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# Chemical Billionaire's Bid for Fossil Fuel Empire: Ineos Corporate Profile

## Executive Summary

For the past decade, the United States has pursued a failed experiment in natural gas extraction known as hydraulic fracturing, or fracking. Fracking injects large volumes of water, sand and chemicals deep underground, at extreme pressure, to create fractures in targeted rock formations to release the oil and gas. The fossil fuel industry touts fracking as a revolutionary technology that could deliver huge volumes of cheap, clean energy.

But the fracking boom has been an environmental catastrophe in the United States. The fracked gas and oil industry has polluted the water supplies of heavily drilled communities, produced massive volumes of toxic waste, caused earthquakes and imperiled vital aquifers from poorly constructed gas wells; meanwhile, oil and gas operations have become the second greatest global source of the potent greenhouse gas methane, threatening the climate and the planet.<sup>1</sup>

The private and secretive chemical company Ineos has been leading the charge to bring this environmentally destructive method to the United Kingdom (UK) and mainland Europe. The petrochemical conglomerate

was rapidly assembled by its founder, James (Jim) Ratcliffe, who has amassed a fortune during Ineos' rise to become one of the world's largest petrochemical companies.

Now, Ratcliffe intends to use the same corporate strategy to push into oil and gas extraction. Already, Ineos has a foothold in the UK oil and gas sector. Ineos is keeping fossil fuels alive by doubling down on dirty manufacturing and fracking, and not the clean renewable energy future that the UK and the world needs.

Ineos kept a low profile during its rapid ascent, and it continued to do so even as the company became the biggest player in the UK fracking industry. Few people know about Ineos' corporate history, checkered environmental record<sup>2</sup> and relentless pursuit of profits. In 2010, the *Financial Times* reported that Ineos has been "a near-impenetrable business that, in spite of its size, divulged few details of its operations".<sup>3</sup>

The fracking "revolution" that Ineos promotes is a return to the past, where corporate executives profited off of environmentally destructive extraction and generation of dirty energy.

## Introduction: The Ineos chemical empire

From its 1998 founding, Ineos has grown to be one of the top five global chemical companies — behind only industry titans like BASF and Dow Chemical.<sup>4</sup> In 2014, the *Financial Times* described Ineos as “an industrial force to be reckoned with”.<sup>5</sup> The company grew from £121 million in sales in 1998 to £29.5 billion in sales with £3.5 billion in profits in 2016.<sup>6</sup>

By mid-2017, Ineos had over 70 manufacturing facilities and dozens of sales offices with over 17,000 workers in 18 countries across Europe, North America and Asia, with a substantial footprint in the UK.<sup>7</sup>

Ineos manufactures an array of chemicals and products, largely refined and processed from oil and natural gas.<sup>8</sup> The company's refineries, crackers, chemical plants and manufacturing operations produce plastics, coatings, lubricants, solvents, acids and more.<sup>9</sup> Ultimately, Ineos' chemicals and products are used in everyday goods including automobiles, bottle caps, computers, cosmetics, packaging, tyres, toothpaste, vaccines and wind turbines.<sup>10</sup>

The Ineos corporate family is a tangled maze of holding companies, subsidiaries and offshore branches. As of late 2016, Ineos was controlled by Ineos Limited — founder Ratcliffe held 61.8 percent, and two other executives, Andrew Currie and John Reece, held the remainder (19.2 percent and 19.0 percent, respectively).<sup>11</sup> These three executives own the Ineos Limited parent company, which in turn holds the entire sprawling corporate empire, and Ratcliffe has the power to elect all of the directors, change management and approve any acquisitions or divestitures for each of the scores of subsidiaries (see Figure 1 on page 3).<sup>12</sup>

Ineos recently began promoting itself as an “Anglo-Swiss” company.<sup>13</sup> In 2016, Ineos re-opened a new London headquarters with fanfare, and its executive owners became UK tax residents — but the company only promoted a “new base in London” and described it as a “twin head office”.<sup>14</sup> Just six years earlier, in 2010, Ineos had fled from the UK to the corporate tax haven of Switzerland.<sup>15</sup>

But despite Ineos' substantial UK footprint, it is far from an English company. Ineos Limited, the ultimate parent company that controls everything, is incorporated in the Isle of Man, a low-tax offshore finance centre.<sup>16</sup> And many of Ineos' biggest holding companies remain based in Switzerland — such as Ineos AG, Ineos Holdings AG and Ineos Europe AG.<sup>17</sup>

Over the past dozen years, Ineos has transformed from a global chemical powerhouse into an oil, fossil fuel gas and petrochemical conglomerate. Ineos' expansion into

oil, gas and pipelines now supplies its refineries, power production and petrochemical plants.<sup>18</sup>

