



Looking forward

We are always looking at how to improve the sustainability of our business. Here are some of our objectives and targets for 2021 and the actions we will be taking during the year.

Strategic pillar	Value	Focus areas
<div>Economic</div> <div></div>	<div></div> <div>Responsible Growth</div>	<ul style="list-style-type: none">Strengthen and increase market share by actively assessing potential strategic acquisitions, partnerships and other opportunities that fit with building a sustainable business.Enhance and expand our customer offering by extending our technology base, geographical coverage and innovative product portfolio but only if it can be achieved responsibly and in step with our financial and sustainable development goals.
<div>Social</div> <div></div>	<div></div> <div>Caring for People</div>	<ul style="list-style-type: none">Ensure our health and safety record exceeds the industry average performance. Target zero fatalities or major, work related injury accidents to employees or third parties. This requires the continued development and implementation of an effective Journey to Zero Harm improvement plan.Maintain the focus on implementing our process safety standards with a specific target of reducing loss of containment events by 5% when compared to 2020.Introduce new measures to support the mental health and wellbeing of our employees alongside our continued commitment to supporting local communities through our Innospec Cares program.
<div>Environment</div> <div></div>	<div></div> <div>Conserving and Protecting</div>	<ul style="list-style-type: none">Work towards achieving our medium-term objective for all manufacturing sites to deliver a 10% reduction in Group Scope 1 GHG emissions by the end of 2030.Identify opportunities to move to renewable sources of energy but where this is not possible, explore viable options and timescales for achieving carbon neutral status.Implement new initiatives to reduce water use, improve water quality and minimize the amount of waste sent to landfill.
<div>Governance</div> <div></div>	<div></div> <div>Leading by Example</div>	<ul style="list-style-type: none">Extend our EcoVadis initiative to non-raw material suppliers.Introduce new mandatory certification to demonstrate compliance screening of suppliers across our global business operations.Conduct an annual transparency and risk mapping exercise for our 2020 palm volumes, targeting 100% transparency to the mill level.Develop and maintain a publicly available palm grievance tracker on our web site to demonstrate transparency in the application and compliance of our NDPE (no Deforestation, no Peat, no Exploitation) policy.



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If you would like to provide feedback on any aspect of this report, please contact the Ellesmere Port site using the details above or email us at sustainability@innospecinc.com
To contact any other Innospec site, please visit the link below and click on the location of your choice.
www.innospec.com/get-in-touch
Further details on Innospec, our products and services can be found on our website above.

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2020 responsible business report highlights



Our strategic approach to sustainability

Our sustainability strategy is built around the four pillars of responsible business. Under each pillar, we focus our efforts on the specific areas where our actions will have the most impact on the long-term sustainability of our business.

Strategic pillar	Value	Focus areas
Economic 	 Responsible Growth	Financial Performance Generating economic benefits for our employees, shareholders and local communities. Innovation Encouraging innovation in product and application development and responding to customer needs to keep our businesses competitive and sustainable.
Social 	 Caring for People	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 and operations. 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.
Environment 	 Conserving and Protecting	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, to help customers achieve their sustainability goals while minimizing the environmental impact.
Governance 	 Leading by Example	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.

About Innospec

We are a NASDAQ-listed (IOSP) global specialty chemical company operating out of 24 countries across the Americas, Europe, the Middle East, Africa and Asia Pacific. We manufacture and supply a wide range of products through our three business units: Performance Chemicals, Fuel Specialties and Oilfield Services.

**Approximately 1,900 employees across 24 countries**

**Male: 76%:** 1,444 employees

**Female: 24%:** 464 employees
No. of **female employees in a senior role: 47 (26%)**
No. of **female Board members: 2 (29%)**

Length of service:

**5 years + (58%):** 1,109 employees

**10 years + (40%):** 758 employees



Economic

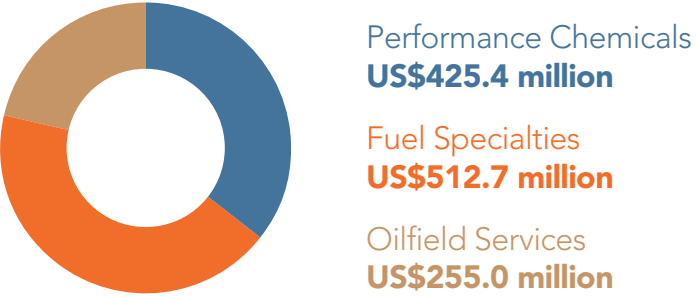
Responsible growth

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

Financial performance

Revenue	Operating Income
US\$1.2 billion	US\$74.8 million*
Gross Profit	Adjusted EBITDA**
US\$342.7 million	US\$108.9 million

Business net sales revenue



All figures rounded to one decimal place *Income before restructuring and impairment
**Earnings before income tax, depreciation and amortization

Economic

In 2020 investment in our sites around the world boosted our capability to manufacture and supply a number of key products including our industry-leading surfactants and our energy-saving Drag Reducing Agent technology.

