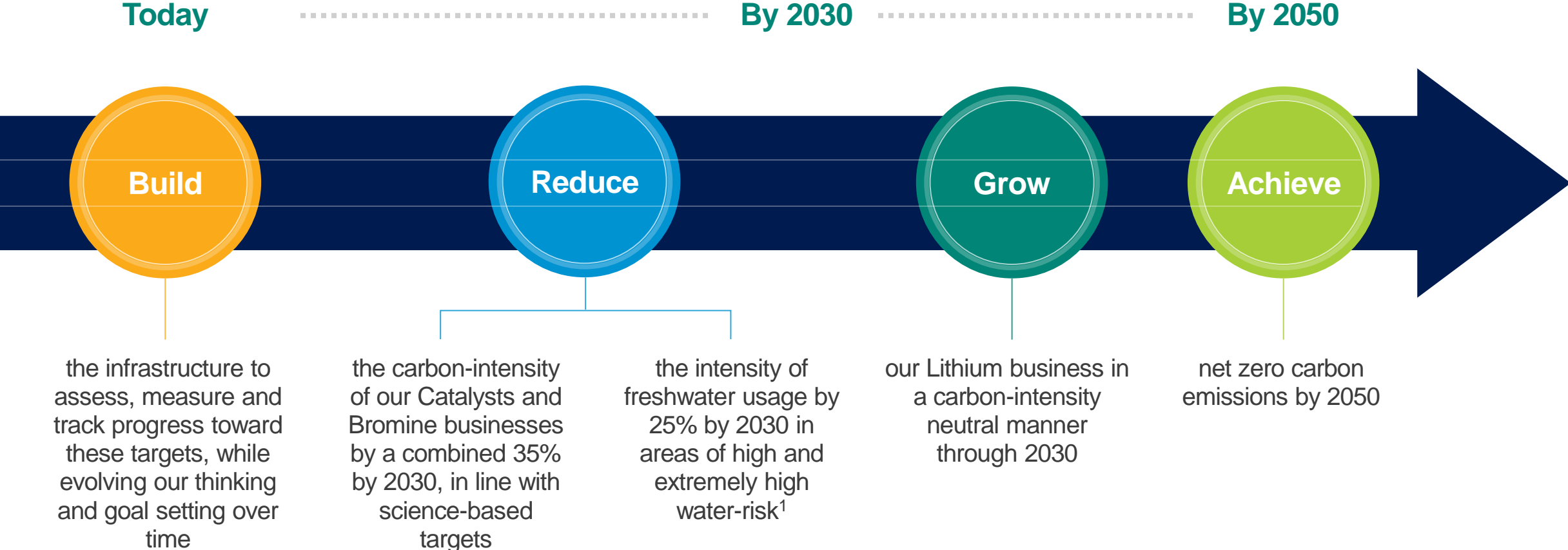


## Sustainable Shareholder Value



We foster the conditions that create sustainable, long-term value for our shareholders and stakeholders.