Fossil fuel shale gas (or “natural” gas) is a key feedstock for its chemical plants. A significant portion of its business is manufacturing plastic pellets at its “cracking” plants for further manufacturing.<sup>19</sup> The key supply for these cracker plants is ethane, derived from natural gas liquids that are used to manufacture petrochemicals.<sup>20</sup> The US fracking boom has produced large volumes of ethane — especially from the shale plays in the northeastern United States that have become key sources of the ethane being shipped from the United States to Ineos' facilities in Norway and Scotland.<sup>21</sup>

### Jim Ratcliffe: Fossil Fuel Fat Cat

Ratcliffe is “Britain's most successful post-war industrialist”, according to both the *Daily Mail* and the *Financial Times*.<sup>22</sup> But he also has been described as reclusive, secretive and little-known.<sup>23</sup>

By 2017, Ratcliffe's fortune was estimated at £5.75 billion — comparable to knights of the realm like Richard Branson — making him the 18<sup>th</sup> richest person in the UK and 140<sup>th</sup> globally.<sup>24</sup> In 2010, Ratcliffe decamped his fortune to low-tax Switzerland, before returning his personal tax residency to the UK in 2016.<sup>25</sup>

Ratcliffe has spent extravagantly, such as on his super yacht, *Hampshire II*, a 285-footer with a 23-person crew that cost an estimated £100 million.<sup>26</sup> He also recently bought a £2.7 million box at the Royal Albert Hall.<sup>27</sup> He has become one of the biggest landowners in Iceland after buying a 118-square-mile farm, investment stakes in salmon fishing rights and other farmland.<sup>28</sup> He also is the joint owner of a boutique hotel chain called Lime Wood Group, including Home Grown Hotels.<sup>29</sup>

Ratcliffe also has used his fortune to invest in a fossil-fuelled future. Ineos is planning to revive the Land Rover Defender that was discontinued because it struggled to meet emissions standards, aiming to build as many as 25,000 of the petrol guzzlers annually.<sup>30</sup> He also is planning to build a £4 million home near the New Forest that can be seen only from boats on the Solent Strait separating the Isle of Wight from England.<sup>31</sup> He wanted his New Forest retreat to be equipped with jacks, which would have raised the mansion as sea levels rise.<sup>32</sup> But his plans to isolate himself from the effects of climate change that Ineos was contributing to was denied because of the excessive scale and environmental impact of the mansion.<sup>33</sup>

**FIG. 1: INEOS' COMPLEX CORPORATE STRUCTURE**

Belgium	France	Italy	Luxembourg	Singapore	Sweden	UK
China	Germany	South Korea	Norway	Spain	Switzerland	USA

**HIERARCHY CHART:** Parent company Ineos Limited is located at centre, with all subsidiaries extending outwards.





Over the past two decades, Ratcliffe built the Ineos chemical empire through a series of takeovers — backed with high-risk loans, corporate bonds and private equity financing. Each acquisition brought new chemical plants that could collateralise more debt to finance the next takeover. Today, Ineos is replicating this strategy to pursue offshore drilling, fracking and more fossil-fuelled futility even as it has become abundantly clear that we need to shift rapidly to 100 percent renewable energy to prevent catastrophic climate chaos.

## The rise — and near fall — of Ineos

Despite its size today, 20 years ago Ineos did not even exist. Ratcliffe assembled the firm from cast-off bits of some of the chemical industry's storied corporations. Ratcliffe became what the *Daily Mail* called the "Tycoon you haven't heard of" from a modest, working-class Manchester background.<sup>34</sup>

After receiving a chemical engineering degree from Birmingham University in 1974, he worked for the Exxon Corporation affiliate Esso and for the textile and chemical firm Courtaulds.<sup>35</sup> His corporate experience fuelled a fascination with high finance; he studied management accounting and later got an MBA at the London Business School.<sup>36</sup> His business savvy landed him a spot at the American private equity firm Advent International in 1989, where he combined science with a newfound interest in buyouts and acquisitions.<sup>37</sup>

His boardroom connections and takeover talents led to a ground-floor business opportunity. In 1992, Ratcliffe and a former director of the British chemicals company Laporte drove a £40 million purchase of a single British

Petroleum (BP) specialty chemicals plant in Kent, largely financed by Advent and his partner's fortune to create Inspec (International Specialty Chemicals).<sup>38</sup> Ratcliffe remortgaged his house for his Inspec stake.<sup>39</sup>

Under Ratcliffe's leadership as chief executive, Inspec went on a takeover tear, buying chemical firms and plants at a pace of nearly one deal per month — the firm was worth £136 million when it went public in 1994.<sup>40</sup> The original investment grew 15-fold by the time Inspec was sold to Laporte for £600 million in 1998.<sup>41</sup> Ratcliffe had left Inspec a year earlier, but he retained his shares and he pocketed £28 million when it was sold.<sup>42</sup>

