

Moving forward  
together



innospec 

Fuel  
Specialties

2022

Environmental  
Social  
Governance  
Report

# Fuel Specialties in 2022

Helping to reduce the carbon footprint of the global road, rail, marine and aviation transportation sectors and industrial applications.

As the world changes and we move towards low-carbon fuels, our business continues to evolve to support our customers. The pace of change is dramatic. Legislation continues to set new and more stringent standards on engine emissions across all our end-user markets, whether it is commercial trucking, marine and aviation, passenger cars, power generation, domestic heating or other industrial machinery applications.

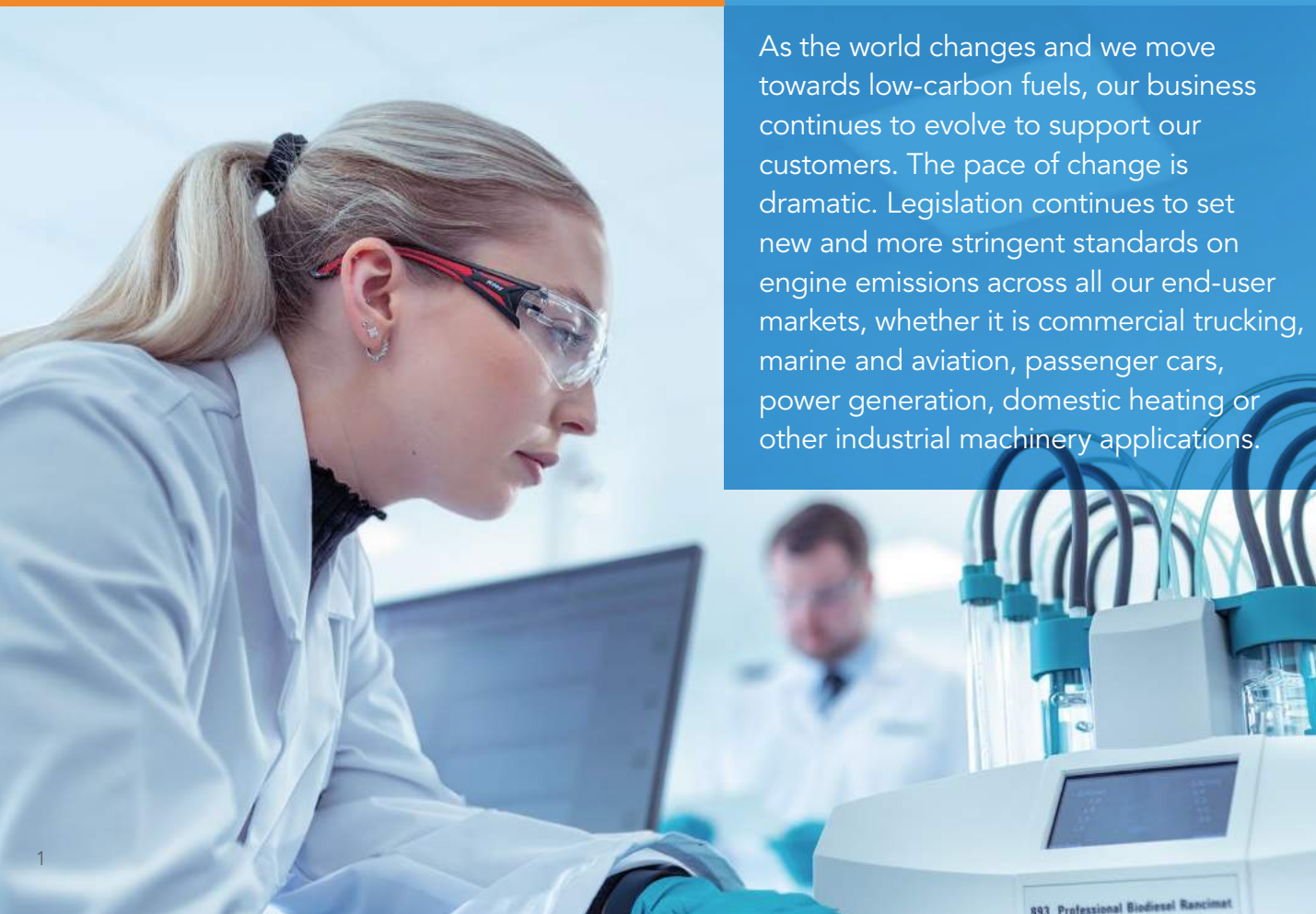
Our focus in this fast-changing environment is to help customers make the transition to cleaner fuels by developing additives that make more sustainable fuels viable in the real world. Engine performance, fuel economy and operational efficiency must go hand-in-hand with emission reduction. To ensure we have the resources to support our customers, we are building for the future by investing in our infrastructure, facilities, and people.