# Our Environmental Targets



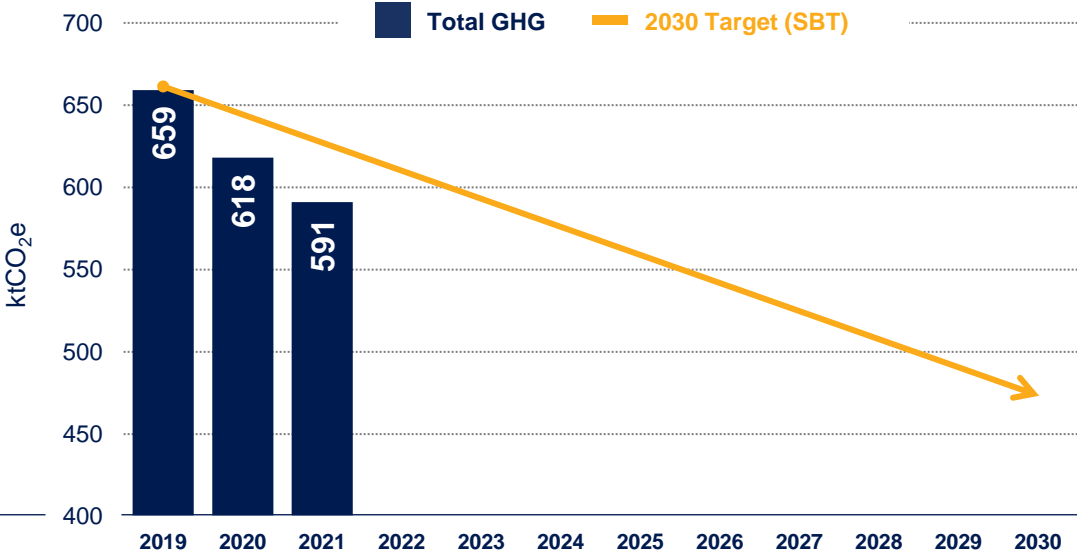
<sup>1</sup> As defined by the World Resources Institute (WRI), includes our operations in Chile and Jordan.



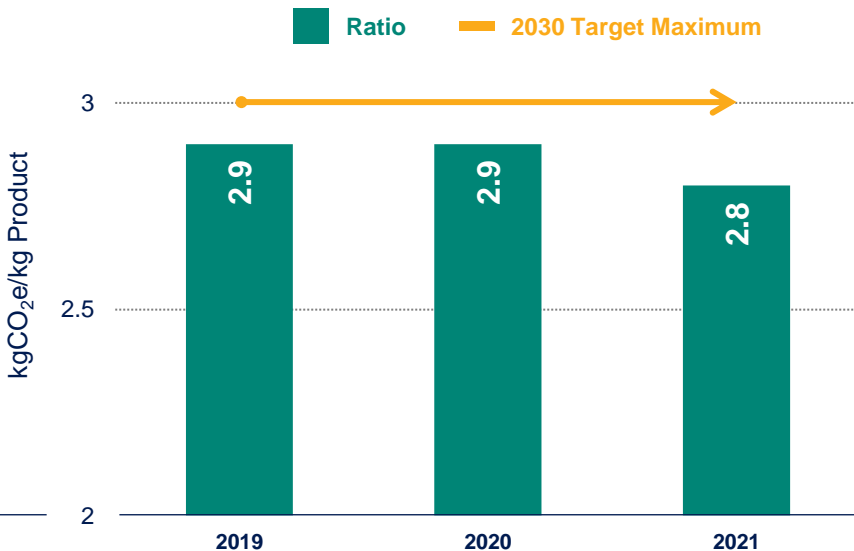
# Progress Towards Our Targets: Greenhouse Gas Emissions

- 2021 GHG emissions for Catalysts and Bromine decreased primarily due to reduced Catalysts' production, procurement of green electricity, and energy efficiency projects like better heat integration
- 2021 GHG intensity for Lithium beat target, primarily due to greener electricity mix via renewable contracts, power purchase agreements (PPAs) and investments in local solar energy installations
- Continuing to expand renewable energy use, improve the energy efficiency of new plants and seek incremental energy efficiencies for existing plants