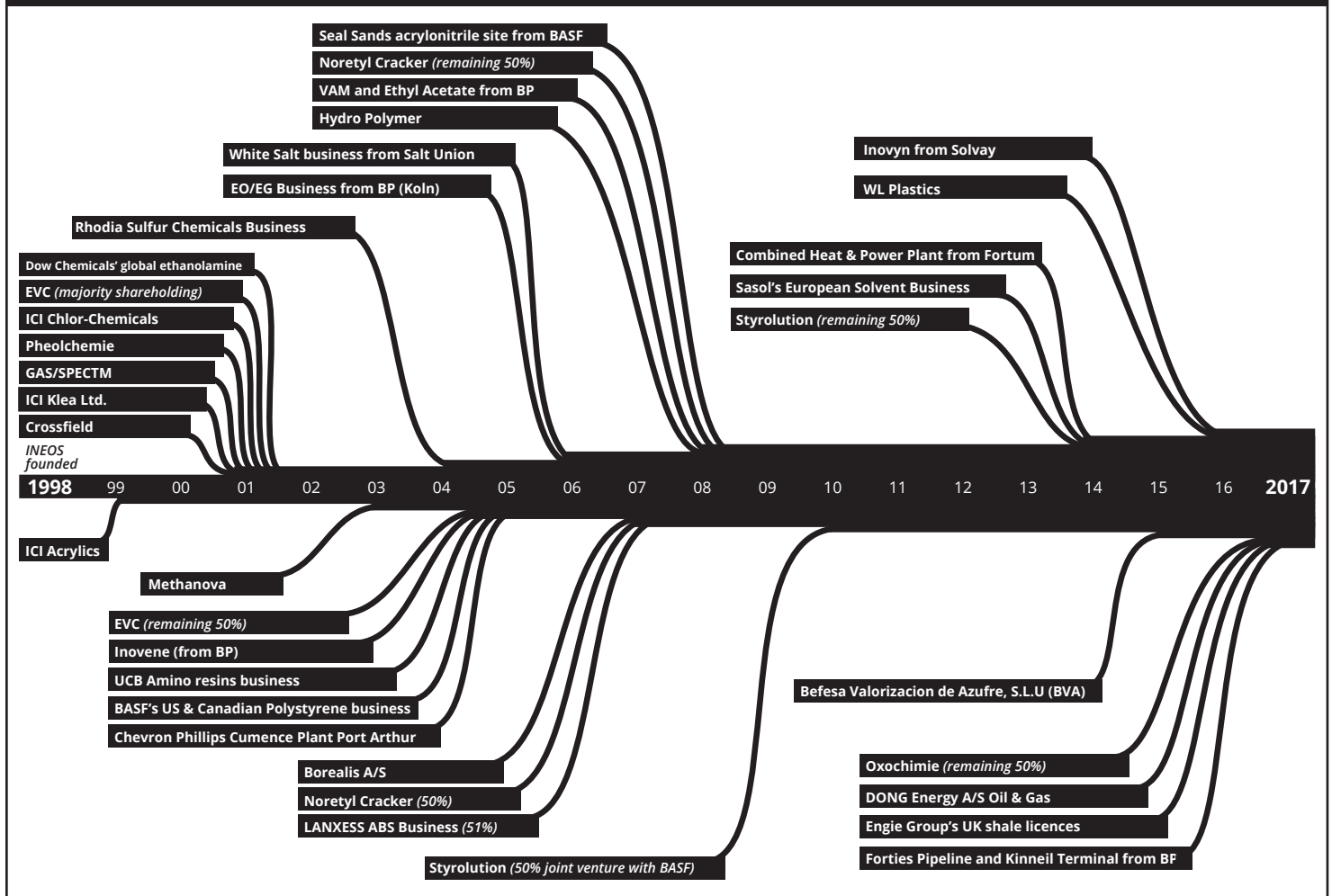
## Ratcliffe launches Ineos empire

Ratcliffe's Inspec earnings formed the seed money to build his own chemical conglomerate. In 1998, he combined all his money with private equity and loans to buy a single chemical plant in Antwerp, Belgium from Inspec for £91 million.<sup>43</sup> This created Ineos, which was named for the prior business, INspec Ethylene Oxide and Specialties (INEOS), but the company also says its name comes from the Latin word for new beginning (*ineo*), the Greek word for new or novel (*neos*) and the Greek dawn goddess (*Eos*).<sup>44</sup>

Ratcliffe built Ineos into one of the biggest chemical companies by snapping up undervalued chemical operations using private equity and corporate debt. The chemical industry's economic condition rises and falls with the business cycle, which made it possible for Ineos to buy what one of its directors called "orphaned assets in blue chip majors" when the economy cooled.<sup>45</sup>



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**FIG. 2: INEOS MERGERS & ACQUISITIONS 1998–2017**

