



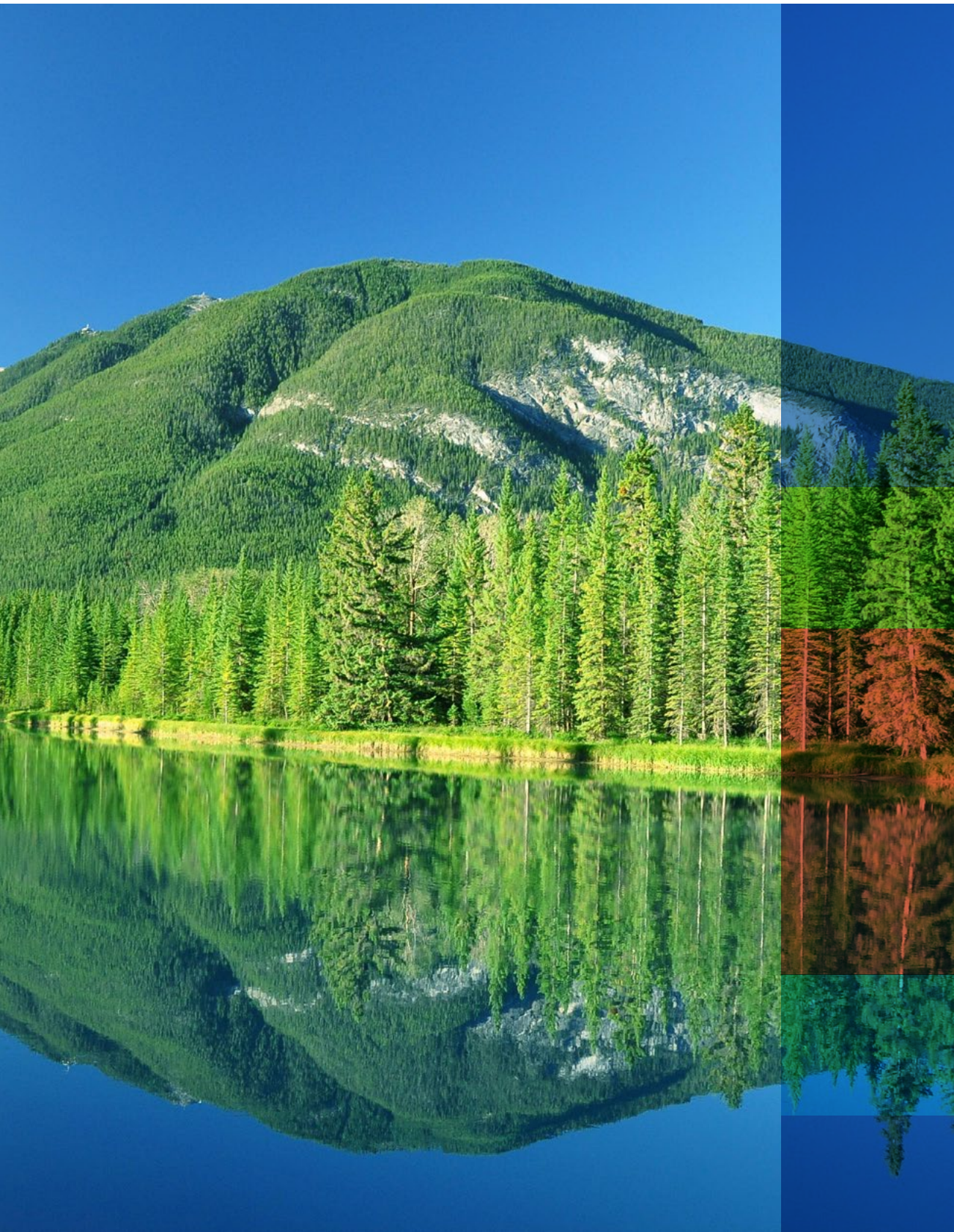
innospec ▶

Moving forward
together

2022

Environmental
Social
Governance
Report

Contents



03	Message from our CEO 2022
05	2022 at a glance
08	A brief profile of Innospec
09	Our worldwide locations and our employees
11	Environmental, Social and Governance (ESG) structure
13	How we engage with our stakeholders
15	The issues that matter most to our stakeholders
17	Our sustainability and ESG strategy
19	Financial performance summary for 2022
21	Innovation, investment, research and technology
25	Our review of Performance Chemicals in 2022
29	Our review of Fuel Specialties in 2022
33	Our review of Oilfield Services in 2022
39	Our environmental dashboard
42	Minimizing our environmental impact
47	Independent verification
51	Our commitment to health, safety and well-being
53	Process safety
55	Our Journey To Zero Harm (JTZH)
58	Safety performance
61	Employee well-being
63	Product safety and consumer well-being
68	Investing in our employees
71	Community engagement
75	Innospec Cares
81	Legal compliance
84	Managing third parties responsibly
89	Managing information securely
91	Our objectives and targets for 2023 and beyond
93	Assurance summary statement 2022

Another exceptional year for Innospec



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This was another exceptional year for Innospec. We continued to navigate significant supply chain pressures against a backdrop of geopolitical uncertainty, inflation and rising interest rates, all of which impacted our customers and the natural flow of business and global markets.

Despite all these obstacles, our business teams remained resilient and delivered record financial results while maintaining industry-leading customer service and supply reliability. In addition, we made significant further steps to strengthen our sustainability performance.

Now in its 23rd consecutive year of publication, this report reflects our Environmental, Social and Governance (ESG) structure and the simple fact that our ESG strategy is ultimately delivered by our people. You can hear their voices loud and clear in this year's report. Alongside the facts and figures under each of these three main topics, they talk about our business from a personal perspective. Innospec employees understand the value and importance of responsible environmental actions, safety and well-being of our people, the communities we support, corporate responsibility and governance.

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Safety

A safe working environment is fundamental to our success. We continued our commitment to this principle in 2022. Our Journey To Zero Harm behavioral safety program entered into its sixth year and employees received over 26,000 hours of health and safety training. These activities, alongside the focus and efforts of our employees, are helping us to improve our safety performance. I am pleased to mention our Herne site in Germany which reached the significant milestone of achieving 7,000 days, which is equivalent to over 19 years of zero lost time accidents. In the UK, our Ellesmere Port site received its sixth Order of Distinction Award from the Royal Society for the Prevention of Accidents (RoSPA) for their excellent safety performance in 2022.

Minimizing our environmental impact

We continued to focus on minimizing our impact on the environment. Since 2006 we have achieved a 46% reduction in absolute scope 1 and 2 GHG emissions and reduced our water use per metric tonne of product by 53%. Today, 20% of our total energy mix is sourced from renewables. Going forward, energy saving projects introduced in 2022, are expected to reduce energy consumption by 4,944MWh and group scope 1 and 2 emissions by 677 tonnes. We will continue to drive our energy usage lower in the coming years.

Meeting customer expectations

Our teams around the world continue to be motivated and focused on delivering on our customers' expectations every single day. I am very proud of how our employees responded to the operational challenges we faced during the year. Our success in doing this is reflected in the awards we have won, the supply chain reliability that we have maintained and the overall results achieved.

We continue to support our customers through our ongoing investments and commitment to innovative products and global sustainability. Our technical teams

developed 11 cold process solutions for surfactants so that ingredients can be handled without the need for heating and subsequent cooling, saving time and energy while reducing environmental emissions. One of these new products is a sulfate-free, salt-free, mild surfactant called LUXURIACT. We had great success this year with sustainable chemistries like our new additive for renewable blended light heating oil, Biofuel F30, and our water-based friction reducer AquaBourne™ for the oilfield industry.

In addition to innovative technologies, we recognize the importance of new investment in our manufacturing infrastructure to ensure the reliability of our supply chain. Our increased production capacity in the US will ensure that we can meet growing demand for more sustainable formulations. We recently opened new laboratory facilities in Europe and the US which further strengthen our ability to provide responsive and ongoing technical service support to our global customers.

Supporting our communities

I was pleased to see our Innospec Cares fundraising and volunteering activities return to pre-pandemic levels in 2022. We increased the total raised since the launch of this program to US\$1.2 million. These funds have supported 398 wide-ranging community groups and charities around the world. Innospec contributed over US\$695,000 in total social value during 2022. This included US\$315,000 raised during our annual charity golf tournaments for the PenFed Foundation's Military Heroes Program, an important cause for myself and Innospec.

We ended 2022 positioned for growth and further progress in our ESG priorities. We have the chemistry, the technical expertise and the resources to support our customers as they push for mild and natural products, increased operating efficiencies and lower carbon footprints. Innospec is committed to continued leadership in this ever-changing world.

Patrick S. Williams
President and CEO

2022 at a glance

In 2022, we continued to demonstrate our commitment to ESG across every area of our business. We also delivered on our targets to ensure the long-term sustainability of our operations. At the same time, we continued to innovate and develop new technologies while investing in our infrastructure and production capacity. We finished the year with an excellent set of financial results. Below are some of the highlights of our year.

46% reduction in absolute **scope 1 and 2 GHG emissions** since 2006.

53% reduction in our **water** use per metric tonne of product since 2006.

20% of our total energy mix **sourced from renewables**.

New energy saving initiatives introduced in 2022 will **reduce energy consumption by 4,944MWh** and group **scope 1 and 2 emissions by 677 tonnes** going forward.

26,000 hours of safety, health and environmental training recorded.

Over **US\$695,000** social value contribution in 2022 helping to support **160 organizations** globally.

US\$1.2 million raised through our **Innospec Cares** program since its launch in 2016.

4th global employee **Sharesave scheme** launched.

4,840 Legal Compliance training courses delivered to **2,166 employees** with a **99.2% completion** rate.

Increase to 96% transparency at mill level in our palm supply chain, moving us closer to our target of 100% transparency.

New global **Cyber Security Management** Policy implemented.

Conserving and protecting



Caring for people



Leading by example



A new **ESG governance structure** established with standalone ESG teams for each business unit.

Delivered excellent financial results with **revenue up 32%** and **operating income up 42%** on prior year.

US\$38.7 million spending on **Research and Technology**, an increase on the previous year.

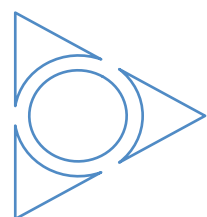
Awarded our 3rd consecutive EcoVadis Gold medal for our sustainability performance and management.



Performance Chemicals won three prestigious awards for its work in the Personal Care market, which included the **Henkel Best Innovation Contributor Award**.

Fuel Specialties continued to add products and services to **support our marine customers' compliance** with the International Maritime Organization's new **Carbon Intensity Indicator (CII) rules**.

Oilfield Services launched **AquaBourne™**, an industry first **water-based alternative** to traditional oil-based friction reducers.



Our year

Inside 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.

We benefit from a diverse customer base across a wide range of markets, including personal care, fuel additives, home care, agrochemical, mining, industrial, oilfield and pipeline chemicals. Although our customers' requirements span a broad range of applications, we make it our priority to provide all our customers with innovative products combined with excellent customer service and technical support. We recognize that being a responsible business is key to our continued success. For us, it is an ongoing journey of progress and improvement.

Our three businesses

Performance Chemicals

Performance Chemicals provides innovative technology-based solutions for our customers' processes or products in personal care, home care, I&I, agrochemical, mining and other industrial sectors. We focus on developing high performance products by leveraging our technology, intellectual property and patents in several targeted markets. We have grown our business through strategic acquisitions, together with the organic development of innovative products for our end markets.