## Catalysts + Bromine GHG Emissions



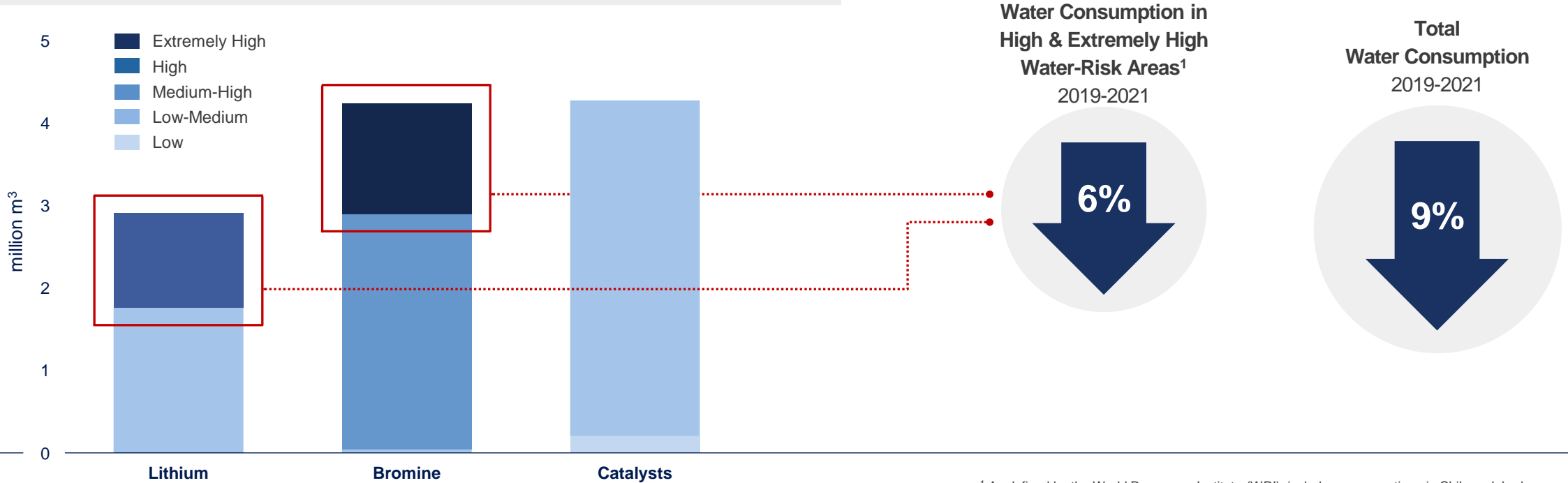
## Lithium GHG Intensity



# Progress Towards Our Targets: Freshwater Intensity

- 2021 total freshwater consumption declined primarily due to reduced production in Catalysts
- 2021 freshwater consumption in areas of high and extremely high-water risk declined primarily due to efficiency improvements and investments in novel technologies in Jordan
- In our 2022 report, we expect continued declines as we bring on our new thermal evaporator in Chile (completed late 2021) and continued efficiency projects in Jordan

## Water Consumption by Risk Category in 2021



<sup>1</sup> As defined by the World Resources Institute (WRI), includes our operations in Chile and Jordan.