Ineos made over 20 acquisitions during its first decade.<sup>46</sup> Starting from its single chemical plant, Ratcliffe bought a series of plants and businesses from established chemical giants like Amoco, BASF, Bayer, BP, Dow Chemical, Hoechst, Imperial Chemical Industries (ICI), Monsanto and Union Carbide (see Figure 2).<sup>47</sup>

Ratcliffe relied on high-yield corporate bonds and substantial loans to fuel his merger mania.<sup>48</sup> The 1999 £505 million purchase of ICI's acrylic business (which produced Perspex, or Lucite), for example, was financed with high-yield debt that gave Charterhouse Development Capital an 80 percent stake.<sup>49</sup> For its biggest sales pitch, Ineos brought hundreds of hedge fund managers to the Four Seasons' ballroom in London to offer what *The Economist* called a "fancy array of debt instruments that Ineos coaxed from creditors", including junk bonds and other high-risk finance offerings.<sup>50</sup>

The debt-financed mergers were followed by severe cost-cutting, which generated more revenues and profits to take on more debt to finance more takeovers.<sup>51</sup> Ineos' formula used a "short, sharp shock tactic", according to one director, and stopped

spending immediately after an acquisition.<sup>52</sup> The goal was to turn around poorly performing businesses to double their revenues within five years.<sup>53</sup>

### **Debt nearly capsizes Ineos during Great Recession**

The takeover-turnaround-takeover cycle culminated in the 2005 £5.1 billion purchase of BP's specialty petrochemical business, Innovene, which quadrupled Ineos' size and made it the fourth largest global petrochemical manufacturer.<sup>54</sup> It included Scotland's Grangemouth facility as well as refineries in Belgium, Canada, France, Germany and Italy.<sup>55</sup> This was Ineos' biggest takeover,<sup>56</sup> and it firmly re-oriented the company towards fossil fuels. The Grangemouth complex alone refined 210,000 barrels of crude oil daily and supplied 80 percent of Scotland's fuels.<sup>57</sup>

Innovene proved to be a nearly fatal takeover, as Ineos almost capsized under the debt load during the 2008 financial crisis.<sup>58</sup> The deal required £4.9 billion in bank loans, and by 2007 Ineos owed an estimated £5 billion to major financial players like Barclays Capital, Merrill Lynch and Morgan Stanley.<sup>59</sup> Global demand for chemicals evaporated during the recession.<sup>60</sup> The company's



earnings fell by half, and it responded by severely cutting costs — including plant maintenance.<sup>61</sup>

Ineos struggled to survive. In late 2008, Ineos needed a six-month extension to avoid defaulting on £5.1 billion to more than 250 banks and investment funds; by mid-2009, Ineos' debt hovered at £6.7 billion.<sup>62</sup> Ineos paid £680 million in fees to its bankers.<sup>63</sup> By 2010, Ineos had renegotiated extensions for its loans but was still trying to right its corporate ship.<sup>64</sup>

The company curtailed its takeover spree, selling two companies in 2010 and a 49 percent stake in a refining business to PetroChina in 2011.<sup>65</sup> The meltdown also spurred Ineos to move its headquarters to the tax haven of Switzerland in 2010, after the UK refused to defer the company's value-added tax payments.<sup>66</sup> Ineos began to recover, but the slim operating margins of its refineries continued to drag on earnings.<sup>67</sup> The salvation came from cheap American fracked shale gas, setting the stage for Ineos' push to become Europe's biggest fracking company.<sup>68</sup>

## Ineos' new fossil fuel empire: repositioning the chemical colossus as a petro-powerhouse

Ineos' new petrochemical facilities and refineries needed abundant and affordable feedstocks from the oil and gas industry. The US fracking boom exploded just as Ineos' debt crisis came to a boil. From 2007 to 2016, US natural gas production grew by one-third and the industrial price for US gas fell by half.<sup>69</sup> Ineos' financial fortunes rebounded as prices for US fracked shale gas collapsed, making it cheaper for Ineos to import natural gas-based feedstocks to feed its petrochemical factories.<sup>70</sup>

According to industry analyst IHS Markit, Ineos is "poised to strengthen its position as a global chemical industry giant" by both importing US gas and developing UK shale gas.<sup>71</sup> Ineos' fortune has become entwined with its natural gas ambitions. In 2017, Ineos announced a £1.6 billion investment in its petrochemical plants — including upgrading ethylene crackers in Grangemouth, Scotland, and Rafnes, Norway, and building a propane plant in Antwerp, Belgium — that rely on importing "huge quantities" of gas from the United States.<sup>72</sup>

Ineos re-oriented itself as a petrochemical company that also reached upstream into oil and gas infrastructure, exploration and drilling. Ineos built its fossil fuel portfolio in much the same way it built its chemical empire. One Ineos director described it as an "oppor-

tunity to do in oil and gas what we did in chemicals 20 years ago, which is to buy assets from people who don't really want them anymore".<sup>73</sup>

Since the economic recovery, Ineos has doubled down on fossil fuels: it has invested heavily in importing shale gas from the United States; it is buying up fossil fuel assets such as pipelines and investing in fossil fuel infrastructure; and, it is aggressively pushing to frack in the UK.