In 2022, we expanded our Customer Technical Services laboratories in Europe and the Americas. Together they will ensure we are providing the best possible technical service in all regions. At Ellesmere Port in the UK, Herne and Leuna in Germany and Vernon in France, we made further investments in manufacturing capacity. We are also evaluating options to adapt our sites to facilitate the use of renewable energy in our manufacturing processes. At all levels of our business, we have established a strong global team and invested heavily in training and development to ensure the next generation of leaders is in place to maintain our growth trajectory.

During the year we also launched several new products. We had a very positive response from customers using our newest gasoline detergent formulations, which enable more efficient use of gasoline in GDI (gasoline direct injection) engines, as well as our latest cold flow improvers, which allow the use of higher quantities of bio and renewable diesels. Another notable success is the growing popularity of our waxes in Europe across a number of different market applications.

## Anticipating changes in light heating oil

To support new French legislation aimed at meeting the country's global climate change goals, we developed an additive for a new grade of light heating oil fuel that uses 30% bioderived components (F30). The new product improves fuel stability, cold flow properties, filterability, corrosion protection, and ensures the market can embrace the environmental and sustainability benefits of F30 biofuel. We are currently working on the next challenges set by the French government of increasing the proportion of biocomponents in the heating oil to achieve 100% biocomponents (F100) in the coming years.



## Market-leading endorsement in the marine industry

The marine industry faces many challenges, from fuel compatibility and stability concerns around Very Low Sulfur Fuel Oil (VLSFO), to new regulations on calculating energy efficiency and reducing carbon intensity.

One of our most notable successes in 2022 was our 'Innovation Endorsement' from Nippon Kaiji Kyokai (known as ClassNK). We had the honor of becoming the first fuel chemistry supplier in the world to receive this endorsement from what is an internationally respected technical authority and classification society. ClassNK independently verified the performance of our Octamar™ Ultra HF, Octamar™ Complete and Octamar™ F35 C for improving fuel economy and reducing emissions. Octamar™ HF-10 Plus received a 'Statement of Fact' verifying its performance in maintaining VLSFO stability.

Throughout the year, we worked with our customers to prepare for the International Maritime Organization's (IMO) Carbon Intensity Indicator (CII) legislation, scheduled to become law at the start of 2023. It requires all ships to calculate their energy efficiency with the aim of reducing a ship's carbon intensity. Using our Octamar™ fuel technology, vessels can maintain their CII rating for longer by reducing emissions. Our additives stabilize VLSFO and deal with known fuel compatibility issues. This enhances the performance of the engine and ensures it uses less fuel, which in turn delivers emission reduction.

We also entered a new partnership with Green Marine, the leading voluntary environmental certification program for the US marine industry, which is managed by the Green Marine Management Corporation, a non-profit organization. We are working with them to offer products and technologies to companies looking to improve their environmental performance so they can meet or exceed current regulations.

## Reducing supply chain emissions

ESG is at the heart of the business and extends beyond the products we develop for our customers. We are also concerned with how we manufacture and deliver products to our customers. One example is our effort to improve logistics efficiency and reduce associated greenhouse gas (GHG) emissions by increasing the use of railcar transloading operations in the US. Products are taken from our manufacturing sites by rail to several transloading sites. This initiative demonstrates how we approach the sustainability of our business from every angle.