Fuel Specialties

Fuel Specialties provides a range of specialty chemistries that help improve fuel efficiency, boost engine performance, and reduce emissions in diesel, jet, marine, renewable and other fuel applications. They are most commonly used in commercial trucking, marine and aviation engines, power station generators and other industrial machinery applications. These technologies are also being utilized in an increasing number of non-fuel applications.

Oilfield Services

Oilfield Services develops and markets innovative chemical solutions for use in oil and gas drilling, completion, production and midstream applications. Our focus is to provide innovative products alongside technical and field operational support to enable our customers to operate as economically and efficiently as possible.

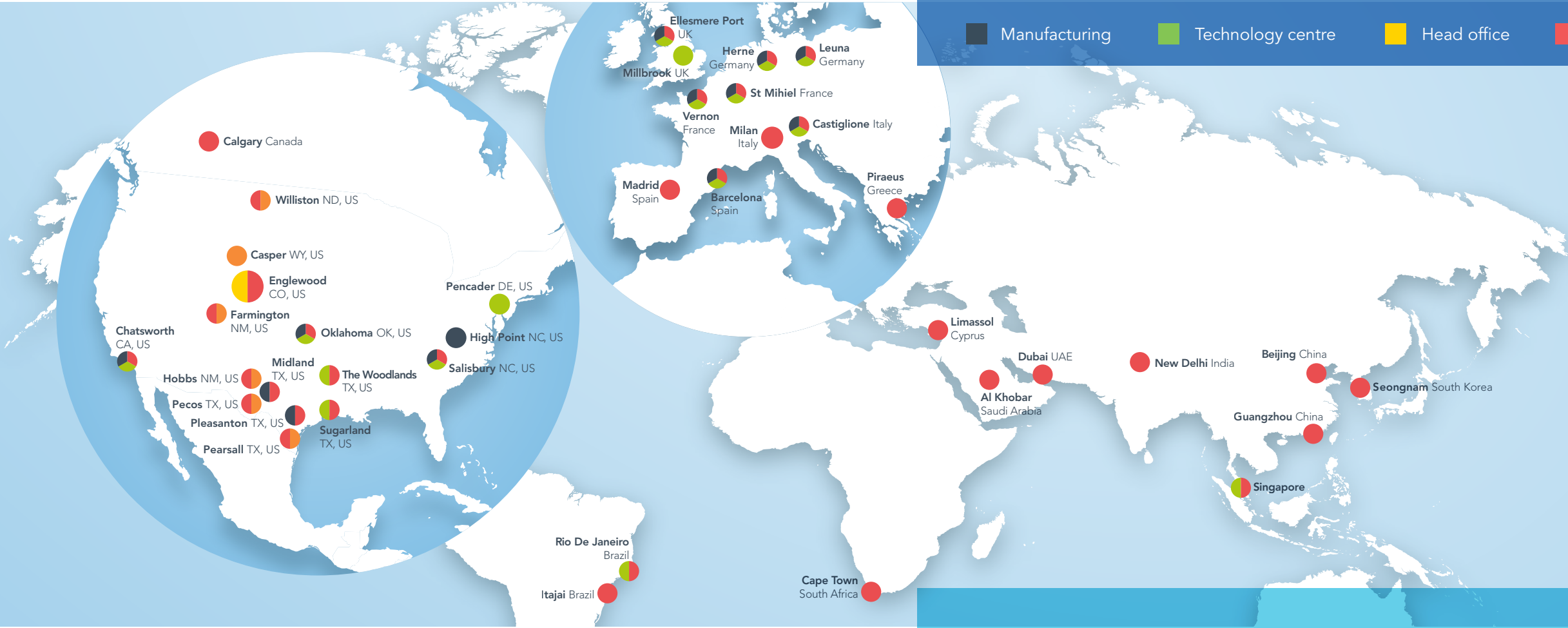
What you will find in this section of the report

- > Our worldwide locations and employees
- > Environmental, social and governance structure
- > How we engage with our stakeholders
- > The issues that matter most to our stakeholders
- > Our sustainability strategy
- > Financial performance summary for 2022
- > Innovation, investment, research and technology
- > Our review of Performance Chemicals in 2022
- > Our review of Fuel Specialties in 2022
- > Our review of Oilfield Services in 2022

Our worldwide locations

Innospec operates out of 22 countries across 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.

Manufacturing Technology centre Head office Office/sales Warehouse



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.

Our diversity and equal opportunities policy ensures that current and prospective employees receive equal opportunities irrespective of gender, sexual orientation, race, color, ethnic or national origin, marital status, age, disability, religion or belief.

In total we employ approximately 2,100 people. From our scientists and sales teams to our manufacturing engineers and technicians, supply chain and logistics, finance, legal, SHE and administration professionals, we benefit from having an experienced and dedicated workforce.



2,119 employees operating across 22 countries



Male: 76% (1,603)



Female: 24% (516)
Female employees in senior role: 26% (53)
Female Board members: 25% (2)

Length of service:



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



10 years +: 35% (740 employees)

ESG Environmental, Social and Governance structure



Our business is on a journey of continual growth, development and innovation. At each stage of this journey, we are embedding sustainability in everything we do. Moving forward, we are committed to decarbonizing our operations and products, reducing our environmental impact and ensuring our people are cared for to the best of our abilities.

Our next steps, based on sound science and analysis of trends in the market, will focus on evaluating decarbonization technologies and shifting the behavior of suppliers and customers so that we all work together towards a greener future. In this report we have spent time highlighting what we believe makes Innospec a unique company, namely our people. They illustrate our achievements and ambitions, demonstrating the direction in which our business is moving.



Ian Callan

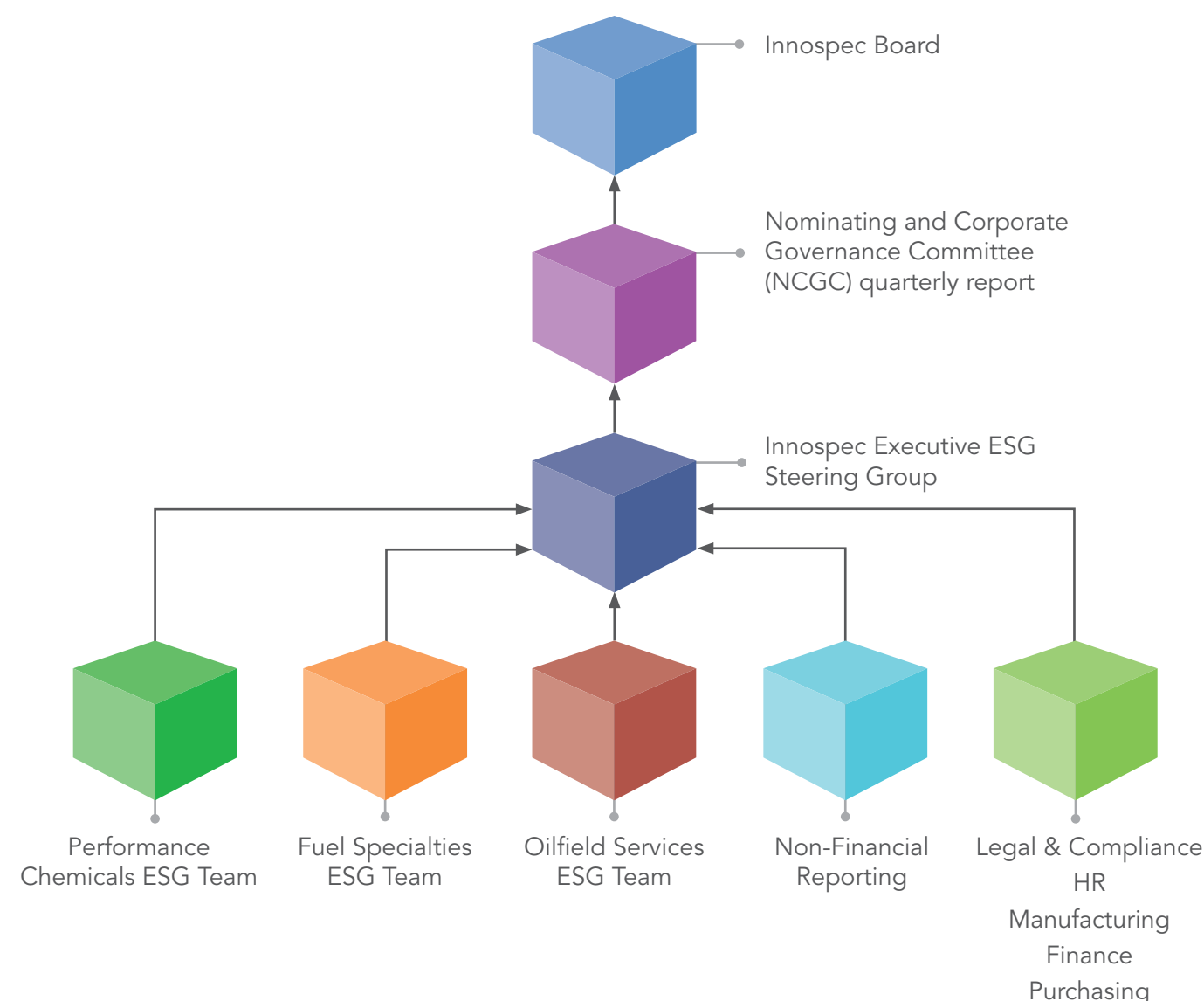
VP Global Regulatory Compliance and ESG

As a responsible business we have produced detailed reports on our sustainability and ESG efforts and activities for over 23 years. To further strengthen our ESG commitment, we implemented a new ESG governance structure in January 2022 that features standalone ESG teams for each of our businesses reporting into an Executive ESG Steering Group.

The Executive ESG Steering Group comprises our CEO and senior business leaders and is responsible for developing, resourcing and making decisions on Innospec's ESG strategy, targets and objectives. This group meets and reports, on a quarterly basis, directly to our Board's Nominating and Corporate Governance Committee who have oversight of ESG strategy, objectives and progress. In addition to this, the full Board is briefed annually on our ESG progress, strategy, and future direction.

Ian Callan, our VP Global Regulatory Compliance and ESG, is responsible for leading Innospec's ESG strategy, implementation and continued execution. Our dedicated ESG teams for our three business units focus on specific issues relevant to their customers and markets.

ESG Steering Group Structure



How we engage with our stakeholders

Our stakeholders are individuals or groups that influence our decisions and those who are influenced by our actions. We have developed a number of ways to engage with them directly and indirectly.

Stakeholders	Issues	Activities
Investors	Providing clear, transparent information to our investors demonstrates that we are managing a profitable and responsible business.	<ul style="list-style-type: none"> • Materiality assessments (full study every 3 years with annual reviews in between). • Monthly/bi-monthly investor conferences and Non-Deal Roadshows (NDRs). • Face-to-face and remote meetings with existing and potential new investors. • Annual proxy statement. • Regular reporting. • Dedicated investor section on our corporate website.
Customers	Identifying customers’ current and future needs helps us to understand where we can add value and guides our innovation and R&D efforts.	<ul style="list-style-type: none"> • Materiality assessments. • Corporate website. • Face-to-face and remote meetings. • Webinars. • Regular online communication to help plan product demand. • Collaboration on sustainability programs including Roundtable on Sustainable Palm Oil (RSPO), Action for Sustainable Derivatives (ASD) initiative, CDP and EcoVadis assessment. • Technical support services. • Completion of questionnaires.
Supply chain partners	Working closely with our supply chain partners enables us to manage supply chain risk effectively and to identify opportunities to improve the sustainability and economic efficiency of our products and services.	<ul style="list-style-type: none"> • Materiality assessments. • Supplier evaluation processes. • Meetings on procurement and contract management. • Supplier site audits. • EcoVadis supplier assessment.
Governance & regulatory	Proactively engaging and consulting with our regulators enables us to understand and prepare well in advance for any changes that have the potential to impact our business and operations.	<ul style="list-style-type: none"> • Materiality assessments. • Online participation in webinars, policy forums and advisory groups. • Trade associations including Chemicals Industry Association (CIA), American Chemistry Council (ACC) and European Chemical Industry Council (CEFIC).