### The trans-Atlantic gas pipeline

In June 2010, Ineos launched its brainchild project: importing ethane from the United States to Norway and the UK (see Food & Water Europe's *The Trans-Atlantic Plastics Pipeline*).<sup>74</sup> The company struck 15-year deals to import US shale gas-based feedstocks for its chemical plants and transport the gas to both Rafnes and Grangemouth.<sup>75</sup>

By 2017, Ineos had eight "dragon ships" to create a virtual pipeline of ethane from US fracking facilities to Europe.<sup>76</sup> Each ship can transport liquefied natural gas, liquefied petroleum gas, liquefied ethylene gas and up to 800,000 tonnes of ethane annually.<sup>77</sup>

The first ethane shipment arrived at Rafnes in March 2016 and at Grangemouth in September 2016.<sup>78</sup> The ships supply Ineos' refineries but also allow the company to sell excess natural gas products to other chemical companies in Europe.<sup>79</sup> In 2017, Ineos invested £1.6 billion into its petrochemical and fossil fuel trading infrastructure, including the eight dragon ships.<sup>80</sup>



PHOTO BY FABIEN MONTREUIL / CARGOS-PAQUEBOTS.NET

The new supplies of imported gas products made Ineos' petrochemical plants more profitable, but they also made the company dependent on the imports. Without this imported gas, Ineos' plants would not run at full capacity, and sales and profits would lag — before the imports arrived, Grangemouth was operating at only 50 percent capacity.<sup>81</sup> Ratcliffe attributed Grangemouth's turnaround and survival entirely to the imports, stating that “without [imported] shale gas, it wouldn't be here today”.<sup>82</sup>

That vulnerability to supply disruptions from the United States is not ephemeral. Growing grassroots opposition to ever-expanding US fossil fuel infrastructure could hamper Ineos' access to US gas supplies. In the summer of 2017, a judge temporarily halted construction on Sunoco's proposed Mariner East 2 pipeline in Pennsylvania— designed to supply the export terminal that delivers gas to Ineos — because of environmental concerns over some 90 construction slurry spills that polluted waterways and land along the route.<sup>83</sup> Sunoco subsequently agreed to implement procedures to prevent future spills in order to resume drilling.<sup>84</sup>

But the public opposition to the Mariner East 2 pipeline, which leads to the Marcus Hook export facility, remains high.<sup>85</sup> The growing public resistance to pipelines and gas infrastructure could make it harder for Ineos to secure steady supplies of imported gas. To hedge against any potential supply disruption, Ineos has supplemented its import strategy by buying its own gas infrastructure and production assets — including promoting fracking in the UK.

### **Investing in fossil fuel infrastructure**

Ineos has begun purchasing oil and gas infrastructure to supply its factories and to enter into the energy sector, often supplementing its shale gas import plans. In 2016, Ineos completed a £200 million shale gas tank at Grangemouth to store imported gas.<sup>86</sup> In 2017, Ineos planned to build the largest butane storage tank in European history.<sup>87</sup>

But other moves took Ineos into oil and gas production and distribution. In 2015, Ineos bought 12 North Sea gas fields for £490 million that supplied the gas that could heat one-tenth of homes in the UK.<sup>88</sup> This was the company's first attempt to apply its chemical takeover-turnaround strategy to target fossil fuel companies.<sup>89</sup>

In 2017, Ineos bought the Forties Pipeline System from BP for £198 million.<sup>90</sup> The Forties supplies almost 40 percent of the UK's North Sea gas and oil as well as

the hub that sets a key global price index, the Brent crude oil benchmark.<sup>91</sup> The pipeline also supplies Grangemouth, which refines the bulk of fuel used in Scotland.<sup>92</sup> Observers were concerned about giving Ineos so much power over the UK's energy, with one oil industry source worrying that the deal “would be like giving a monkey a machete”.<sup>93</sup>

Ineos then bought Dong Energy's entire oil and gas business for £1 billion (Dong, a Danish company, is switching entirely to wind and renewable energy).<sup>94</sup> The deal covered oil and gas fields that produced 100,000 barrels of oil equivalent per day with estimated reserves of 570 million barrels of oil equivalent in 2016.<sup>95</sup> The purchase made Ineos one of the top 10 oil and gas producers in the North Sea region.<sup>96</sup>

These fossil fuel assets created a staging platform for Ineos' push into fracking for shale gas in the UK. The pipelines and storage investments on top of the company's petrochemical plants were ideally placed to serve Ineos' fracking leases — and ambitions.<sup>97</sup>