**Vali Jerome**  
President Fuel Specialties



**Vali Jerome**  
President Fuel Specialties

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**Fuel Specialties delivered its best financial results ever in 2022 by offering our customers a variety of new products to help them meet their own sustainability targets.**

Over the next five years we intend to deliver further growth and have therefore expanded our laboratory facilities in Europe and the Americas, begun expanding our manufacturing capacity at several of our European sites and delivered enhanced training for our management team. This investment will drive our future growth and help support customers as they continue looking to reduce their carbon footprint by using more renewable and sustainable forms of energy.

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# About Innospec

## A global business

We are a NASDAQ-listed (IOSP) global specialty chemical company that focuses on bringing new, innovative technologies to our chosen markets and customers. With approximately 2,100 employees in 22 countries, we manufacture and supply a wide range of products through our three business units: Performance Chemicals, Fuel Specialties and Oilfield Services. Our products are developed, manufactured and distributed from our operational locations in the Americas, Europe, the Middle East, Africa and Asia Pacific. Customers benefit from the strength of our worldwide manufacturing capabilities, our global distribution facilities and our world-class technology centers equipped with state-of-the-art equipment.

## Our employees

Our employees are critical to the ongoing success of our business, and we continuously invest in our people to make sure we have a highly engaged and motivated workforce. We want our employees to be inspired by leadership, engaged in purpose-driven, meaningful work, and have opportunities for personal growth and development. Our aim is to create an environment where employees are encouraged to fulfill their potential and make a positive contribution to our business.



**2,119** employees across  
**22** countries



**Male: 76%** (1,603 employees)



**Female: 24%**  
(516 employees)

**Female employees in  
senior role: 26%** (53 employees)

**Female Board members: 25%**  
(2 employees)

## Length of service:



**5 years +: 54%**  
(1,150 employees)



**10 years +: 35%**  
(740 employees)



## Overview

↑ Revenue  
**US\$1.96 billion**  
up 32%

↑ Gross Profit  
**US\$586.7 million**  
up 35%

↑ Operating Income\*  
**US\$187.3 million**  
up 42%

↑ Adjusted EBITDA\*\*  
**US\$225.4 million**  
up 26%

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

## Financial performance summary for 2022

In 2022, our financial performance hit new highs with annual sales reaching US\$1.96 billion and a double-digit growth in operating profit. Each of our core businesses made an important contribution to these results and we benefited from having a balanced product portfolio spanning different markets and geographic regions.

Despite the rising cost of raw materials, labor and energy, all our businesses delivered an excellent performance. Growth in our Performance Chemicals business continued with strong sales and operating income up over the previous year. Fuel Specialties delivered strong returns although inflation impacted profit margins. Oilfield Services finished the year with stronger than expected results. Sales and profits rose significantly with demand for production chemicals up sharply. We ended the year with a strong balance sheet and no debt.

## Net sales revenue



💰 **US\$38.7 million** spend in R&T in 2022 up 3%

👥 **253 people working globally** in R&T and Technical Support up 6%

🧪 **Global R&T Center** Ellesmere Port, UK

🏆 **Global Center of Excellence** UTAC Millbrook, UK

🌐 **Global network of 9 Technology Centers**  
Herne, Germany. Leuna, Germany. Vernon, France. St Mihiel, France. Barcelona, Spain. Singapore. Chatsworth, US. Oklahoma City, US. Rio De Janeiro, Brazil.

📍 **4 Regional R&T/Technology Centers**  
Castiglione, Italy. Houston, US. Pencader, US. Salisbury, US.

## Innovation, investment, research and technology

Investment in our sites, our laboratory facilities, our workforce, and our systems and processes help drive innovation by enabling us to work more efficiently and effectively with our colleagues and customers. In 2022, we increased our investment in these vital areas spending US\$38.7 million on research and technology (R&T), a rise of 3% on 2021. We also increased the number of people employed in our global R&T and Technical Support teams by 6% to 253, representing 12% of Innospec's global workforce. Through innovation, investment, research and technology, we help our global customers achieve their sustainability goals.