# Our Direct and Indirect Emissions

in ktCO<sub>2</sub>e

## Upstream Activities

## Our Activities

## Downstream Activities



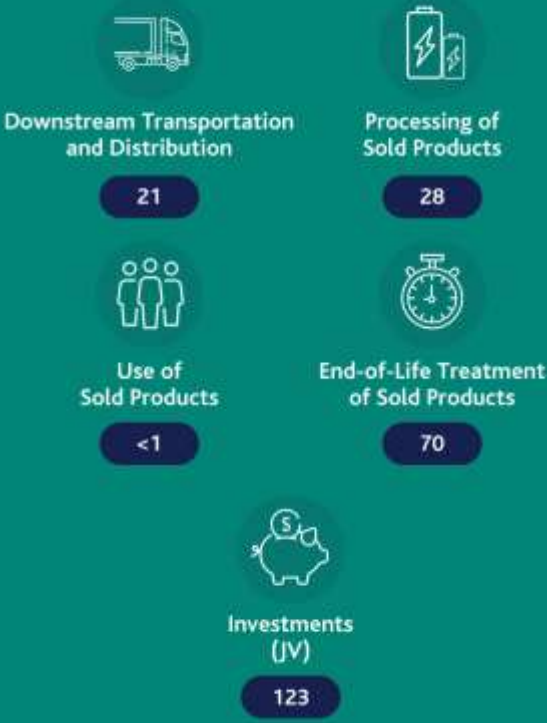
### Scope 1



### Scope 2<sup>2</sup>



### Scope 3<sup>1</sup>



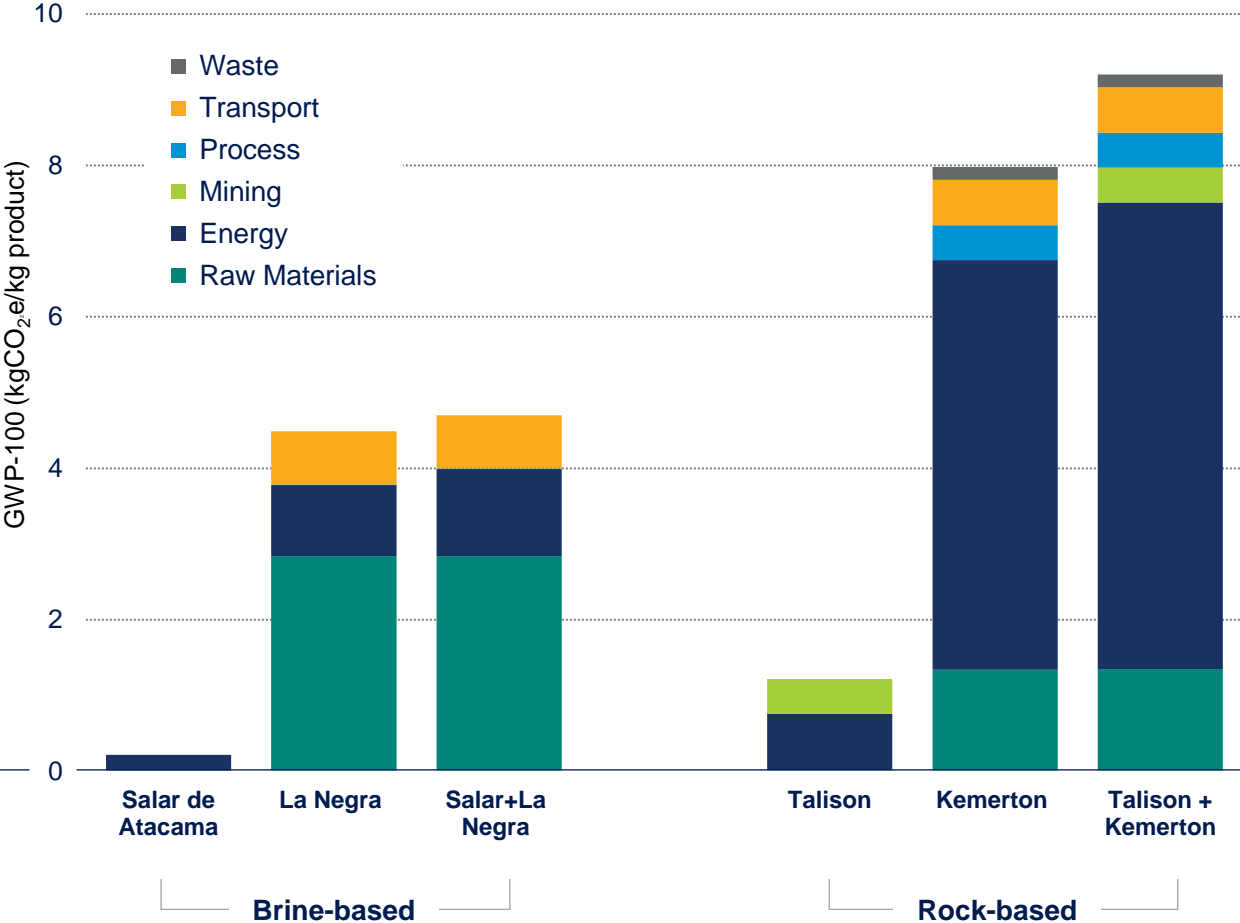
**Total GHG Emissions: 2,574**

**Scope 3 Total: 1,675**

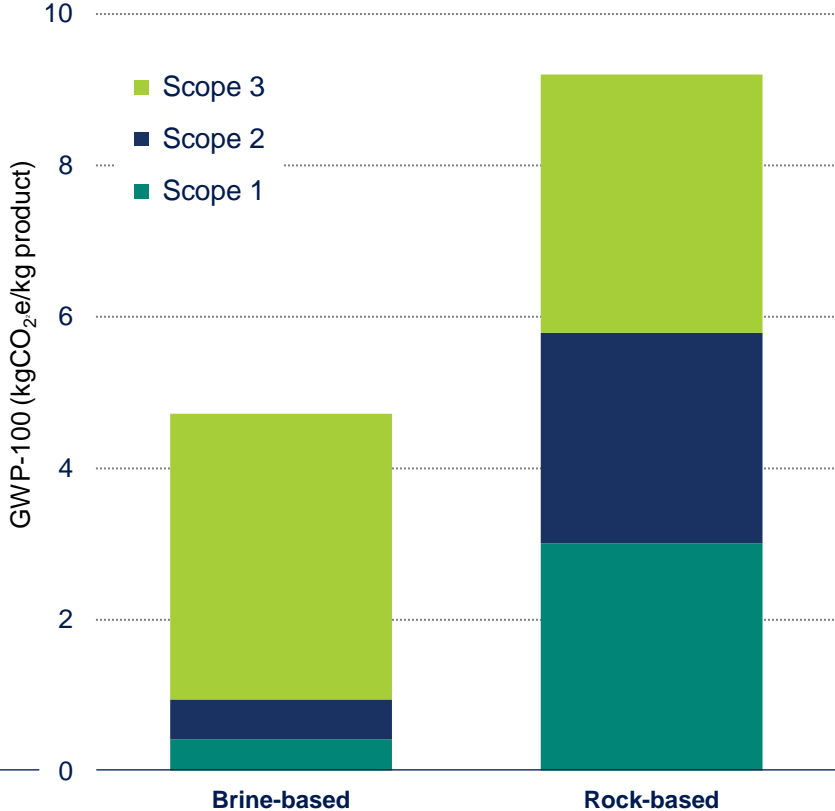
1. Upstream and downstream leased assets, as well as franchises, are not relevant categories for Albemarle. 2. Using market-based methodology.

# Initial Life Cycle Assessments (LCAs) of Li Products

GWP-100 ('Carbon Footprint') of Lithium from Brine & Rock



Distribution of GWP by GHG Scope





# Diversity, Equity and Inclusion (DE&I)

## Strategic Pillars

### Workforce

- Attract diverse slates
- Recruit among colleges / universities with diverse representation
  - Fairygodboss, HBCU CONNECT, Society of Women Engineers, National Society of Black Engineers, Society of Hispanic Professional Engineers
- Post on strategic job boards
- Targeted learning and development for diverse populations

### Workplace

- Culture of equity, inclusion and belonging
- DE&I education and awareness through learning roadmaps, both virtual and in-person
  - LinkedIn Learning and Blue Ocean Brain
- Employee engagement through CONNECT employee resources groups
- Implement actions from 2022 employee engagement survey
- New employee and labor relations roles

### Community

- Workforce development from an early stage
  - High school and community college STEM programs among diverse populations
- External community groups for veterans and other underrepresented groups
- Albemarle Foundation and CONNECT groups giving back to the communities in which we operate
- Implement new supplier diversity program