### **Ineos becomes biggest shale gas player in the UK**

Ineos promotes fracking shale gas in the UK — and possibly elsewhere — as “transformational” in delivering power and petrochemical feedstocks that could “revolutionise UK manufacturing”.<sup>98</sup> In 2014, Ineos announced a planned £640 million investment to “kick-start a shale gas revolution,” according to *The Guardian*.<sup>99</sup> Ratcliffe claimed he wanted Ineos “to become the biggest player in the UK shale gas industry”.<sup>100</sup>

Despite Ineos' relentless cheerleading, the company seems to be massively overselling the likely UK shale reserves — meaning that it is promoting environmentally risky drilling for an unlikely payoff. The research director of the UK Energy Research Centre dismissed “the idea that shale gas is going to solve our energy problems — there's no evidence for that whatsoever, it's hype”.<sup>101</sup> A University of Edinburgh professor believes that Scotland's geology will not allow for economically viable fracking.<sup>102</sup> Many of Ineos' licences in Scotland are expected to have modest shale gas reserves, according to the British Geological Survey.<sup>103</sup> But Ineos has stated that the “once-in-a-generation” shale gas opportunity “must not be rejected”.<sup>104</sup>

Fracking has not taken off in the UK, but it is not for a lack of trying by the fossil fuel industry. In 2008, the energy firm Cuadrilla acquired licences to explore shale in England and drilled its first test well in Lancashire in 2010.<sup>105</sup> This first well re-activated nearby seismic faults and caused tremors that exceeded expectations.<sup>106</sup>

Following the earthquakes, the UK imposed a temporary ban on fracking in May 2011 that lasted through December 2012, when fracking was reauthorised.<sup>107</sup>

Despite this reauthorisation, there is widespread and growing opposition to fracking throughout the UK, and local governments have spurned overtures by companies to commence drilling.<sup>108</sup> By 2017, only Cuadrilla's single well had been drilled to frack for shale gas in the UK.<sup>109</sup> But a January 2017 briefing paper by the UK House of Commons found that two drilling approvals in late 2016 "suggest[ed] that the UK is getting closer to commercial shale gas exploitation".<sup>110</sup>

While the public and local governments have stalled the full-tilt that fracking companies like Ineos are demanding, the UK national government is paving the way for fracking companies. In 2015, the UK allowed the national government to expedite drilling applications and even to override local governments' efforts to prevent drilling.<sup>111</sup> In a 2017 *Derbyshire Times* advertising supplement, Ineos supported the move to overrule local opposition to shale gas drilling.<sup>112</sup>

And the UK changed its law to allow fracking companies to horizontally drill for gas under a landowner's property without their consent in 2015.<sup>113</sup> This allows companies like Ineos to drill from nearby platforms beneath land without owners' consent and to drill under natural parks or environmentally sensitive areas. Ineos promises not to drill in densely populated or environmentally designated areas, but it would consider accessing gas under these areas through horizontal drilling.<sup>114</sup>

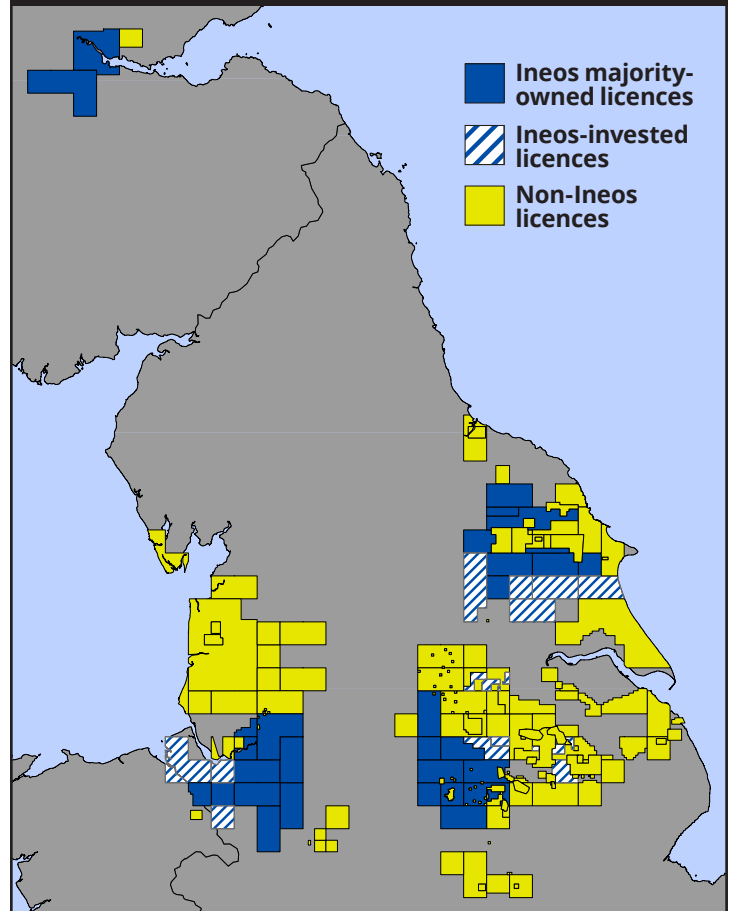
Ineos has pressed the Scottish government to lift its moratorium on fracking — even as the government was seemingly moving towards a permanent ban.<sup>115</sup> In 2017, the Scottish government announced that the moratorium will remain in place indefinitely after receiving more than 60,000 comments on its consideration of the fracking moratorium — over twice the number it received for the 2012 independence referendum.<sup>116</sup> Ineos is expected to sue to block any ban from going into effect.<sup>117</sup>

