



2019 Responsible Business Report HIGHLIGHTS

“Reflecting on our achievements in 2019, I am very proud to lead a company with a strong focus on sustainability, diversity, wellbeing and governance. Our global team continues to deliver innovative new technologies that help our customers become more efficient and create better products with improved social and environmental outcomes.”

PATRICK S. WILLIAMS
PRESIDENT AND CHIEF EXECUTIVE OFFICER

What Matters Most

We regularly engage with our stakeholders to identify the issues that matter most to them.

Our last materiality assessment took place in 2017 and helped refine our strategy and focus areas developed across the four pillars of responsible business. Our next formal assessment is planned for 2020.

|  ECONOMIC |  SOCIAL |  ENVIRONMENT |  GOVERNANCE |
|---|---|--|--|
| VALUE Responsible Growth | VALUE Caring for People | VALUE Conserving & Protecting | VALUE Leading by Example |
| FOCUS AREAS FINANCIAL PERFORMANCE Generating economic benefits for our employees, shareholders and local communities. INNOVATION Encouraging ongoing innovation in product development and application to keep our businesses competitive and sustainable. | FOCUS AREAS HEALTH, SAFETY AND WELLBEING Nothing is more important to us. We strive to be leaders in health and safety, safeguarding anyone that could be affected by our activities. EMPLOYEES Investing in the growth, diversity and development of our employees helps us to attract talent and achieve long-term success. COMMUNITY ENGAGEMENT Supporting local communities through education, fundraising and sponsorship opportunities. | FOCUS AREAS MINIMIZING IMPACT Seeking to understand and reduce the impact of our activities, while developing innovative products to help protect the environment. PRODUCT SUSTAINABILITY Supplying safe, sustainable products, designed to meet the needs of society now and in the future, while minimizing their environmental impact. | FOCUS AREAS LEGAL COMPLIANCE Understanding that honest, ethical and transparent conduct is vital to our success and reputation. Every employee plays an essential part in complying with local and national laws, rules and regulations. THIRD-PARTY MANAGEMENT Ensuring our supply chain complies with legal, ethical and social requirements, while also finding opportunities for environmental improvement and economic efficiency. |

CARING FOR PEOPLE: People are the heart of our business. Our continued success depends on keeping people safe, promoting a healthy lifestyle, protecting human rights, improving education, training and maintaining good relations with our neighbors.

Health, Safety & Wellbeing

SINCE 2018

9% decrease in the total number of accidents
9,743 Near Misses raised
 Innospec Employee Lost Time Accident Frequency Rate = **0.07** per 100,000 hours better than the Industry average of **0.15**

OUR JOURNEY TO ...

ZERO HARM

1,493 EMPLOYEES TRAINED

7,970 MANAGEMENT INTERACTIONS COMPLETED

85,096 60-SECOND CHECKS COMPLETED (129% INCREASE ON 2018)

PHASE 2 ROLLOUT TO NON-MANUFACTURING EMPLOYEES INITIATED

Performance Recognition

Corporate Safety Awards (years without an IRLTA*)



Corporate Safety Certificates
(Employee-Hours worked)

GOLD CERTIFICATE
4 million: Ellesmere Port, UK
1 million: Oklahoma, US

SILVER CERTIFICATE
1/2 million: Saint-Mihiel, France
and Castiglione, Italy

Promoting Wellbeing

Employees offered support, training and advice including: annual health checks, health insurance, free fruit stations, health newsletters, information campaigns and fitness events.

100% of manufacturing sites maintained the controlling rating of the UK Chemical Industry Association's (CIA) Health Metrics Indicator Tool.
81% of sites have reached best practice and **73%** advanced in some areas.