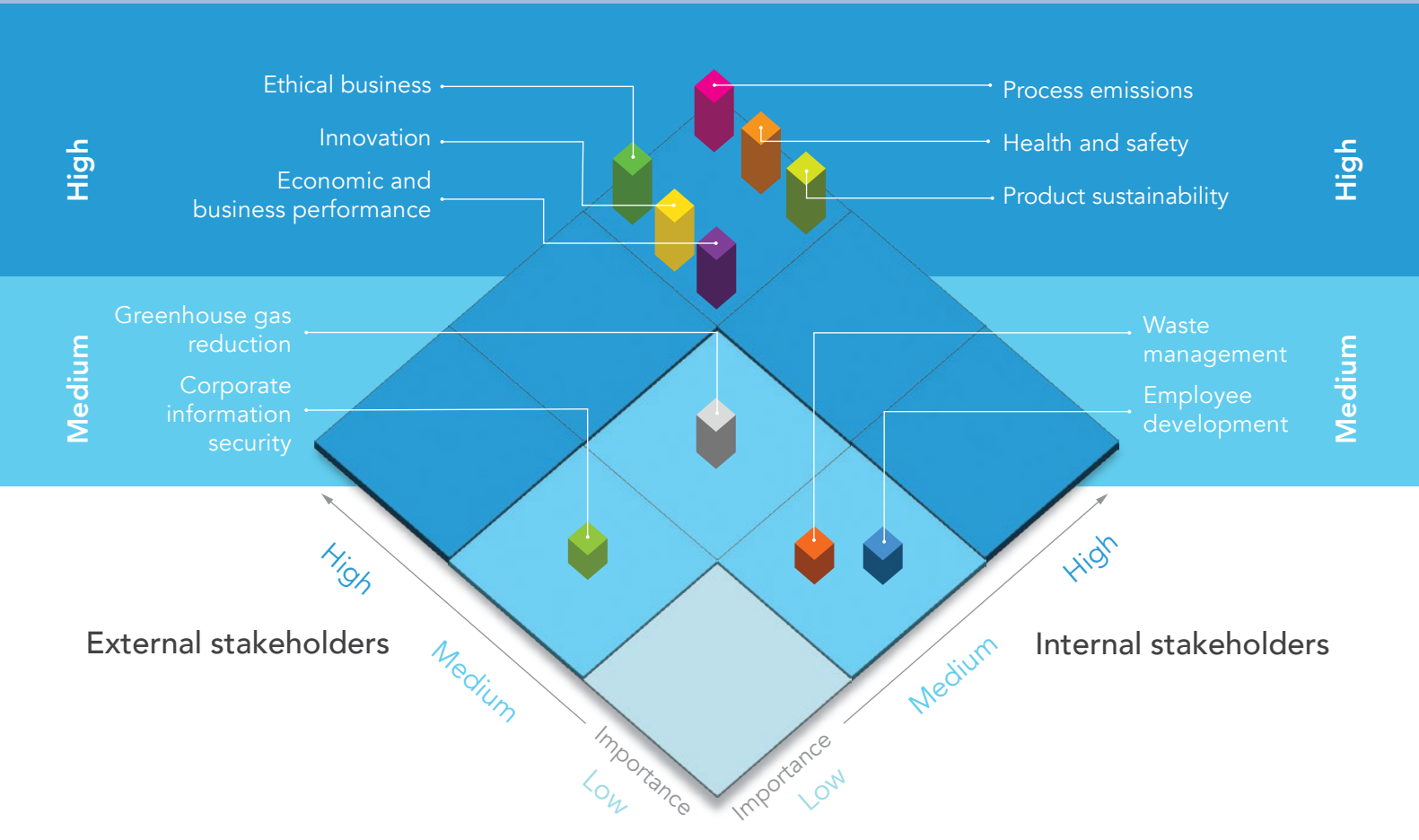
Stakeholders	Issues	Activities
Community members	Engaging with our local communities where we operate is essential to maintaining our reputation as a safe and responsible neighbor.	<ul style="list-style-type: none"> • Local employment opportunities. • Participation in local forums. • Safety action notices. • Innospec Cares program. • Business donations and sponsorship activities. • Work placements. • Graduate and intern programs.
Employees	Engaging regularly with our employees provides valuable feedback and perspective for determining the direction of the business.	<ul style="list-style-type: none"> • Materiality assessments. • Ethics and compliance hotline. • CEO/CFO all-employee conference calls. • Direct communications via email and virtual team meetings. • CEO/Exec Team global site visits. • Annual performance appraisals. • Safety, Health and Environment (SHE) Best Practice Group. • Resource Reduction Group. • Sustainable Development Network. • Intranet. • Online and in-person training courses. • Local Communicator Network.
Non-government organizations (NGOs), sustainability organizations and advisors	Collaborating with a range of NGOs helps us to understand both the immediate and wider sustainability issues affecting our products and the markets in which we operate.	<ul style="list-style-type: none"> • Membership in business and industry associations including RSPO, ASD and Trade Association Sustainability Networks. • Voluntary participation in CDP Climate and Water Security assessments. • Chairing of industry focus group meetings.

Issues that matter most to our stakeholders

Listening carefully to the concerns of our stakeholders helps us respond quickly to changes in market demand, product requirements, regulations, and other issues that might affect them. We spend time building relationships with our customers, suppliers, investors, employees and the communities that are close to our sites so that we can identify what matters most to them. This underpins our strategy and reporting processes.

We completed our first materiality assessment in 2017 which helped structure our sustainability strategy. In 2021, we conducted our second extensive materiality assessment which identified ten material issues common to our internal and external stakeholders. The findings of this assessment are fed into the periodic review of our sustainability strategy. Our next formal assessment will take place in 2024 to identify and understand any changes in the priorities of our stakeholders.

Ten identified material issues



SUSTAINABLE DEVELOPMENT GOALS



The United Nations adopted its 17 Sustainable Development Goals (SDGs) in 2015. Underpinning these are several indicators designed to support their implementation and monitor progress. We recognize that the private sector plays a critical role in achieving these goals which address the most important economic, social and environmental challenges for the world. We support their implementation as a framework for sustainable business practices.

Our assessment shows that we directly contribute 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, Clean Water and Sanitation, and Climate Action goal indicators 13.1 and 13.2. We review the SDGs each year to determine if we can increase our contribution to them.

The UN SDGs have been used to guide our 2021 materiality assessment and the evolution of our sustainability strategy. We will work towards developing our current sustainability and ESG initiatives to maximize our contribution.

6
CLEAN WATER AND SANITATION

8
DECENT WORK AND ECONOMIC GROWTH

12
RESPONSIBLE CONSUMPTION AND PRODUCTION

13
CLIMATE ACTION

15
LIFE ON LAND

To learn more about the UN SDGs visit <https://sdgs.un.org/goals>

Our sustainability and ESG strategy

Our sustainability strategy is broken down into three key areas: Environmental, Social, Governance (ESG). We focus our actions in areas where we can have the most impact on the long-term future of our business. The results of our 2021 materiality assessment, along with other ESG considerations, have been used to inform the annual review and update of our sustainability strategy as set out below.

Environmental impact

Measuring and reducing the impact our activities have on the climate and the wider environment. Developing innovative products with an improved environmental profile.

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 environmental impact.

Health, safety and well-being

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.

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. Implementation of robust operating systems and processes that protect the security of the company and its employees, information and intellectual property.

Third-party management

Verifying our supply chain complies with legal, ethical and social requirements, while also finding opportunities for environmental improvement and economic efficiency.

Conserving and protecting



Caring for people



Leading by example



These are all built on the solid foundation of our economic commitment of responsible growth.



Responsible growth

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.

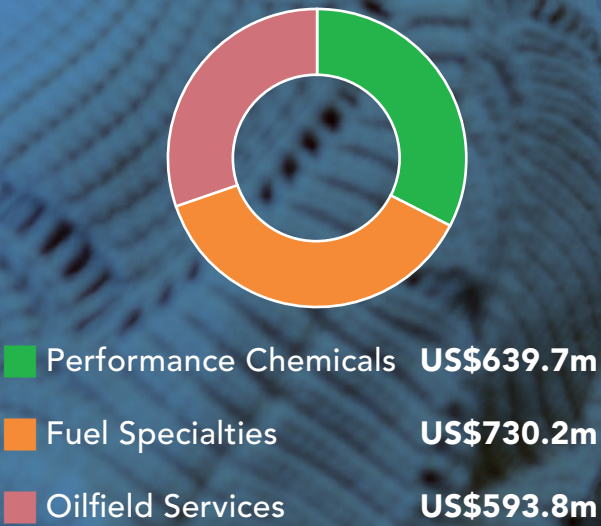
What is responsible growth?

Our business is committed to achieving responsible growth. To do this we focus on continuously improving our financial performance to generate economic benefits for our employees, shareholders and local communities. We also focus on product innovation and application development to ensure that we can add critical value to the partnerships we enjoy with our global customers.

Overview

- ↑ Revenue
US\$1.96 billion up 32%
- ↑ Operating Income*
US\$187.3 million up 42%
- ↑ Gross Profit
US\$586.7 million up 35%
- ↑ Adjusted EBITDA**
US\$225.4 million up 26%

Net sales revenue



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

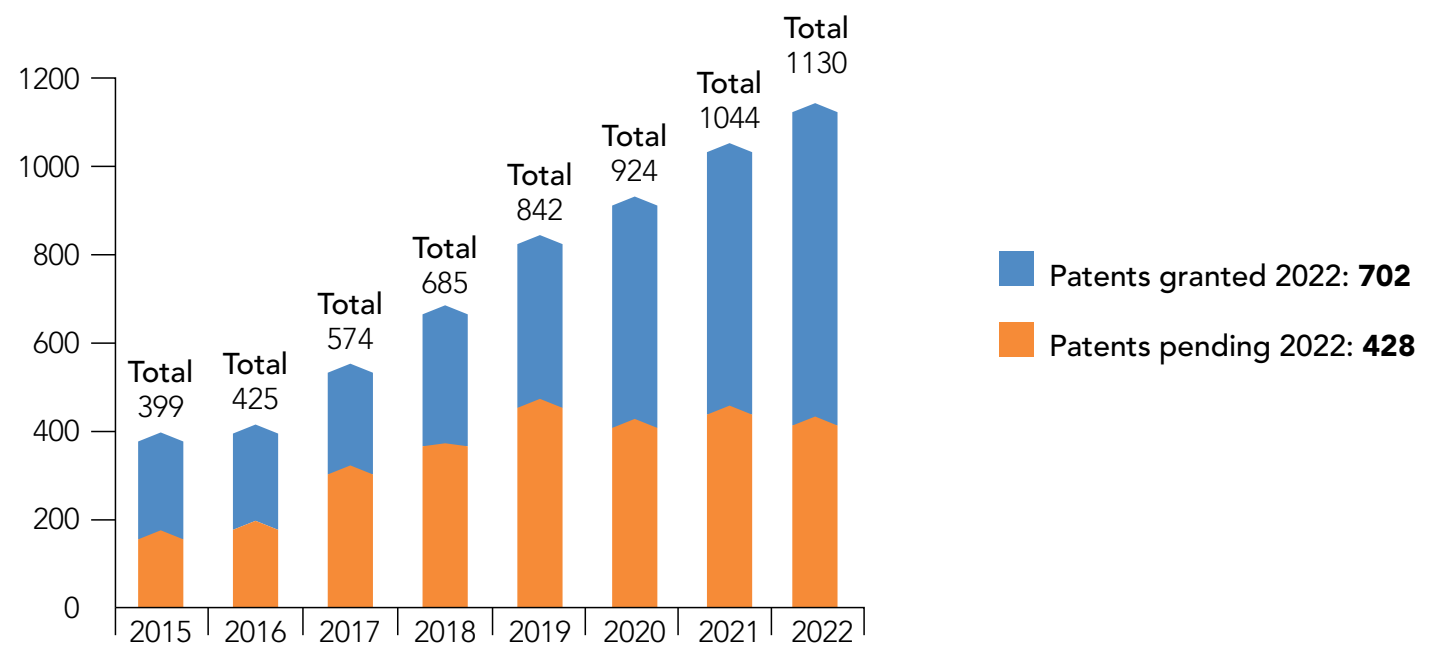
Innovation, investment, **research** and technology

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.