### ***Ineos' expanding fracking footprint***

Initially, Ineos sat on the sidelines during the early fracking push, eager for cheaper fuel but un-involved with the actual extraction process.<sup>118</sup> Its 2014 kickoff investment included two exploration licences in Scotland around Grangemouth.<sup>119</sup> By 2015, the company held licences covering 700 square miles in Scotland.<sup>120</sup>

By 2016, Ineos had 23 licences to explore for oil and gas and launched a major seismic survey to identify

### **MAP 1: INEOS' SHALE GAS LICENCE FOOTPRINT IN NORTHERN ENGLAND AND SCOTLAND**



SOURCE: Food & Water Europe map based on UK Oil & Gas Licence Authority data.

potential fracking locations and to perform exploratory core drilling, aiming to begin the test fracking of 30 wells after receiving planning permission.<sup>121</sup> The executive director of Ineos Shale said it was "firing the starting gun" to begin fracking in the UK.<sup>122</sup> Ineos promised even more investment if and when the company moved from exploration into shale gas production.<sup>123</sup>

Ineos bought the UK shale licences of Engie Group (former Gaz de France) in early 2017, adding eight new licences and increasing its ownership of seven more in which it already had invested.<sup>124</sup> By 2017, Ineos was by far the biggest holder of UK shale licences.<sup>125</sup> It held exploration licences covering over 1.2 million acres in Cheshire, East Midlands, South and North Yorkshire and Scotland and hoped to submit 11 planning applications to begin drilling on all of its English licences (see Map 1).<sup>126</sup>

Ineos plans to expand its fracking ambitions. An Ineos Shale executive stated that the company was "always going to be interested in acquiring additional acreage".<sup>127</sup> Ineos has even suggested expanding its fracking ambitions to Germany and the United States.<sup>128</sup>



## ***Ineos fracking risks historic and natural treasures***

Ineos' fracking push could imperil UK national treasures. Ineos holds shale gas licences covering portions of Sherwood Forest, of Robin Hood legend.<sup>129</sup> While Ineos has promised not to frack *in* the forest, it is doing seismic surveys in portions of Sherwood Forest and submitted an application to drill a vertical well about 15 kilometres from the forest border — but it has stated that it could remotely access gas *under* environmentally or historically designated areas through horizontal drilling.<sup>130</sup>

Beyond Sherwood Forest, Ineos still holds licences and aims to frack a number of notable sites.<sup>131</sup> Ineos' licences near Liverpool could mean drilling near Roman ruins.<sup>132</sup> Ineos has a stake in a licence in Lincoln that covers an 11<sup>th</sup>-century cathedral.<sup>133</sup> Ineos holds exploratory licences near North York Moors National Park, which attracts nearly 8 million visitors annually, but Parliament blocked drilling inside the park itself.<sup>134</sup> Two of Ineos' licences would potentially allow Ineos to frack under and around the River Forth, activity that could adversely affect the river's salmon runs.<sup>135</sup>

## ***Ineos' fracking charm offensive***

Ineos' fracking public relations campaign courts local government officials and assuages environmental concerns. Ratcliffe himself has lobbied parliamentary leaders, and a company official's letter to the UK Department of Energy & Climate Change claimed that Ratcliffe "is very well connected and has had a number of meetings with Ministers in various Departments".<sup>136</sup>

On top of lobbying to expedite the approval of fracking, Ineos led the lobbying effort that exempted manufacturers from £350 million in green taxes.<sup>137</sup> In Scotland, the company's officials held a secret meeting with leaders of the Scottish National Party (SNP) as they considered imposing the fracking moratorium.<sup>138</sup> Ineos also lobbied SNP members to try and lift the fracking moratorium.<sup>139</sup>

The company also has been pressing local governments to approve fracking. The operational director of Ineos' UK shale business has been "explaining the science" and "engag[ing] the community" and promising to "listen to the concerns that people have locally".<sup>140</sup> Ineos Shale planned to meet with local councils across northern England, including in Cheshire, Yorkshire and East Midlands.<sup>141</sup> Despite its supposed local engagement, in March 2017 one local village only learned the details of Ineos' exploratory drilling plans more than a year after Ineos was awarded licences.<sup>142</sup>