# Fuels in a changing world



**Christine Gerdes**  
Customer Care  
Manager, US



## Investing in our people

People are our most important resource. Investing in our employees and developing our leaders is key to building a successful and sustainable business so we are committed to supporting our employees at every stage of their careers.

Many of our senior team have been with us a long time. Gary Bailey, our Vice President, Fuel Specialties EMEA, has worked for us for 30 years. He gained experience in various technical and sales roles before being appointed to his current position. Similarly, Ramzi Jouaneh, our Regional Director Asia Pacific, has 25 years in global commercial roles, spanning all our business units. Riley Gilbert is a great example of an employee who has risen through the ranks to a senior position. He has grown from a laboratory chemist to Director of Sales Fuel Specialties US in 17 years. Likewise, Laura Dewar gained 11 years commercial experience in our Canadian operation before becoming our Managing Director for Canada.

We see the same depth of talent in people at the beginning of their careers. Alex Belly has only been with us for five years, but he has progressed quickly from Junior Chemist to Senior Product Co-ordinator and now makes a key contribution to our Cold Flow team. Alex's swift rise illustrates how we support and enable our people to develop and succeed. When Daniel Grewing joined us 6 years ago, on a traineeship aged 20, at our Herne site in Germany, he had no idea what direction his career would take. Today, he is a valued and key member of our Fuel Specialties sales team working with our North-West Europe customers. He is also just about to finish a degree in Business Administration. Our Customer Care Manager in the US, Christine Gerdes, typifies the enthusiasm our younger employees show when given a leadership role in the early stages of their career. She leads a team committed to delivering the highest standards of customer service. Among our newest recruits is Shuxian Wang, a Technical Co-ordinator in Singapore. She recently graduated as a Chemical and Biomolecular Engineer and chose Innospec because it's a great place to work and offers so many opportunities to progress.





## Developing products for a sustainable world



**Dynamico testing**  
Our team at Millbrook, UK

From our latest Dynamico gasoline detergents, through our new additives for F30 biofuel, to our groundbreaking Octamar™ chemistry for the marine market, we are developing the products that improve fuel economy, reduce emissions, and contribute to a more sustainable future. All around the world these innovative technologies are benefiting our customers and the end-user. Our products are everywhere, making a difference to passenger car drivers in EMEA, fleet operators in the US, the mining industry in Canada, light heating oil customers in France and the global shipping market.

At the same time, we are working hard to develop new additives to support the growing use of renewable fuels globally. Whether its fuel made from fatty acid methyl esters (FAME), hydrotreated vegetable oil (HVO) or blends of biodiesel, these alternatives to pure fossil fuels offer the promise of lowering our carbon footprint. However, to ensure modern engines work efficiently, renewable fuels need additives. This is where our in-depth understanding of fuel and fuel additive technology is vital.