Spending on our infrastructure is important because it gives us the resources and capacity to create the products our customers need. Investing in our people through training and education programs creates the workforce of tomorrow. By doing this we can help address changing consumer trends, optimize efficiency, save energy, reduce the use of precious resources and minimize the environmental footprint of our industry. Through innovation, investment, research and technology, we can help customers all around the world, on the path to a more sustainable future.

Protecting our intellectual property

Our Corporate Technology Intellectual Property (IP) team, based in Ellesmere Port, UK, are responsible for maintaining Innospec's patent and trademark portfolio. They provide support on all IP matters including patents, trademarks and trade secrets in many jurisdictions. At the end of 2022, we had 702 patents granted and 428 patents pending - a total of 1,130 and an 8% increase on 2021.



 **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

Expanding our facilities and infrastructure

A number of projects came to fruition in 2022 which have expanded our R&T facilities and production capacity.

New Technology Centers

We opened our new Fuels Technology Center in Ellesmere Port, UK. The US\$2.5 million project, which took three years to plan, build and complete, transformed one of our existing dormant buildings on the site into an open plan laboratory equipped with a full range of the latest analytical equipment and instrumentation. It is now the new home of our EMEA Customer Technical Services (CTS) team in the UK. Going forward, this new facility helps us to work more efficiently and with even greater flexibility as we support the future plans and fuel testing needs of our customers.

In Salisbury, US, we opened a state-of-the-art Technology Center that includes 10 new laboratories. This will help drive innovation and new product development across all our Performance Chemicals markets, both regionally and globally. The building has been created with sustainability in mind, for example, using automatic and adjustable lighting to help save energy usage and the provision of charging stations for electric vehicles. Construction work also started on expanding production capacity for our key surfactant products. The project is a significant investment for the site, involving the removal of several aging redundant storage tanks and the construction of a purpose-built production facility to house new reactors and associated equipment.

New Energy Center

At our Ellesmere Port site in the UK, construction began on a new Energy Center. The facility will replace the existing site boilers and building, which date back to the 1950s, and includes a more efficient 4MWe (megawatt electric) combined heat and power plant. This will generate electricity for the site, steam for process operations and hot water for space heating. Initially powered by natural gas, the plant has been designed so that it can be converted to operate on an intermediary 20% hydrogen blend and in the longer-term, 100% low-carbon hydrogen, as soon as this becomes available. Construction also began on the installation of new production capacity for our Taurate and Glycinate product ranges. This is expected to be ready in 2023.

Other developments at the Ellesmere Port site included the installation of a small solar and wind power energy station which generates power for charging electric vehicles on site. Further investment was also made to remove aging redundant plant structures and equipment. This not only helps to regain the geographical footprint of the site for future growth, but also improves its visual appearance. In 2022, we achieved a total recycling rate of 96% on the demolition waste generated.



Global Technology Center,
Salisbury, US.



New Fuels Technology Center,
Ellesmere Port, UK.



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The official opening of our new Technology Center in Salisbury was an exciting moment. I’ve been working on the project for several years and it has now come to fruition.

We set out to design the new facility to accelerate current and future innovation. We’ve created a bright and highly functional laboratory space that is much larger than our existing facility. This encourages collaboration across all our technical teams and supports our commitment to delivering best-in-class chemistry and excellent customer technical service.

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Steve O’Connor

Director of Technology of
Innospec Performance Chemicals



Our review of Performance Chemicals in 2022

Delivering mild, natural and sustainable product formulations without comprising performance.

Our Performance Chemicals business delivered full-year sales and operating income for 2022, well up on the previous year. Driving this growth are our industry-leading technologies which are well matched to the current market trends of wellness and sustainability. We continue to invest in organic growth with our US\$70 million expansion in Salisbury, US, for our key surfactant products. This is expected to be completed by the end of 2023.

Revenue	US\$639.7m
Gross profit	US\$150.0m
Operating income	US\$95.3m



Our Performance Chemicals business had a really good year. We've reaffirmed our position as market leaders in the personal care market with our mild, natural and sustainable product formulations.

We have grown our business in the mining, agricultural and construction sectors by focusing on sustainability through operational efficiency. We have invested in our infrastructure to expand our production capacity to meet customer demand for more natural and sustainable products. This is a business with a strong future.



Bruce McDonald

President Performance Chemicals

Challenging the need for animal testing

During the year, we continued to take an active role in removing the need for animal testing on ingredients used in cosmetic products, ranging from sunscreens and deodorants, to shower gels and shampoos. This is very important to us and our customers in the personal care sector. As a member of the Animal-Free Safety Assessment (AFSA) Collaboration and the International Collaboration on Cosmetics Safety (ICCS) we commit to only using animal testing when all strategies to avoid and replace it have been explored and exhausted or where animal testing is mandated by regulatory authorities.

Winning industry awards

Thanks to great teamwork and collaboration between our scientists, supply chain and customer-facing teams, we won three prestigious awards in 2022 across all three regions. In the UK, we were awarded the Laura Marshall Award for our Paper Pocket Cleanser formulation. This single disc of soluble paper allows you to clean your hands or face with a gentle sulfate-free cleanser. In Australia, we won the CEO Special Award at the Natura &Co Embrace program award ceremony for our work with Aesop and the launch of their latest shampoo, hand wash and body wash. Finally, in the US, we were recognized in the annual Henkel Awards, receiving Best Innovation Contributor. We helped Henkel develop a unique covalent bonding repair technology from scratch and launch their next generation of hair care products.

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The development of our new Paper Pocket Cleanser formulation was born out of a challenge set by our Performance Chemicals President, Bruce McDonald. The Global Technical Team was involved in a contest where the aim was the creation of an innovative formulation that would make a real contribution to sustainability. I had an idea for a face and hand cleanser delivered on an ultra-thin water-soluble paper disk. This would eliminate the need for plastic, and it would be easy to package and transport. The paper dissolves to create a gentle, sulfate-free foam, made from naturally derived ingredients. As a bonus this paper can be printed and personalized with a logo or text. For example, scanning a product QR code could open a video on the latest skin care tips.

Alice Miles

Technical Manager for
Personal Care EMEA



Driving product development through innovation

In 2022 we developed a number of new products driven by consumer trends. We had great success with our cold process solutions, which are helping our customers save on production costs and reduce their impact on the environment. Formulating ingredients that can be processed without the need for heating and subsequent cooling saves time, energy consumption and associated emissions. We now offer 11 cold process solutions. Alongside our existing cold process grades, we have launched two groundbreaking, high performance, sulfate-free, salt-free, mild surfactants called LUXURIACT and PUREACT SFB.

Finding alternatives to fossil fuels

As a business, we are committed to finding alternative raw materials that do not contain fossil fuel or petrochemical-derived components. Our Innovation for Sustainability team made further progress in 2022 towards developing our product range to offer customers the option of using 100% naturally derived ingredients or ingredients derived from 'circular' feedstocks.

We worked with several existing and potential raw material suppliers to identify new ways to utilize chemically identical, virgin fossil-free components. These can be sourced naturally from plants or derived from chemically recycled plastic or captured carbon dioxide. These components can then be converted into useful chemicals. At the end of 2022, our virgin fossil-free product portfolio had expanded to ten products.

Talking to our customers

We pride ourselves on the strong relationships that we have built with our customers and suppliers. These are fundamental to the success of our business. In 2022, we launched a new microsite, innospecpersonalcare.com, to provide customers with our latest formulations and detailed product information. It is also a great space for discussing the latest consumer trends and industry events. We also launched our presence on more social media platforms, including one aimed specifically at the Chinese market.

Over 680 customers and distributors attended two webinars entitled The Future of Cleansing. One was focused on hair and scalp care and the other on skin care. These webinars provided attendees with an opportunity to engage with us about our products and the latest technical projects. We were also interviewed for Cosmetics Business Magazine, giving us the opportunity to educate customers about our latest formulation trends and plans for the personal care market.



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We were thrilled to receive another Henkel Award this year. Last year it was for helping them launch a shampoo powder formula in record time using our PUREACT surfactant technology. This year we received the Best Innovation Contributor Award for developing a bonding repair technology for Henkel's latest generation of hair care products. It was certainly an exciting project to be involved in because we had to develop this new technology from scratch. Having an ongoing partnership with the customer is a great benefit. It deepens our understanding of what they want to achieve so we can work together to create new sustainable solutions.

Bob Griffiths

Vice President Global Business Development

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Helping Aesop launch a new product range to meet their RSPO (Roundtable on Sustainable Palm Oil) goal for sustainable palm oil was a very satisfying project for us to work on. Thanks to great teamwork we were able to fast track the whole approval process and meet a very tight deadline. Within just four months, we had identified the solution, provided samples, gained technical approval, allocated raw materials for manufacturing, and overcome all the logistical challenges of dispatching the first batch of product to Australia. Pulling together all these different elements, when the industry was still being impacted by COVID-19, was a huge challenge.

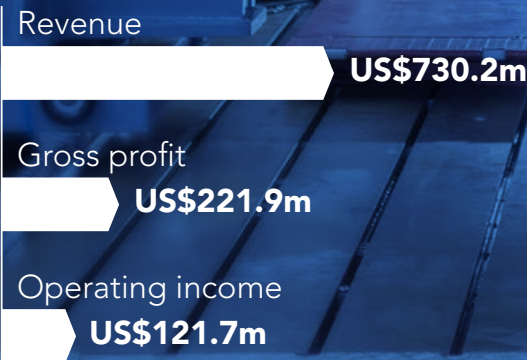
Jeannie Ang

Regional Sales Manager SEA & Oceania

Our review of 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.



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.

Vali Jerome
President Fuel Specialties



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. Other notable successes included the growing popularity of our waxes in Europe and Polysafe™ in Asia. Polysafe™ prevents the build-up of static and stops plant fouling, sheeting and fines in the production of polyolefins.