Values

Leadership Commitment

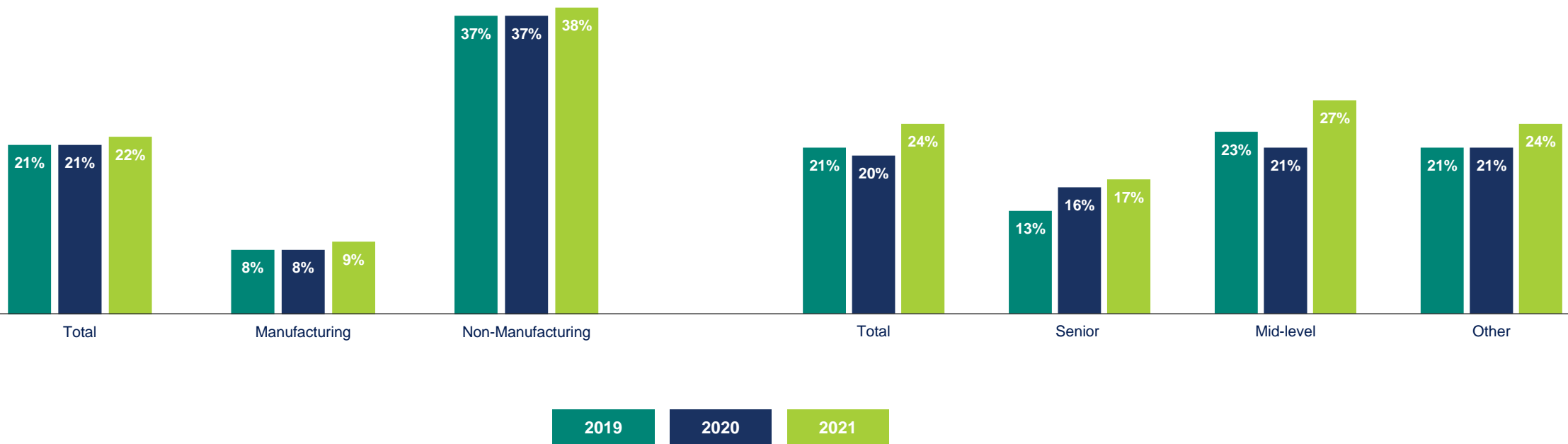
Engagement

# New Diversity, Equity & Inclusion Goals

- Increase global gender diversity by a further 1% year-over-year with a particular focus on manufacturing
- Increase U.S. racial diversity in senior-level management roles by 1% year-over-year

## Global Female Representation

## US Non-white Representation



# Government & Community Affairs at Albemarle

## Purpose

### Government Relations

Ensure **right to operate** and **advocate for our interests** where we do business

Building out regional teams to proactively engage with governments

Strong collaboration within global team and other functional areas to inform **strategy and execution plans**

Creating **Government Affairs Center of Excellence**

### Visibility & Industry Thought Leadership

**Bolster our reputation** with communities, employees, and other stakeholders

Leveraging **country managers** as the face of Albemarle

Leading **policy discussions** to protect our business and support growth

Providing **thought leadership** regarding sustainable operations

### Community Engagement

Create **strong local support** for Albemarle operations

Creating **Community Affairs Center of Excellence**

Developing proposed **shared value program** for all Albemarle sites

Creating **Community Working Groups** to identify community needs and recommend projects

## Progress

# Engagement Around The World



## 2021 Albemarle Foundation Highlights:

U.S. & international grants distributed:

**\$6M+**

Employee contributions to Albemarle Foundation employee giving campaign (U.S. only):

**\$770k**

U.S. & international employee volunteer hours:

**8,000+**



# Partnering with IRMA to Assure the Sustainability of Our Lithium Production

## Initiative of Responsible Mining Assurance

- Objective, independent third-party verification of industrial-scale mine sites
- Comprehensive definition of responsible mining (800+ standards)
- Developed by NGOs, communities, unions, minerals producers and minerals purchasers

### Collaborative, Multi-Stakeholder Process



## Leading the Way for Sustainable Lithium Production



First lithium mine to self-assess and begin independent 3rd-party assessment  
 First mine in Chile to self-assess and begin independent 3rd-party assessment

	Salar de Atacama	Greenbushes	Wodgina	Kings Mountain
IRMA Ready	N/A	N/A	N/A	H1 2024
Self-Assessment	Complete	H1 2022	H2 2022	TBD
IRMA Transparency	YE 2022	YE 2022	YE 2023	TBD
IRMA 50	YE 2025	YE 2025	YE 2025	TBD