WORKFORCE IN NUMBERS

~2,000 employees in 24 countries

29% Female Senior Managers

76% Male
24% Female

Length of Service
5+ years 53%
10+ years 36%

Community Engagement

US\$517,000 raised in 2019

136 charitable organizations supported globally

PENFED FOUNDATION Military Heroes Fund

US\$1 million raised since 2007

US\$231,000 raised in 2019

innospec cares

US\$190,000 RAISED

93 APPLICATIONS APPROVED

21 INNOSPEC SITES PARTICIPATING

89 CHARITIES & GOOD CAUSES SUPPORTED GLOBALLY

38 EMPLOYEES INVOLVED IN VOLUNTEERING DAYS

CONSERVING AND PROTECTING: Monitoring and measuring the impact we have on the environment has been a long-standing core element of our sustainability strategy. We are committed to using resources as efficiently as possible and minimizing the impact of our operations on the environment.

Performance Since 2018 & 2006 (Baseline Year)

Greenhouse Gas Emissions (Scope 1 & 2)

ABSOLUTE
 5% reduction since 2018
81,148 metric tonnes CO₂e
 26% reduction since 2006

INTENSITY
 6% reduction since 2018
133 kg CO₂e per metric tonne of product
 34% reduction since 2006

ENERGY USE
 4% reduction since 2018
2.2 GJ per metric tonne of product
 21% reduction since 2006

HAZARDOUS WASTE
 6% increase since 2018
15kg per metric tonne of product
 74% increase since 2006

WATER USE
 1% reduction since 2018
3.54m³ per metric tonne of product
 53% reduction since 2006

Verified Performance

CDP Supply Chain Disclosure Program 2019

CLIMATE
 Performance band score of **B: Management**
 (above program global average score of C: Awareness)

Supplier Engagement Rating score: B-
 (above regional and sector average rating of C)

WATER SECURITY
 Performance band score of **B: Management**
 (at program global average score of B: Management)

ECOVADIS SUPPLY CHAIN CSR ASSESSMENT
 Gold Medal Status – ranking Innospec amongst the top 5% of all companies evaluated for their environmental, labor and fair business practices.

Product Sustainability

Innospec chemistry helping to make life work better in:

PERSONAL CARE

Natrlquest* – An award winning biodegradable chelating agent for use in hair care and hand cleansing, offering the overall best alternative to EDTA amongst other non-biodegradable chelants.

Empigen* and **Pureact*** – a number of our products in these ranges are certified as COSMOS and ECOCERT natural detergents.
Solid cleansing solutions – eliminating the need to transport water, reducing transport emissions by 75% and helping to minimize plastics used in the final consumer product.

HOME CARE

Dried surfactants
 Eliminating the need to transport water, reducing associated transport emissions and compatible with plastic-free packaging for final consumer products.

Aquanate series
 A mild range of surfactants derived from natural sources and readily biodegradable.

ENERGY

ecotherm* pro natur – improves the stability and gives cleaner combustion of light heating oil, alongside a carbon offsetting program enabling our customers to offer carbon neutral premium heating oil to their customers.
Ortholeum* 130 – reducing transformer failure in the electricity industry.

TRANSPORT

Octamar™ – helping the shipping industry transition to new low-sulfur fuels meeting IMO 2020 legislation.
Dynamico™ fuel additives – increasing fuel economy and reducing particulate matter from GDI engines.

AGRICULTURE

ENVIOMET* C – a powerful range of readily biodegradable chelating agents, making them an environmentally friendly alternative to other chemistries.

CONSTRUCTION

Millifoam* – a new product range for high, medium and low-density plaster boards, helping to address different industry needs such as raw material sustainability, energy saving and lower CO₂ emissions.

RESOURCE EXTRACTION

Dehscofix* SC12 – improves the efficiency of the electrolytic extraction in copper mining, reducing energy requirements.
TORRENT* – drag reducing agents that improve pipeline efficiency and reduce energy requirements by up to 40%.
Redi-Guard™ – supporting the switch to energy efficient water-based mud systems for resource extraction.
IPD-470 – allows oil to be easily transported in cold climates reducing the energy needed to pump and transport.
EcoSolve™ – an environmentally friendly acid that provides an alternative to harmful hydrochloric acid treatments for use in oilfield industry. The acid is classified as being a non-irritant to skin and is biodegradable, minimizing risks to people and the environment.