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Working on the F30 biofuel project was very satisfying from a personal perspective. As well as contributing directly to designing the specification of F30 biofuel, our teams have taken part in nearly 80 meetings in the last two years to improve understanding around F30 biofuel and the key role additives play in ensuring this new fuel performs as expected.

We have answered questions from fuel dealers, boiler manufacturers and heating engineer installers, as well as end-users. Bringing our new range of additives to market required close collaboration between our sales, technical and production teams across Europe. Everyone got on board and the teamwork was inspiring. Our innovative technology is now helping to turn the environmental benefits of F30 biofuel into a practical reality for homeowners across France.

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Florent Artero
Sales Director France



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 using biofuels that contain 55% biocomponents by 2028 and 100% biocomponents by 2032.

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 introducing railcar transloading operations in the US. 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. This initiative demonstrates how we approach the sustainability of our business from every angle.



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In 2022, we spent a great deal of time helping customers prepare for the introduction of the International Maritime Organization's new Carbon Intensity Indicator (CII). Having spent many years at sea myself, I understand the pressures customers face when it comes to responding to new regulations. Our highly qualified and experienced team has been supporting customers both onshore and onboard so they can meet these new standards. Our Octamar™ product range is designed to significantly improve fuel economy, reduce engine fouling and cut down on unburned carbon deposits in the exhaust system. This translates into improved CO₂ emissions which is then reflected in a ship's CII.

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Martin Chew
Head of Sales & Marketing Marine Asia Pacific

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There is no doubt that interest in renewable fuels in the US is growing rapidly. Whether it's 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 can help. For example, we know that cold flow operability is a real problem for both fuel suppliers and fleet operators in parts of the US. We have developed effective solutions to overcome these issues.

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Drew McBee
Western Region Account Management for Refinery and Renewable Fuels

Our review of Oilfield Services in 2022

Advancing Oilfield chemistry and services to meet customers' needs.

In 2022, after an initial slow start, our business overcame many residual challenges from the pandemic to record a 75% increase in sales and fourfold increase in profits over the previous year. Our portfolio of sustainable chemical solutions is helping customers access and recover oil and gas resources more efficiently and economically.



It has been a good year for Oilfield Services. With demand for our oilfield products and technical services increasing sharply, there were plenty of opportunities to grow our business in 2022.

Our focus on sustainable, yet economical solutions for our customers, such as our water-based chemistries, is just one example of how we adapt to our clients' needs. Simultaneously, we understand the significance of prioritizing the safety of the people working in our industry. Our investment in health and safety training helps us to identify and eliminate workplace hazards and keep our employees safe.



Tom Entwistle
President, Oilfield Services

Introducing new sustainable chemistries

As a business we believe in developing more sustainable chemistries, where economically possible. As the market demanded more sustainable solutions, we were pleased to formally launch the industry's first high-performance water-based friction reducer, AquaBourne™. This water-based slurry is composed of an anionic polyacrylamide, designed to provide excellent dispersion and rapid hydration when added to frac water, in fresh, moderate to high TDS (total dissolved solids) brine waters. The details of our approach and chemistry were the subject of an in-depth scientific paper published in the Society of Petroleum Engineers' Journal of Petroleum Technology.



In the oilfield business, chemistry is one of the most cost-effective ways to impact the overall costs of production and more importantly improve the sustainability of an oil or gas well.

The launch of AquaBourne™ is a real first. This high efficiency, water-based, suspension is the first friction reducer that does not contain oil or surfactants. This can help operators meet their ESG goals. It was great to be involved in such an important new product and explain to customers how advances in friction reducer technology can help them to reach their environmental targets.



Dr Kurt Hoeman
Sr. VP Completions Development and Technical Services

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Gaining the internationally recognized standard ISO 9001:2015 for our site in Pleasanton, just four years after we started manufacturing our drag reducing agents (DRA) there, is a great achievement.

Our people have put a lot of hard work into developing our quality management systems and I could not be prouder of them. With the industry-leading performance of our DRA technology, I feel incredibly positive about the future.

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Joe Dupree

Vice President of Midstream Services

DRA manufacturing gains ISO 9001:2015 certification

We introduced our first drag reducing agent (DRA) manufactured at our plant in Pleasanton, Texas in 2018. Four years later, the site has now achieved the internationally recognized quality management system, ISO 9001:2015. This certification reflects the ongoing success of the midstream operations team.



Real-time remote monitoring

Providing comprehensive technical support to our customers, enabling them to solve complex challenges in the field, is all part of the broad range of services we provide. This extends beyond developing innovative chemical solutions. In 2022, we initiated the installation of remote monitoring software in the field for some customers, providing real-time data collection. This helps to improve safety for field operators, reduce drilling time, optimize production, improve pipeline fault detection, and enhance supply chain management. This type of system is invaluable where wells are in remote locations and may be inaccessible at certain times of the year. It is also vital where fields and wells have high hydrogen sulfide (H₂S) levels or are high-pressure wells, creating a real danger to personnel working on site.

Safety is our number one priority

The safety of our people and communities is non-negotiable, and we are committed to following the stringent safety measures and processes firmly established for the oil and gas industry. During the year, our employees recorded almost 15,000 hours of safety, health and environmental (SHE) training. On average, each Oilfield Services employee receives 24 days of SHE training annually.

Middle East expansion

In 2022, we expanded the reach of our Oilfield Services business into Europe, the Middle East and Africa (EMEA) through a new joint venture with the Saudi Arabian company Global Technical Service Co Ltd (GTS). Together, we formed Innospec Saudi Arabia Industry Company (ISAIC), a new legal entity with Innospec Ltd holding 70% of the shares. With our new office in Saudi Arabia, we can now trade directly with customers in the region, establish manufacturing activities and source raw materials closer to our customer base. This not only enhances the efficiency of our logistics, but it also reduces the greenhouse gas (GHG) emissions of our supply chain in the region.

Product and technical expertise promotions

Throughout the year we focused on maintaining excellent communications with our customers through face-to-face meetings. We also attended numerous trade shows and participated in regional industry events and conferences. We exhibited at several events including the Southwest Petroleum Short Course Texas, the Australian Petroleum Production & Exploration Association (APPEA) conference in Brisbane, the Abu Dhabi International Petroleum Exhibition and Conference (ADITEC) and the Society of Petroleum Engineers Annual Technical Conference in Texas. This represents just some of the main channels we use to promote our products and technical capabilities to the industry.

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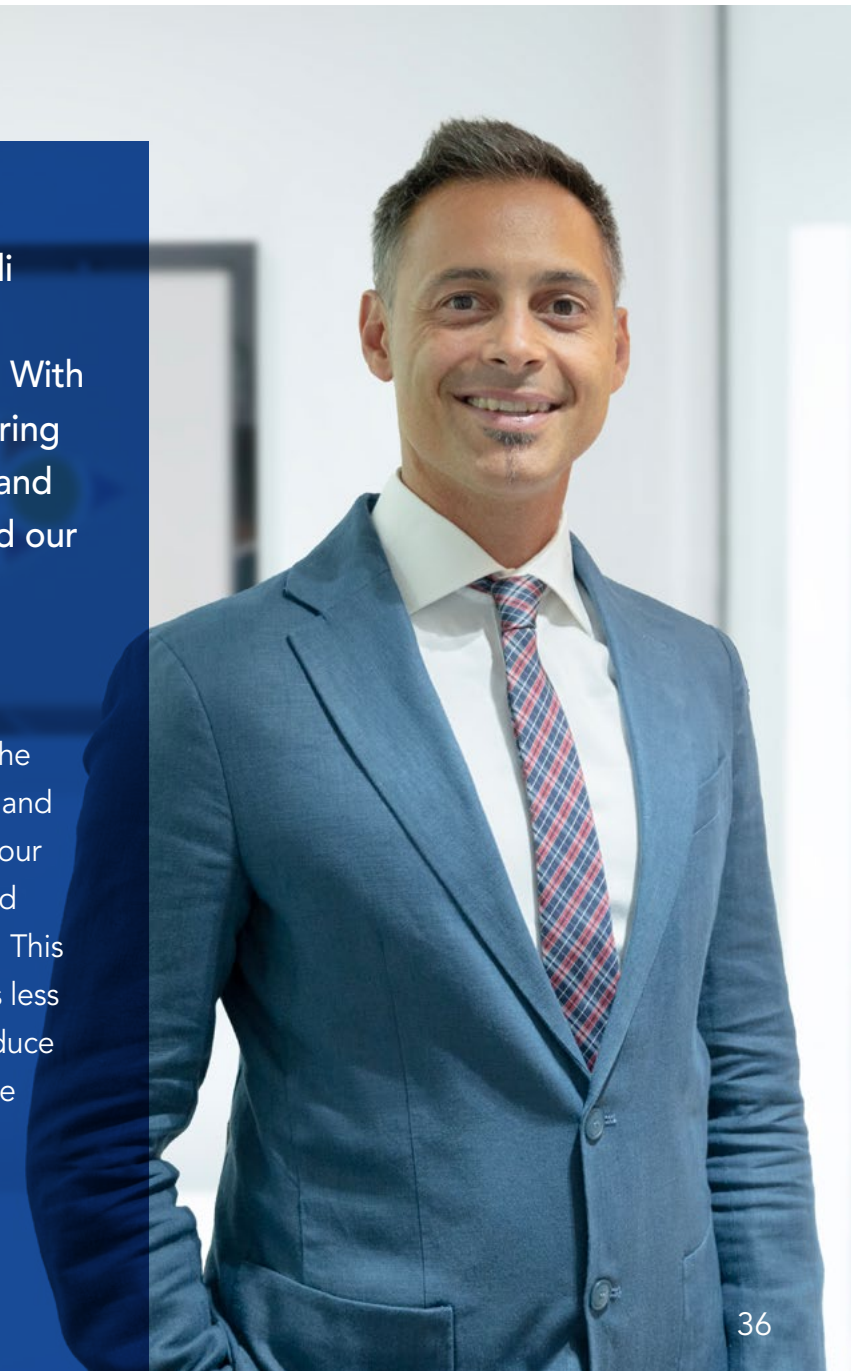
Our joint venture (JV) Innospec Saudi Arabia with GTS will make a major difference to our presence in EMEA. With a new regional office and manufacturing plant, we can trade more efficiently and explore new opportunities to expand our customer base.

The partnership works very well and there is a natural synergy between us. I've really enjoyed working with everyone involved. The JV allows us to source raw materials locally and to manufacture finished products closer to our customer base - which gets our logistics and supply chain to work at optimum efficiency. This is a more sustainable solution, that involves less international shipping, and one that will reduce the carbon footprint of our operations as we expand and grow in the region.

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Andrea Mauro

Head of Business Development





Environment

Conserving and protecting

Our focus areas for the environment are:

Environmental impact

Measuring and reducing the impact our activities have on the climate and the wider environment. Developing innovative products with an improved environmental profile.

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 environmental impact.

What's next?

We will continue to reduce our impact on the environment in 2023. Find out more about our plans to continue to reduce greenhouse gas emissions, reduce energy and water consumption, and recover and reuse waste streams on page 91.