Innovation

Innovation is at the center of everything we do. It keeps our core businesses competitive and sustainable.

-  Over **US\$30 million** spend in Research and Technology (R&T)
-  **215 people working globally** in R&T and Technical Support
-  **Global Research Center** based at our UK site, Ellesmere Port
-  **Global Center of Excellence** based at Millbrook, UK
-  Global network of **10 Technology Centers**
-  **4 Regional** R&T/Technology Centers

Our response to COVID-19

From the outset of the pandemic our first focus was the health and safety of our employees. In parallel, we knew it was important to keep our manufacturing operations producing and our research laboratories open, to minimize the impact of the pandemic on our customers. This approach was key to ensuring the long-term sustainability of our business.

Key business highlights of 2020

This was important year for all our businesses. Some examples of our successes in 2020 included;

Performance Chemicals

Our Performance Chemicals business received the ‘Best Innovation Contributor Award’ at the annual Henkel Beauty Care event. This was in recognition of our contribution in developing solid products for hair and body care that require less water, less packaging and a smaller transportation footprint. Our team helped Henkel to launch a shampoo powder in record time using our ISELUX® range of sulfate-free surfactants.

Fuel Specialties

Our Fuel Specialties business helped the train operator ScotRail (UK) cut their CO₂ equivalent (CO₂e) emissions by the introduction of our ECOCLEAN™ fuel additive across its entire diesel fleet. After carrying

Multi-department global teams developed and revised new COVID-19 protocols in line with the changing landscape and government guidelines. Regular communications with our employees emphasized the importance of their personal safety and the need to follow company rules and local government guidance. These actions all helped to help keep our people safe and our business running smoothly.

Throughout the year we worked closely with our customers and suppliers, kept our investors informed through regular engagement and continued to look after our global communities. We adapted quickly to new ways of working and made the most of new IT tools.

out one of the most comprehensive fuel additive tests in the UK, use of our product is projected to deliver over 3% in fuel savings annually. This translates to a projected annual reduction of; 3,676 tonnes of CO₂e, 3.7 tonnes of methane and 41 tonnes of nitrous oxide.

Oilfield Services

Our Oilfield Services business continued to develop our capabilities in Drag Reducing Agents (DRAs) with the launch of our new Torrent® IDR Crude Oil Drag Reducer range. To facilitate the launch, we made a significant investment to expand production capacity at our DRA facility at Pleasanton, TX, US. We managed to develop, manufacture and field test the products in record time, without compromising safety and quality.

Social

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 and Wellbeing highlights





15% decrease in the number of accidents with 93% of total accidents classed as minor.



8% decrease in accident frequency rate (2.44 accidents per 100,000 hours).



3% rise in the number of near misses raised[†].



29% decrease in the number of loss of containment (LOC) events.



100% of manufacturing sites maintained the Controlling rating on the UK Chemical Association’s (CIA) health metrics indicator tool, with 81% of sites reaching Best Practice and 72% reaching Advanced in some areas.

Our Journey to Zero Harm



2020 was the fourth year of our behavioral safety program, Journey to Zero Harm (JTZH) and we successfully completed phase two of roll out to all non-manufacturing employees.

1,867 employees trained.

8,661 management interactions completed.

105,421 60-second checks completed (12% increase on 2019).

Phase 2 rollout to non-manufacturing employees completed.

[†]Defined as a learning event that did not cause harm but had the potential to cause injury or loss. The more near misses reported and addressed the lower the risk of a future accident or incident.

Social

In 2020, our total social value and community contribution was over \$700,000. We also celebrated the five-year anniversary of Innospec Cares. Since its launch in 2016, the program has raised US\$863,000, helping to support 350 community groups and charities around the world.

Performance recognition

We recognize the good safety performance of our employees through our corporate safety awards and certificate programs.



Corporate Safety Certificates

(Employee-Hours worked)

Gold certificate
1 million employee-hours worked
Midland, US

Silver certificate
1/2 million employee-hours worked
Leuna, Germany
Barcelona, Spain

Bronze certificate
1/4 million employee-hours worked
High Point, US



Corporate Safety Awards

(years without an IRLTA*)

Gold award
US\$5,000 donation to charity
7 years without IRLTA
Herne, Germany
Vernon, France
Salisbury, US
5 years without IRLTA
Oklahoma, US

Silver award
US\$3,000 donation to charity
3 years without IRLTA
Midland, US

Bronze award
US\$1,000 donation to charity
1 year without IRLTA
Chatsworth, US

*IRLTA – Innospec Reportable Lost Time Injury.