**Gary Bailey**  
Vice President Fuel Specialties



**Laura Dewar**  
Managing Director, Canada



**Ramzi Jouaneh**  
Regional Director, Asia Pacific

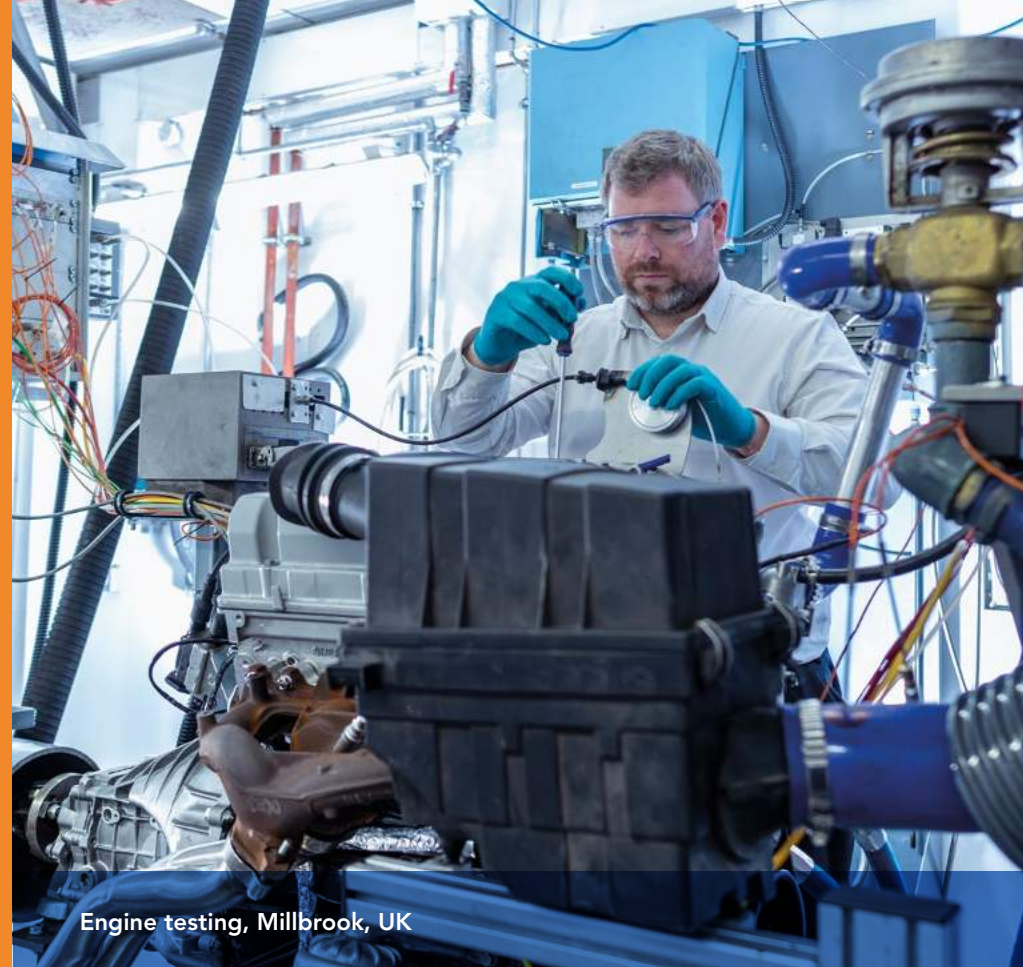






# Taking the lead in research, testing and field trials

We are continually investing in our technical support laboratories to provide our customers with the testing and field trial support they need going forward. In 2022 we officially opened our new Fuels Technology Center in Ellesmere Port, UK and completed the build on our new laboratory space in Newark, US. All over the world our expert teams of chemists and engineers work round the clock to refine and test our formulations in order to optimize real-world performance. At our testing facility in the UK, we access some of the best environmental chambers and proving grounds in the world. This combination of cutting-edge facilities, scientific energy and collaboration puts us at the forefront of fuel additive research.



Engine testing, Millbrook, UK

Customer Technical Service  
facility in Delaware, US



New Fuels Technology Center,  
Ellesmere Port, UK







## Maintaining the highest safety standards



In 2022 our site in Herne, Germany, reached the amazing milestone of 7,000 days without recording a single Innospec employee reportable lost time accident (IRLTA). This equates to over 19 years, which is an incredible achievement. Our site in Vernon, France also achieved nine years without an IRLTA. Year after year, our employees have risen to the challenge of keeping themselves, colleagues, and our company safe. Our investment in training has been critical to maintaining this excellent safety performance.

## Building a robust supply chain



At Innospec we spend a great deal of time ensuring that our supply chain is efficient and sustainable. In 2022 we saw unprecedented supply chain disruption across the globe. Thanks to our robust Business Continuity Program we were able to deal with the disruption and the unexpected. Under the direction of Rebecca Blackwell, Global Head of Supply Chain, Fuel Specialties, we ensured our customers continued to receive Innospec products as economies reopened after the pandemic.