What you will find in this section of the report

- > Our environmental dashboard
- > Minimizing our environmental impact
- > Independent verification

Our environmental dashboard

Absolute GHG emissions

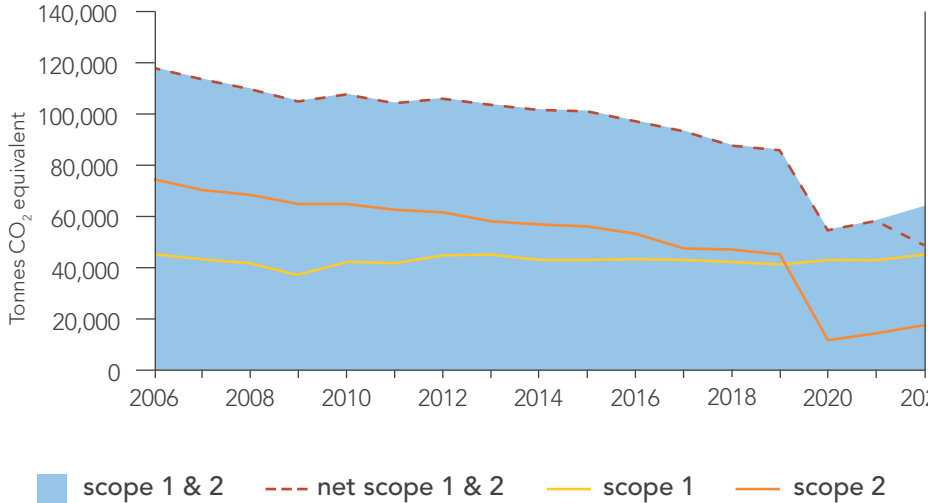
(scope 1 & 2 - market-based)

63,659 metric tonnes CO₂ equivalent (scope 1 and 2*)

10.9% increase since 2021

46.3% decrease since 2006**

46,623 metric tonnes CO₂ equivalent (net scope 1 and 2)



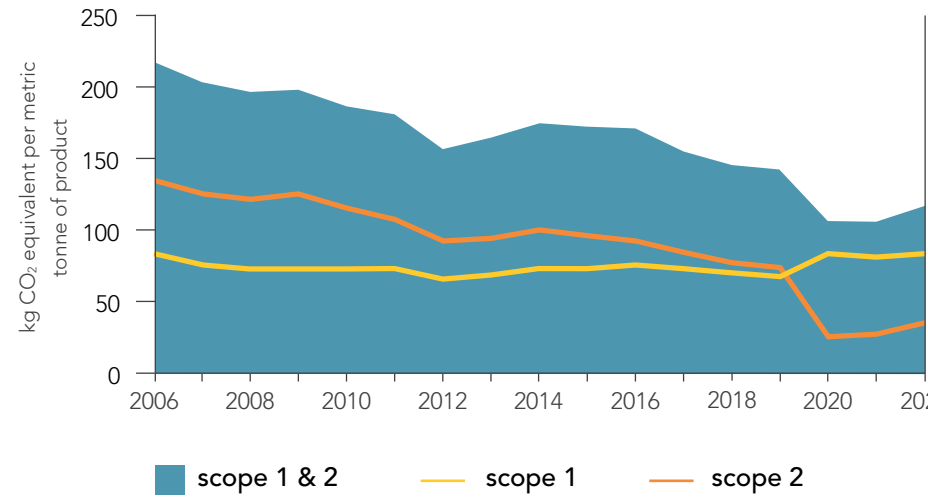
GHG emissions

(scope 1 & 2 - market-based)

117 kg CO₂ equivalent per metric tonne of product (scope 1 & 2*)

10.1% increase since 2020

46.2% decrease since 2006**

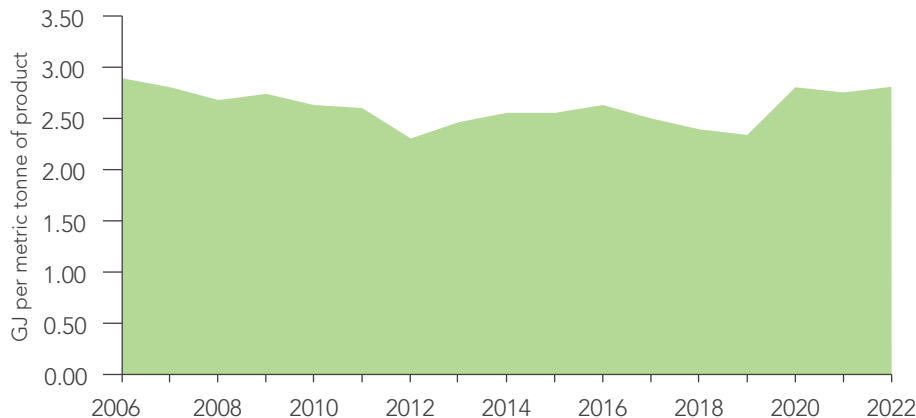


Energy use

2.80 GJ per metric tonne of product

0.38% increase since 2021

5.3% decrease since 2006**

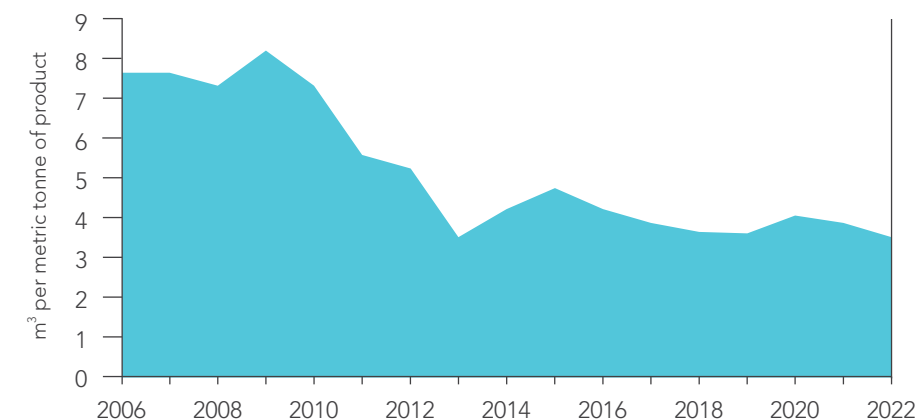


Water use

3.54 m³ per metric tonne of product

7.4% decrease since 2021

53.4% decrease since 2006**

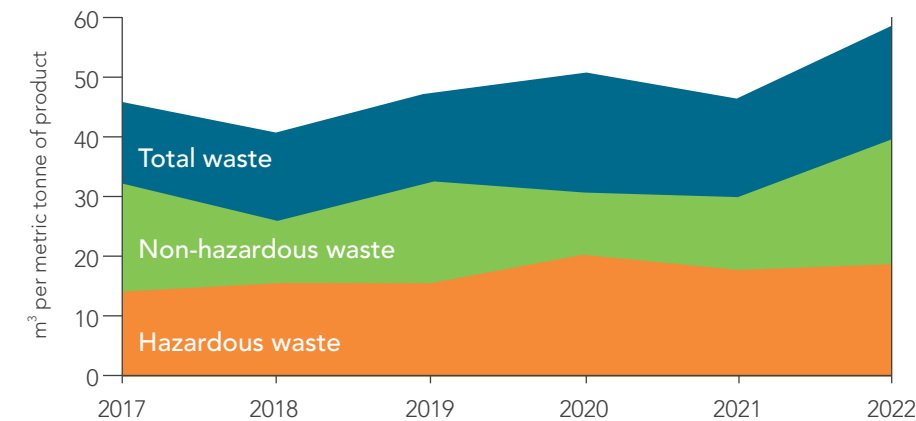


Total waste

59 kg per metric tonne of product

26.9% increase since 2021

29.1% increase since 2017**



*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 including the use of scope 2 emission factors for market-based reporting.

** Baseline reporting year.

Responsible Consumption and Production

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, promoting sustainable consumption and minimizing the impact of our operations on the climate and wider environment. We also look to improve the sustainability profile of our products and help our customers respond to environmental challenges through innovation and improved product performance.

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Our global Resource Reduction Group was set up in 2016 to develop best practice across our 13 manufacturing sites in Europe and the US.

These sites meet up three times a year to share information and initiatives on how to deliver and maintain our pipeline of resource reduction projects. It's a great team of people. We normally have two to three representatives from each site depending on what projects we have ongoing. Everyone who attends is responsible for energy savings, so when we get together, we share information and ask each other lots of questions. It means the larger, more established sites can support our smaller sites. Everyone benefits from this deeper understanding.

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Andrea Sanseverino

Chairman Resource Reduction Group

Minimizing our environmental impact

Every year we try to use the Earth's resources as efficiently as possible to minimize the impact of our operations on the environment. As part of this ongoing commitment, we review the latest technologies and processes to see if any new opportunities have emerged that might help us reduce our impact the following year. We also look at novel ideas to improve the sustainability of our products and how we can help our customers respond to environmental challenges through innovation and superior product performance.

As a responsible business we have been monitoring and publicly reporting on our environmental impact since 2006, providing annual data across the four key areas of greenhouse gas (GHG) emissions, energy use, water use and hazardous waste generation. Over the years we have reported significant reductions in our GHG emissions, energy and water usage. While this historical trend for water usage continued in 2022, as explained on the following pages, due to proactive decisions which we expect to have a better long-term impact on energy, we did not achieve a year-on-year reduction in GHG emissions and energy usage compared to the previous year.

Reducing energy and greenhouse gas emissions

We recognize that businesses like ours have an important contribution to make towards reducing global GHG emissions and the impact of climate change. Our total absolute scope 1 and 2 GHG emissions and our total reported intensity scope 1 and 2 GHG emissions per metric tonne of product have both decreased by 46% since 2006.

However, increased customer demand for products made at sites that have a higher energy (gas) usage, meant that our scope 1 GHG emissions rose by 1,449 tonnes in 2022. Our absolute scope 2 GHG emissions rose by 4,805 tonnes and our intensity scope 2 GHG emissions per metric tonne of product by 8.65 kg when compared to 2021. This increase was primarily

due to a decision to invest money into internal energy reduction projects, rather than purchasing Guarantees of Origin (GOs) from our energy provider at one of our manufacturing facilities. Projects being explored across the group in 2023 include biomass and solar energy sources. Investment in tangible decarbonization projects at our facilities such as these, are more impactful and sustainable in the long term than purchasing voluntary carbon certificates. Without this change in approach, which we expect to have a better long-term impact on energy and GHG reduction, our reported absolute scope 2 GHG emissions would have decreased by 10% and our reported intensity scope 2 GHG emissions per metric tonne of product by 11%.

SUSTAINABLE DEVELOPMENT GOALS



Climate Action

Climate change is one of the greatest challenges facing the world today.

We understand the impact of GHG emissions on the environment and the

important contribution that businesses can make towards their reduction. Innospec contributes to SDG 13 indicators 13.1 and 13.3. We support the wider contributions being made to mitigate climate change through our efforts to reduce emissions from our production processes and the development of innovative products that help our customers to reduce their emissions. We report to CDP Supply Chain Disclosure Program on climate each year and have committed to evaluating options to enable Innospec to deliver a net zero emissions target by 2050. This strategic ambition would be consistent with the scope of the Paris Climate Agreement.



Clean Water & Sanitation

Responsible water management is extremely important in a world that faces increasing drought conditions and water scarcity. We make sure that we

use this valuable resource as carefully and efficiently as possible. Our manufacturing facilities have water reduction and monitoring programs in place so that we can identify and implement actions that will reduce our water usage. We also report to CDP Supply Chain Disclosure Program on our water security every year.



In 2022, the energy intensity of production (GJ consumption per metric tonne of product) increased slightly by 0.38% from 2.79 GJ per metric tonne of product produced in 2021 to 2.8 GJ per metric tonne of product produced. Since 2006 there has been a 5% decrease.

