In 2017, we continued to work in our thoughtful and strategic way: delivering our business responsibly, putting our customers at the heart of all we do and continuing to build a company of which we can all be proud. We ended 2017 in our strongest position yet and are pleased to report on some of the year’s highlights.”

Patrick S. Williams
President and Chief Executive Officer
We regularly engage with our stakeholders to identify the issues that matter most to our employees, key customers, investors, suppliers and the regulator. Our last materiality assessment took place at the end of 2016. The results of which reinforced the continued relevance and importance of our current strategy and focus areas developed across the four pillars of responsible business.

**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 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.

**Minimize 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.

**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.

**Financial Performance**
Generating economic benefits for our employees, shareholders, local communities and wider society.

**Innovation**
Encouraging ongoing innovation in product development and application to keep our businesses competitive and sustainable.
Our continued success depends on keeping people safe, promoting a healthy lifestyle, improving education and training, protecting human rights and maintaining good relations with our neighbors.

Since 2016

• Reduced instances of incidents by 9%.
• Increase in near miss reporting.

Innospec Employee Responsible Use Tool (E-RUT) has improved by 37% (100% in 2016) and is better than industry average of 4%.

Performance Since 2016

GREENHOUSE GAS EMISSIONS

Scope 1 & 2: 6% reduction

ENERGY USE

12% reduction

2.91G J metric tonne of product

WATER USE

17% reduction

1.15 m³ per metric tonne of product

HAZARDOUS WASTE

3% reduction

12 kg per metric tonne of product

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.

Managing Third Parties

Second European campaign conducted, assessing the relative environmental and social risk of 30 Innospec suppliers in high-risk countries. Overall the Innospec supply chain continues to score better than the EcoVadis average.

ComplianceDesktop

Successful launch of new automated due diligence platform.

Transparent and Honest

A number of our Corporate Governance policies are publicly available online at: www.innospecinc.com/innospec/corporate-governance

Economic growth enables us to continue our investment in research and technology, skills, training, new facilities, plant and equipment to ensure that we are well positioned for the long term.

Strong Financial Performance

$1.3bn 48% Gross Profit

$403m 21% Operating Income

$188m 39% Adjusted EBITDA

Integrating Performance Chemicals

Welcoming a 1,903 new employees and three new manufacturing facilities and reseach following the acquisition of the European surfactants business from Huntsman at the end of 2016.

Innovation

US$111m Group R & D spend

Invested in research, product optimization and technical support, up 20% on 2016.
Priorities for 2018

Social

- Protect the health, safety and wellbeing of employees and third parties
- Roll Out our new global corporate health and safety behavior program, Journey to Zero Harm
- Reduce the number of loss of containment events
- Implement and comply with corporate process safety standards
- Increase the number of employees participating in the Innospec Cares program, encouraging match-funded applications

Environment

- Reduce Greenhouse Gas scope 1 & 2 emissions by targeting projects that will deliver the equivalent of 2% saving by the end of 2018 (based on 2015 baseline)
- Review waste handling and maximize recycling, recovery and reuse routes
- Identify and evaluate further water reduction projects
- Increase the transparency and understanding of Innospec’s palm based raw material supply chain

Governance

- Review and drive improvement in our compliance reporting systems
- Develop and deliver training to enhance understanding on competition and anti-trust law
- Encourage continuous improvement in the sustainability practices of our suppliers
- Incorporate the EcoVadis sustainability assessment into the new supplier evaluation process

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