Ineos attacks fracking critics and mollifies local communities with promised rewards or implied threats. Ratcliffe has said that fracking's "so-called problems are all myths".<sup>143</sup> The chief executive of Ineos Shale said that the public was being misled by "scare stories", and an Ineos advertising supplement emphasised "a huge amount of misinformation" about the dangers of fracking.<sup>144</sup>

**Dismissing the risks of fracking:** Ineos downplays the environmental risks of fracking, despite the fact that the company has never drilled a producing oil or gas well in the UK.<sup>145</sup> It contends that none of the fracking-



PHOTO CC-BY-SA © DAVID HOLT / FLICKR.COM

related water pollution problems in the United States will happen in the UK.<sup>146</sup> Ineos has even proposed dumping treated fracking wastewater into the ocean, telling a local community that it would take recovered wastewater, “contain it, treat it back to the standards agreed ... and discharge where allowed under permit, most likely the sea”, but some expert water managers doubted that the water plants could treat fracking wastewater.<sup>147</sup>

Fracking contributes substantially to climate change. Methane leaks from gas and oil infrastructure alone are the second leading human-caused greenhouse gas emissions worldwide, and methane is at least 86 times more potent than carbon dioxide at trapping heat over the next 20 years.<sup>148</sup> Ineos has downplayed the climate impacts of fracking and claimed that methane leaks can be “safely manage[d]”.<sup>149</sup>

Ineos admits that “shale gas is not carbon free” but promises that carbon capture and sequestration — which it concedes is commercially unproven — would make shale gas a zero-carbon energy source.<sup>150</sup> The company also has dismissed renewable energy as “decades” away and contends that relying on wind and solar power would lead to “power cuts, blackouts and shortages”.<sup>151</sup>

#### **Ineos’ carrots (royalties) and sticks (threats):**

Ineos has promised locals 6 percent royalties on the extracted fracked gas — 4 percent to landowners and 2 percent to surrounding communities — to reduce opposition to fracking.<sup>152</sup> But it also has implied that if it cannot frack in the UK, it will shutter its factories. Ineos has suggested that unless domestic fracked gas lowers UK energy prices, the company might close its petrochemical plants such as Grangemouth and the Runcorn plant in Cheshire.<sup>153</sup>

Ineos also has pushed back against fracking opponents. During the summer of 2017, the company threatened the National Trust with legal action for refusing to allow seismic surveying to prepare for exploratory drilling near Clumber Park in Nottinghamshire near Sherwood Forest.<sup>154</sup> Several of Ineos’ divisions also recently sought a court injunction against peaceful anti-fracking protest activities, including conduct “such as amounts to intimidation or annoyance” or obstructing traffic, “including but not limited to slow walking” with the intent to “obstruct, impede or interfere” with efforts to search for gas or oil.<sup>155</sup> In September 2017, the court issued an order largely granting the Ineos plaintiffs’ requests to subject anti-fracking protestors to contempt charges but subject to another hearing.<sup>156</sup>

## **Conclusion and Recommendations**

Although Ineos is a new company, it has a decidedly retrograde dirty energy vision for the UK. In two decades, it ballooned from a chemical conglomerate to an energy empire based on oil, gas and fracking, making its founder Jim Racliffe astoundingly rich in the process.

Fracked gas is incompatible with European Union (EU) and United Kingdom (UK) climate objectives, the Paris Agreement obligations and the need to act quickly to tackle climate change. Instead, Ineos is plowing billions into fossil fuels and petrochemical plants when we must act decisively to invest in clean, renewable energy. Climate change demands action, and here are our recommendations:

- Fracking should be banned everywhere: in the United States and across Europe. The United Kingdom should follow Scotland’s lead and ban fracking in England, Wales and Northern Ireland.
- The United States must stop fossil fuel exports, the UK and the EU should not accept fossil fuel imports, and the construction of infrastructure to support this global gas and oil trade must be halted.
- People should limit their purchases of non-biodegradable plastic products that effectively support and finance the oil and gas industry, and also should work for public policies that discourage the use of these plastics.
- The United States, the UK and the EU should enact aggressive energy conservation policies, including large public transport investments and widespread deployment of other energy-saving solutions.
- The United States, the UK and the EU should establish ambitious programmes for deploying and incentivising existing renewable energy and energy efficiency technologies in order to slash fossil fuel demand to reach 100 percent clean renewable energy by 2035, while modernising electrical grids to cater to distributed renewable power generation.
- The United States, the UK and the EU should invest in research and development to overcome technological barriers to the next generation of clean energy and energy efficiency solutions.
- The United States, the UK and the EU should oppose provisions in international trade agreements that promote the global trade in fossil fuels.
- The United States, the UK and the EU should enact and implement rules to penalise companies that reside in offshore tax havens and push for full corporate financial transparency.



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