We are continually looking at new ways to improve logistics efficiency and reduce associated greenhouse gas (GHG) emissions. For example, in the US we have increased the use of railcar transloading. Products are taken from our manufacturing sites by rail to several transloading sites. Each full railcar is equivalent to four road trucks, reducing the amount of fuel consumed and associated emissions. In Leuna, Germany, we have switched to an offsite granulation facility located closer to our manufacturing plant. This has reduced the total transportation distance from 126,000km to 1,100km. Looking to 2023, we will be bringing the granulation process in-house at our new production facility in Leuna, removing the need to transport the material offsite.



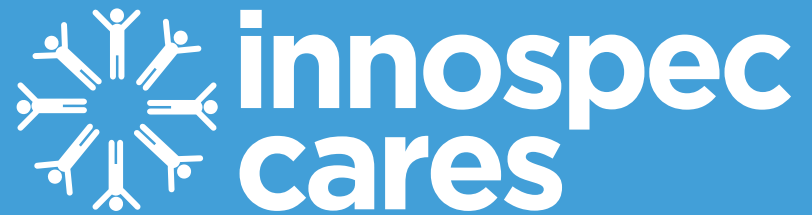
**Rebecca Blackwell**  
Global Head of Supply Chain, Fuel Specialties



# Supporting our communities

Education, volunteering, fundraising and sponsorship opportunities all form part of the support we provide for the social and economic development of our local communities.

In 2022, our business once again made an important contribution to the Innospec Cares global charitable giving and volunteering program. Since 2016 the program has raised over US\$1.2 million, donated 1,537 volunteering hours and helped 398 communities and charities. For example, our employees in Herne, Germany, raised funds for **Train of Hope Dortmund e.V.**, at the site's summer party. The charity integrates refugees into the local community. Employees from our Englewood, US, site volunteered with **A Precious Child**, helping children from lower income backgrounds fulfill their potential. A team at Ellesmere Port, UK, took part in the local Chester Half Marathon. The funds went to support the **Claire House Children's Hospice** for seriously and terminally ill children and their families. A group from our Singapore office cycled 245km from Melaka to Singapore, in support of **Sunlove Home** for the Intellectually Infirm, an organization providing essential items, food and support to vulnerable or low-income members of the community.



Since 2016



**US\$1.2 million+** raised.



**1,537** volunteering hours.



**398\*** community groups and charities helped.

\*Some charities are supported multiple times a year, each year, by employees; these charities are only counted once in this number.





Annual Fuel Specialties charity golf tournament for PenFed Foundation's Military Heroes Program, US



La ligue contre le cancer, Vernon, France



Schutzgemeinschaft Deutscher Wald, Germany



Train of Hope Dortmund, Herne, Germany



A Precious Child, Englewood, US

In 2022, we also held our annual Fuel Specialties and Oilfield Services charity golf tournaments for the **PenFed Foundation's Military Heroes Program** in the US. The total raised by both golfing events was US\$315,000. We donated to **Schutzgemeinschaft Deutscher Wald e.V (SDW)**, the German Association for the Protection of Forests and Woodlands, for every liter of ecotherm® futur sold. Donations made on 2022 sales bring the total raised since the partnership began in 2008 to over €369,000. Our Ellesmere Port site in the UK sponsored the local Chester Half Marathon which raised money for numerous good causes.

Where we can, we choose inclusive sourcing. Our site in Vernon, France, continues to support a local workwear laundry cleaning company called **Blanchisserie A.P.E.E.R.** The business creates employment opportunities for local people with disabilities. In Germany, our Herne site uses an organization called **WeWoLe**, who employ physically or mentally handicapped persons to carry out our ground maintenance and workwear laundry.



Sunlove Home, Singapore



Chester half marathon, Ellesmere Port, UK





If you would like to provide feedback on any aspect of this report, please email [sustainability@innospecinc.com](mailto:sustainability@innospecinc.com)  
Further details on Innospec, our products and services can be found on our website [innospec.com](http://innospec.com)

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Download our recent ESG report at [innospecsustainability.com](http://innospecsustainability.com) and read more about our ESG strategy in action.