Community engagement

In 2020, we supported our local communities through education, volunteering, fundraising and sponsorship opportunities.



Over **US\$700,000** total social value and community contribution



Over **US\$402,000** direct monetary donations



293 COVID-19 secure volunteering hours for good causes



155 organizations supported globally



In 2020, the Innospec Cares program celebrated its fifth year.



over **US\$863,000** raised



350 global charities and good causes supported



597 volunteering hours donated by employees



Environmental



Environmental

With effect from 1st Jan 2020, all our manufacturing facilities committed to sourcing 100% renewable electricity, helping to reduce our absolute scope 1 and 2 emissions by 46% compared to 2019. Waste sent to landfill reduced by 60% with 70% of all waste generated now sent for recycling or reuse.

Verified performance

EcoVadis Supply Chain CSR Assessment



For the second consecutive year, we achieved the Gold Medal status ranking Innospec amongst the top 5% of all companies evaluated for their environmental, labor and fair business practices.



**CLIMATE
B**

Management Level

(above Global, European and Chemicals Sector averages of C)

EMISSIONS REDUCTION A
Leadership Level

GOVERNANCE A
Leadership Level

BUSINESS STRATEGY A-
Leadership Level

WATER SECURITY

B-

Management Level

SUPPLIER ENGAGEMENT

B-

Management Level
(above Global average score of C)

Environmental


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.

Environmental performance

The following figures compare performance with 2019 and our baseline year 2006.

Absolute GHG Emissions


 **51,728** metric tonnes CO₂ equivalent (Scope 1 and 2*)

 **46% reduction** since 2019

 **53% reduction** since 2006**



GHG Emissions

 **101 kg** CO₂ equivalent per metric tonne of product (Scope 1 and 2*)

 **36% decrease** since 2019

 **50% decrease** since 2006**



Energy use

 **2.66** GJ per metric tonne of product

 **21% increase** since 2019

 **4% decrease** since 2006**



Water use

 **4.03** m³ per metric tonne of product

 **14% increase** since 2019

 **47% decrease** since 2006**



Total waste


 **50 kg** per metric tonne of product

 **5% increase** since 2019

 **10% increase** since 2017**



Hazardous waste

 **20 kg** per metric tonne of product

 **28% increase** since 2019

 **122% increase** since 2017**



Governance



Governance

In 2020, in line with our commitment to use sustainable palm oil and palm kernel oil derivatives in our supply chain, we updated our policy, published a new Palm Grievance Procedure and demonstrated improved transparency at mill and plantation levels.

Governance

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.innospec.com/about-us/corporate-governance/

Compliance training



Managing third parties

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

Cyber security

Our new cyber security strategy and cyber security Program Steering Group (PSG) provides a comprehensive system that enables us to continually enhance our ability to prevent, detect and react to cyber security incidents. The system is periodically audited by specialist external IT security resources.

Sustainable sourcing



- Membership of Roundtable on Sustainable Palm Oil (RSPO) since 2013. Check out our progress at www.rspo.org/members
- RSPO MB supply chain certification of all applicable sites enables us to offer certified products where applicable.
- Working with suppliers to ensure that all palm-based materials we procure will be from sustainable sources that comply with NDPE (no Deforestation, no Peat, no Exploitation) principles.
- Increased transparency of our palm based supply chain, achieving 98% transparency at refinery level and 94% at mill level.
- Our Sustainable Sourcing of Palm Oil and Palm Kernel Oil Derivatives Policy, implementation action plan, progress report, and Palm Grievance Procedure and tracker are available at: www.innospecsustainability.com/environment/sustainable-sourcing



ASD
ACTION FOR SUSTAINABLE DERIVATIVES

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

SUSTAINABLE DEVELOPMENT GOALS

Our assessment shows that we contribute directly to 13 SDGs. Of these we have identified five which are most closely aligned to our activities. These are; Decent Work and Economic Growth, Responsible Consumption and Production, Life on Land and Clean Water and Sanitation. We also contribute to the Climate Action goal indicators 13.1 and 13.2. We regularly review the SDGs to determine if we can increase our contribution to them.

More information on the UN's 17 SDGs can be found at www.sdgs.un.org/goals

SDG goals we contribute the most to:



*Our emissions are calculated using the reporting year's UK DEFRA and IEA emission conversion factors for greenhouse gas reporting. The reporting of scope 1 and 2 emissions is in line with the GHG Protocol Standard. In previous years we have applied location based factors to our scope 2 reporting. In 2020, we have changed to the use of emission factors in line with the GHG Protocols Scope 2 Guidance for Market Based reporting and applied to all reported years. ** Base line reporting year.