In 2020, we set an objective to procure renewable electricity at our manufacturing sites. In 2022, all but one of our 13 manufacturing facilities procured 100% renewable electricity. The outlier facility is located on an industrial complex which does not offer renewable electricity contracts. Renewable energy now accounts for 20% of our total energy mix.

We also set an interim objective to achieve a 10% reduction in scope 1 emissions, based on a 2020 baseline, by the end of 2030. A dedicated energy reduction fund is available for capital investment products that support energy reduction projects where the payback period is longer than would be normally required.

Resource Reduction Group

Throughout the year our global Resource Reduction Group continued to deliver and maintain a pipeline of energy reduction projects to help deliver our GHG emission reduction objective. Going forward, the energy reduction projects and activities implemented in 2022 are forecast to reduce our annual energy consumption by over 4,944 MWh and reduce our total group scope 1 and scope 2 emissions by 547 and 130 metric tonnes CO₂ equivalent, respectively.

These projects included the introduction of solar panels, a small wind turbine and the installation of a new, more efficient, glycol chiller system at our Ellesmere Port site in the UK. In Castiglione, Italy, we reduced gas consumption by replacing our aging boiler gas burners with more efficient units. A new water precooling return system has helped reduce the energy needed to cool water on a key solid surfactant processing line in Salisbury, US.

For other energy reduction projects and activities go to innospecsustainability.com for more details.

Carbon offsetting

As part of our objective to secure renewable energy sources, we purchased hydro Renewable Energy Certificates (RECs) to offset the 2022 electricity usage at all our US manufacturing facilities. In Italy, our Castiglione

site also secured a green gas contract which included the purchase of 14,036 verified carbon units (VCUs) to offset its natural gas usage on site.

Our manufacturing facility in Herne, Germany, maintained its carbon neutral status through the purchase of 6,450 VCUs to offset their 2022 energy usage. The purchased VCUs are supporting a renewable energy hydropower project in Uganda.

We also purchased VCUs for every liter of light heating oil sold that was treated with ecotherm[®]pro natur. This additive improves the fuel's stability and ensures cleaner combustion, enabling our customers to offer carbon neutral premium heating oil to their customers. We have done this since 2018.

Saving water

Water is a valuable resource, and we are committed to using it responsibly. At the end of 2022, two of our manufacturing facilities, representing 0.5% of our total annual water extraction, were in regions of high-water stress*. None were located in regions of very high-water stress. In 2022, we reduced our total water consumption by 7% per metric tonne of product produced, compared to the previous year. We are now using 54% less water per metric tonne of product in our manufacturing processes than we did in the 2006 baseline year.

Over the course of 2022, we introduced initiatives to reduce water consumption and improve the quality of wastewater discharge. At our Ellesmere Port, UK site we installed a new, more efficient cooling tower chemical treatment and dosing system on one of our Performance Chemicals manufacturing plants. Our Oilfield Services sites in the US are all now recycling wash water rather than using fresh water in compatible product batches. At our site in High Point, US, we improved our storm water run-off by replacing a gravel surface with concrete. At Castiglione in Italy, we continued an ongoing project to optimize the water treatment additives used in our cooling water tower, reducing water needed for their operation.

Go to innospecsustainability.com for more examples of how we saved water and improved wastewater discharge.

*As defined by the Water Resources Institute (WRI) Aqueduct Water Risk Atlas. Go to Aqueduct Water Risk Atlas | World Resources Institute (wri.org) for more information.

Waste Management

Finding new ways to improve waste handling reduces the impact of our operations on the environment. We apply the waste management hierarchy when dealing with the business, production and chemical waste that we generate*. Our priority is to avoid or minimize waste generation in the first place. If this is not possible, we then look to recycle, recover or reuse the waste, and last of all disposal by incineration without energy recovery and landfill.

Compared to 2021, we saw a 27% overall increase in total waste intensity, a 13% increase in hazardous waste intensity and a 35% increase in non-hazardous waste intensity as measured per tonne of product produced.

This was due to three main contributory factors. Firstly, several of our sites saw increases in both hazardous and non-hazardous waste streams due to the type of products being manufactured. Secondly, a number of sites disposed of aging inventory during the year and thirdly, two sites generated large quantities of waste as a result of one-off construction projects on site.

In 2022, 26% of all waste generated was sent for recovery and recycling or reuse and 62% for treatment or incineration. Waste sent to landfill decreased from 15% in 2021 to 12% in 2022.

We introduced several initiatives over the course of the year to reduce waste. In Barcelona, Spain we started reusing distilled cyclohexane from previous production batches. This now saves 45 tonnes of solvent waste annually and reduces the amount of virgin solvent purchased.

Our site in Castiglione, Italy, has a process wastewater treatment plant from which sludge is disposed of externally. The introduction of a new sludge and waste separation technique has resulted in a 13% decrease in the amount of sludge per tonne of finished product and is therefore requiring less external disposal.

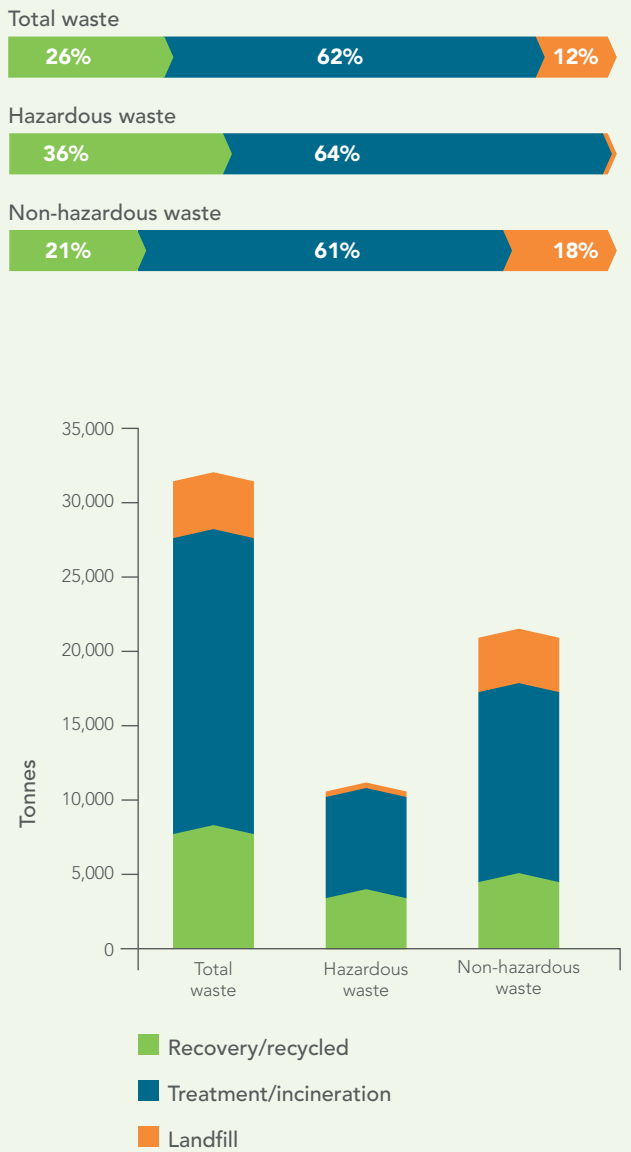
Our Oklahoma City, Midland and Pleasanton, US, Oilfield Services sites, all introduced a tote ‘take back’ scheme for customers. Empty totes previously sent for landfill are now collected and sent for recycling and reuse by our tote supplier.

*Innospec do not directly disturb land or generate tailing waste.

All projects, even smaller projects, can contribute to both our own and our customers’ carbon reduction efforts. For example, our manufacturing plant in Leuna, Germany is now using a thinner plastic film for wrapping our palletized products for secure transportation to our customer locations, helping to reduce the amount of plastic waste that we put into the supply chain.

Find out more about our ideas for reducing waste at innospecsustainability.com

Waste handling routes



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In the 23 years we have been reporting on our approach to sustainability I’ve seen many changes in the way we tackle this important topic, not least in the language we use to describe environmental issues. Back then climate change, sustainability or ESG were not yet mainstream concerns for many companies.

In the intervening years, we have continued to embrace the latest ideas and adapt the way we operate our business to meet the needs of a changing world. We continue to focus on using less energy, generating less waste and consuming less water but today our commitment extends to developing products that also help our customers minimize their environmental impact. Of course, global events outside of our control can always work against you but our continued commitment to improving the long-term direction of travel on environmental performance, compared to the 2006 baseline year, is clear to see. I am proud to have been involved in this journey and I look forward to seeing where Innospec can take sustainability in the future.

”

Peter Shields

Group Safety, Health and Environment Director



Independent verification

Our sites are independently certified to comply with a range of national and international standards on quality, safety, the environment, energy, good manufacturing practice and sustainable sourcing. For full details of the certifications held by our sites go to innospecsustainability.com



CDP CLIMATE
B
Management Level

GOVERNANCE A
Leadership Level

EMISSIONS REDUCTION A
Leadership Level

RISK MANAGEMENT PROCESSES A
Leadership Level

CDP WATER SECURITY
B
Management Level

BUSINESS IMPACTS A
Leadership Level

CDP SUPPLIER ENGAGEMENT
B
Management Level

SUPPLIER ENGAGEMENT A
Leadership Level

EcoVadis

For the third consecutive time we have been awarded the EcoVadis Gold Medal for our sustainability management system and performance. Achieving Gold puts Innospec in the top 7% of all companies rated in our sector globally.

EcoVadis is a Corporate Social Responsibility (CSR) platform for business sustainability assessment. It independently evaluates and benchmarks the sustainability performance of over 100,000 companies in 175 different countries and 200 industries, for their environmental, labor, fair business practices and sustainable procurement.

For more information on the platform go to ecovadis.com

CDP Supply Chain Disclosure Program

During 2022, we took part in the CDP Supply Chain Disclosure Program on a voluntary basis. CDP has the largest global collection of self-reported climate change and water risk data. Through CDP, customers and investors are better able to mitigate risk and make investment and procurement decisions that will lead to a more sustainable world. Following our voluntary submission, we are pleased to report a CDP Climate score of B, Water Security score of B and Supplier Engagement score of B. This places us at the Management level for all three assessments. Our solid performance reflects the year-on-year targeted actions we are taking on the management of climate and water issues.

All three assessments confirm that we are operating at, or exceeding the chemical industry, regional and global averages. For Climate we were pleased to score an 'A: Leadership' for our Risk management processes, Governance and Emissions reduction initiatives. We also scored 'A: Leadership' for Business impacts in the water assessment and for engagement in the Supplier engagement assessment.

Supply chain

In 2022, our supply chain teams continued to explore new ways to minimize our impact on the environment. We reduced our shipping mileage and the associated emissions. We increased the amount of raw materials either partially or entirely sourced from bio-based materials and we increased the use of recycled materials across all our supply chains.

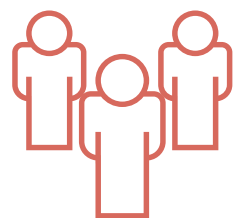
A good example is our switching to an offsite granulation facility located closer to our manufacturing plant in Leuna, Germany. This has reduced the total transportation distance for each journey from 126,000km to 1,100km. Looking to 2023, we will be bringing the granulation process in-house at our new production facility in Leuna, removing the need to transport the material offsite.