Note: The IRMA Standard is in the process of being extended to Processing Sites & Exploration/ Development Sites

# Definitions of Non-GAAP Measures

NON-GAAP MEASURE	DESCRIPTION
<b>Adjusted Net Income</b>	Net income attributable to Albemarle Corporation before non-recurring, other unusual and non-operating pension and OPEB.
<b>Pro-forma Adjusted Net Income</b>	Net income attributable to Albemarle Corporation before non-recurring, other unusual and non-operating pension and OPEB items, and the net impact of the divested business.
<b>Adjusted Diluted EPS</b>	Diluted EPS before non-recurring, other unusual and non-operating pension and OPEB.
<b>Pro-forma Adjusted Diluted EPS</b>	Diluted EPS before non-recurring, other unusual and non-operating pension and OPEB items, and the net impact of the divested business.
<b>EBITDA</b>	Net income attributable to Albemarle Corporation before interest and financing expenses, income taxes, and depreciation and amortization.
<b>Adjusted EBITDA</b>	EBITDA before non-recurring, other unusual and non-operating pension and OPEB.
<b>Pro-forma Adjusted EBITDA</b>	Adjusted EBITDA before the net impact of EBITDA of the divested business.
<b>Pro-forma Net Sales</b>	Net Sales before the impact of Net Sales from the divested business.
<b>Adjusted Effective Income Tax Rate</b>	Reported effective income tax rate before the tax impact of non-recurring, other unusual and non-operating pension and OPEB items.

# Adjusted EBITDA (*twelve months ended*)

(\$ in thousands)	Twelve Months Ended				
	Mar 31, 2021	Jun 30, 2021	Sep 30, 2021	Dec 31, 2021	Mar 31, 2022
Net income attributable to Albemarle Corporation	\$ 364,237	\$ 703,213	\$ 212,131	\$ 123,672	\$ 281,378
Depreciation and amortization	240,550	244,132	247,535	254,000	258,314
Non-recurring and other unusual items (excluding items associated with interest expense)	51,326	(360,075)	291,102	481,194	478,490
Interest and financing expenses	100,113	89,413	75,322	61,476	45,428
Income tax expense	58,090	149,644	4,321	29,446	87,869
Non-operating pension and OPEB items	38,111	35,535	32,965	(78,814)	(78,629)
<b>Adjusted EBITDA</b>	<b>\$ 852,427</b>	<b>\$ 861,862</b>	<b>\$ 863,376</b>	<b>\$ 870,974</b>	<b>\$ 1,072,850</b>
Net impact of adjusted EBITDA from divested businesses	(78,568)	(66,657)	(44,866)	(28,415)	(6,990)
<b>Adjusted EBITDA excluding impact from divested business</b>	<b>\$ 773,859</b>	<b>\$ 795,205</b>	<b>\$ 818,510</b>	<b>\$ 842,559</b>	<b>\$ 1,065,860</b>
<b>Net sales</b>	<b>\$ 3,219,355</b>	<b>\$ 3,229,202</b>	<b>\$ 3,312,900</b>	<b>\$ 3,327,957</b>	<b>\$ 3,626,394</b>
Net impact of net sales from divested business	(189,506)	(162,290)	(120,095)	(65,648)	(21,191)
<b>Net sales excluding impact from divested business</b>	<b>\$ 3,029,849</b>	<b>\$ 3,066,912</b>	<b>\$ 3,192,805</b>	<b>\$ 3,262,309</b>	<b>\$ 3,605,203</b>
<b>Adjusted EBITDA margin excluding impact from divested businesses</b>	<b>26 %</b>	<b>26 %</b>	<b>26 %</b>	<b>26 %</b>	<b>30 %</b>

See above for a reconciliation of adjusted EBITDA, the non-GAAP financial measures, to Net income attributable to Albemarle Corporation, the most directly comparable financial measure calculated and reported in accordance with GAAP.

**ALB**  
**LISTED**  
**NYSE**

**[www.albemarle.com](http://www.albemarle.com)**