RESPONSIBLE GROWTH: Financial stability and growth are essential to maintain our commitment to making a positive contribution towards a more sustainable future.

US\$1.5
BILLION
 REVENUE
 (UP 2% ON 2018)

US\$466
MILLION
 GROSS PROFIT
 (UP 7% ON 2018)

US\$150
MILLION
 OPERATING INCOME

US\$202
MILLION
 ADJUSTED EBITDA

INNOVATION

Encouraging ongoing innovation in product development and application to keep our businesses competitive and sustainable.

US\$35.4 million 2019 Group investment in research and technology (R&T), product/application development and technical support

211 people working globally in R&T and Technical Support

Innospec Global Research Center, Ellesmere Port, UK site

4 Regional R&T/Technology Centers

Global Center of Excellence Millbrook, UK

Global network of 10 Technology Centers

LEADING BY EXAMPLE: Compliance is a non-negotiable core element of our business. We have developed robust systems and procedures to ensure that our employees, third parties, suppliers and other stakeholders behave legally, responsibly and ethically.

Transparent and Honest

A number of our key corporate governance policies are publicly available online at: www.innospecinc.com/about-us/corporate-governance

Compliance Training

2,103 employees enrolled in the compliance training
6,599 legal compliance courses completed by employees
465 Third parties enrolled in the compliance training

Managing Third Parties

EcoVadis assessment incorporated into our supplier evaluation and approval process for all raw materials. Over all the Innospec supply chain continues to score better than the EcoVadis average.

ecovadis

Sustainable Palm Oil

Membership of Roundtable on Sustainable Palm Oil (RSPO) since 2013. Check out our progress at www.rspo.org/members

Certification of all applicable sites. RSPO mass balance supply chain certification enables us to offer certified products where applicable.

Membership of Action for Sustainable Derivatives (ASD), a new collaborative initiative that is working to maximize transparency and sustainability throughout the palm and palm kernel oil derivatives supply chain.

Increased transparency of our palm based supply chain, achieving 99% transparency at refinery level and 92% at mill level.
Working with suppliers to ensure that all palm-based materials we procure will be from sustainable sources that comply with NDPE compliance (no Deforestation, no Peat, no Exploitation).
Our Sustainable Sourcing of Palm Oil and Palm Kernel Oil policy, implementation action plan, progress report and Palm Grievance Procedure are available at <https://innospecsustainability.com/environment/sustainable-sourcing>



HEALTH AND SAFETY

Protect the health, safety and welfare of employees and third parties.

Implement the second phase of our global corporate health and safety behavioral program, Journey to Zero Harm (JTZH), to all non-manufacturing employees.

Manufacturing locations to ensure that the JTZH program remains current and embedded.

Reduce the number of Loss of Containment events.

Maintain the focus on the implementation of and compliance with the corporate process safety standards.



SOCIAL

All manufacturing facilities to take part in at least one team Volunteering Day event and submit one team match-funding application.

Increase the transparency and understanding of Innospec's palm-based raw material supply chain, targeting 100% at the mill level by 2020.

Support the development and growth of the Action for Sustainable Derivatives initiative.



ENVIRONMENT

Reduce Greenhouse Gas Scope 1 & 2 emissions by targeting projects that will deliver the equivalent of a 2% saving by the end of 2020 (based on 2015 baseline).

Move to renewable electricity sources at European manufacturing facilities and establish viable options for US facilities.

Explore options to achieve carbon neutral status for all remaining non-renewable energy sources used at manufacturing sites.

Identify and evaluate further water reduction projects.

Review waste handling, maximizing recycling, re-use and recovery routes.



GOVERNANCE

Review and revise our global compliance-related performance objectives as appropriate.

Launch and communicate Innospec's Supplier Code of Conduct.

Implement a formal palm oil supply chain grievance process and procedure.

Engage with suppliers, where identified, to encourage improvements in their sustainability practices.

Further details on Innospec and our Corporate Social Responsibility programs can be found on our website below or by emailing sustainability@innospecinc.com

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