“ At Innospec we spend a great deal of time ensuring that our supply chain is robust, efficient and sustainable. 2022 certainly put us to the test as we saw unprecedented supply chain disruption across the globe.

Through our robust Business Continuity Program we plan for disruption and the unexpected. This approach perfectly positioned us to deal with the pressures we faced as the world economies reopened. Our preparations and creative thinking meant all our customers around the world continued to receive Innospec products without impact. The standout achievement for me was to watch our entire global team come together as one, embrace the uncertainty and change, support each other and get the job done.

Rebecca Blackwell
Global Head of Supply Chain
Fuel Specialties



Social

Caring for people

Our focus areas for social are:

Health, safety and well-being

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 and retain talent and achieve long-term success.

Community engagement

Supporting local communities through education, fundraising and sponsorship opportunities.

What's next?

Continuing to keep people safe, promote healthy lifestyles, protect human rights, improving education, training and maintaining good relations with our neighbors, are fundamental to our values. Find out more about our plans for 2023 on page 91.

What you will find in this section of the report

- > Our commitment to health, safety and well-being
- > Process safety
- > Our Journey To Zero Harm (JTZH)
- > Safety performance
- > Employee well-being
- > Product safety and consumer well-being
- > Investing in our employees
- > Community engagement
- > Innospec Cares



Our commitment to health, safety and well-being

Our number one priority is looking after the health, safety and well-being of our employees, communities and everyone involved in the manufacture, use or disposal of our products. We follow three core objectives - no one gets hurt, we do not negatively impact our neighbors and we aim to minimize our impact on the environment. We have a network of Safety, Health and Environment (SHE) professionals around the world who are responsible for implementing our SHE Policy and maintaining our high safety standards.

RESPECT Committee

Our Responsible Care Executive Committee (RESPECT) is headed by our CEO, Patrick S. Williams. It is comprised of senior Innospec leadership team members. In 2022, RESPECT was responsible for reviewing our global SHE and sustainability policies, setting objectives and monitoring performance. Through the workings of this committee, which reports to our Board of Directors, we ensure we have the right resources and approach as our business grows and develops.

Health, safety and well-being highlights

-  **100%** of manufacturing sites maintained the 'Controlling' rating on the UK Chemical Industry Associations (CIA) health metrics indicator tool, with 77% of sites reaching 'Best Practice' and 69% reaching 'Advanced' ratings in some areas.
-  **4% increase** in the number of near misses raised*.
-  **10% reduction** in total number of Loss of Containment (LOC) events and 11% reduction in quantity lost.
-  **0.10** Innospec reportable lost time accident (IRLTA) frequency rate (below industry average of 0.13).

*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.



SUSTAINABLE DEVELOPMENT GOALS



Decent Work & Economic Growth

We are committed to protecting the environment, supplying our products safely and looking after the health and safety of our employees and anyone else who may be affected by our activities. As defined in our Health, Safety and Environmental policy, we achieve this by providing and maintaining safe plant procedures and systems at work. We operate a diversity and equal opportunities policy to accord current and prospective employees with equal opportunities irrespective of gender, marital status, sexual orientation, race, color, ethnic or national origin, age, or disability.

Process safety

Process safety management plays a central role in the prevention of major accident hazards. We have worked diligently to develop and implement a robust process safety management system that controls our process hazards and minimizes the risk of a catastrophic process safety incident.

Our process safety management system comprises of:

Process safety leadership	On site visits from our executive team demonstrate our commitment to preventing incidents and accidents. The visits are specifically focused on process safety and are in addition to our longstanding corporate process safety auditing program.
Process safety standards	Regularly reviewed against best practice, these standards cover 'risk assessment', 'safe operation', 'management of change', 'safe maintenance', 'accident, incident, near miss investigation', 'emergency response' and 'competency'. The focus is on controlling critical hazards.
Process safety audits	These are carried out by our corporate SHE team and measure a site's compliance against our corporate standards to establish the degree of implementation and operational employee awareness. The outcome of these audits is discussed at RESPECT meetings.
Process safety performance indicators (PSPIs)	These determine the effectiveness of all programs and activities targeted at reducing process safety incidents. They are monitored at site level and reviewed at RESPECT meetings.
Start-up authorization procedure	We use a customized electronic platform to enable all appropriate safety and design issues to be considered, collated, reviewed, approved and documented prior to commissioning.

Preparing for emergencies

All our manufacturing sites need to be ready to provide a safe and competent response to an on site emergency. For each site we have identified the potential emergency scenarios and documented site emergency response plans. All employees are trained in the contents of the plan and take part in practical exercises relevant to their role in the event of an emergency. Innospec has partnered with Chemtrec in the US and Carechem 24 for all other global locations to provide emergency response support in the event of an incident involving one of our products, either during transportation to or at our customers' premises. They offer multilingual, 24/7 emergency response helplines and are staffed by trained chemists, with access to a complete library of our Safety Data Sheets, to enable them to provide initial support in dealing with incidents.

“ Our new course in ‘process safety hazards awareness and management’ that I co-designed for our operational management and engineering teams was a great success. Rather than taking a ‘listen and learn’ approach, we designed the new course to be very interactive.

The courses took place in Frankfurt and Houston with over 40 key people attending from our manufacturing sites around the world. This provided an invaluable mix of process knowledge, experience and roles. Participants were able to get to know their counterparts at different sites while having the opportunity to interact, understand and challenge each other on the critical issues around process safety hazards. The result was an incredibly enthusiastic, successful and insightful learning experience for all.

Marie Connor
Group SHE Manager

”



Health, safety and environmental training

Our ongoing training programs demonstrate our commitment to targeting zero accidents and minimizing the risk of accident or injury. We provide our employees with the information they need in a timely and effective manner so that safety is always at the forefront of people's minds. We are committed to continually raising standards. Environmental awareness training is also provided to operational employees to help manage and reduce our impact on the environment. Each year, teams from all our sites take part in a variety of site-specific training courses to enable employees to be competent and safe in their roles. We recorded over 26,000 hours of internal and external health, safety and environmental training in 2022 including a new updated course in process hazards awareness and management for our operational management and engineering teams, and a new wildlife management course for our Oilfield Services field operators. We continued to run our core courses in risk assessment, emergency response, firefighting, dangerous goods transport, first aid, process safety management, confined space, personal and respiratory protection, hearing conservation, working at height, fall protection, environment (ISO14001), energy saving, and waste management.

JTZH Our Journey To Zero Harm



OUR JOURNEY TO ZERO HARM



3,251 JTZH training courses completed by employees globally.



133,988 60-second checks completed.



11,774 safety interactions completed (20% increase).

Our company-wide Journey To Zero Harm (JTZH) program is our key strategic tool to help reduce accident numbers by encouraging everyone to take responsibility for carrying out a personal safety risk assessment before starting an activity. It consists of five elements:



Our JTZH program is now in its sixth year. Since it was first introduced, we have formally documented our strategy and defined the expectations and responsibilities of our corporate, business, regional and local management teams. A monitoring program is now in place to assess how well the program is being embedded at each site.

SHE coordinators at all non-manufacturing locations globally support the roll out of training packages and collate engagement data. Our training modules are designed to target the most common causes of accidents occurring at Innospec. The modules are translated into our five core languages and supported with a range of promotional materials to aid communication on site.

To help drive leadership and increase the number of interactions taking place within our site management teams, we have introduced a Managers Team Review process at our European manufacturing sites. The process aims to build ownership of the program at all levels of leadership and involves the discussion and review of the program cascaded to all levels of management, including team and supervisor leads.

Site initiatives to support behavioral safety

Each year our sites maintain existing programs or introduce new initiatives to help improve safety at a local level. Several of our locations operate a 'near miss of the month, quarter or year' scheme to encourage employees to report near misses.



Federico Saba, Adi Nicolae,
Paolo Piva, Claudio Averoldi,
Paolo Romagnoli, Fulvio Nocella
Castiglione Manufacturing & Engineering Team

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In 2022 our team took part in an important initiative to prevent Loss of Containment (LOC) chemical releases and spills from ‘open ends’ in our EVM manufacturing unit in Castiglione. ‘Open ends’ can legitimately exist within the process.

However, to minimize the risk of accidental release, the team had to identify, register and classify any ‘open ends’ to determine if they could ideally be eliminated, or actively managed by installing additional safety measures, like a plug or closed flange. Our group comprised people with different skills and experiences, and this was really useful in helping us highlight critical issues from different perspectives. After a few weeks we managed to identify and map all the points of potential hazard. The simple process of identifying even the smallest points of potential release of chemicals has helped us improve our overall culture of safety at the site. We are looking forward to sharing our findings with colleagues who were not involved directly in the project.

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Nicola Barbato
On behalf of the Castiglione Manufacturing & Engineering Team



Safety performance

At the start of each year, we set a group safety target of achieving zero fatalities or major work-related injury accidents to employees or third parties. We are pleased to report that in 2022 we met this target.

Each year we also set a group safety target of achieving a zero Innospec employee reportable lost time accident (IRLTA) frequency rate. Unfortunately, in 2022, there were four employee IRLTAs. Our IRLTA frequency rate as a result of these accidents ended the year at 0.10 per 100,000 hours. While disappointing to have any lost time accidents, this rate is below the UK chemical sector average of 0.13. As a minimum acceptable standard, we want to always perform better than the industry average for the UK chemical sector. Measures have been put in place to prevent similar accidents from happening again.

Safety KPI	2022 Target	2022 Metric
Number of fatalities	0	0
Number of lost time accidents (absent for more than 3 days)	–	4
Accident rate per 100,000 hours worked	–	2.78
Innospec lost time accident frequency rate per 100,000 hours worked	<0.13	0.10
DART (cases of days away from work/restriction/transfer) rate	–	0.77
CDAW (cases of days away from work) rate	–	0.25
TRC (total recordable incidents) rate	–	1.17

Addressing Loss of Containment (LOC) chemical releases and spills

We take the safe containment of process materials handled at our manufacturing facilities very seriously. All unintentional chemical releases and spills are reported and tracked, regardless of the quantity involved or the nature of the material. We also investigate them fully so we can understand exactly what has happened and remedy any underlying issues. All manufacturing facilities are required to develop and implement a LOC reduction program. Performance across the group is reviewed quarterly during the RESPECT meetings.

We have set up regional review teams and dedicated LOC improvement teams at all our sites to help identify trends, discuss challenges, and share best practice in LOC prevention. Across all our sites we took numerous actions in 2022 to prevent unintentional chemical releases and spillages. This included: site trend analysis, the introduction and application of a new open ends management guidance, improvements to preventative maintenance schemes of work, more robust engineering solutions, enhanced plant equipment labelling, employee training, improved communications, regular audits, and routine review meetings.

A new Corporate Guidance note was issued in 2022, to detail the requirements for minimizing the risk of a hazardous material being released from an unsealed ‘open end’ in a plant’s production process. An ‘open end’ is a length of pipework with only one valve or isolation between the process and the environment. The new standard required all ‘open ends’ to be identified, registered, and classified before being eliminated or managed.



// Over the last two years I have worked very closely with Christian Uerkwitz in the role of joint Managing Director (MD) at our site in Herne. As I approach retirement and get ready to hand over to Christian, I feel a great sense of pride in what our teams have achieved, in particular our excellent safety record.

In my 19 years plus as MD we have not had one single Innospec employee reportable lost time accident (IRLTA). That is an amazing record. We celebrated our 7,000th day by presenting our corporate safety award donation to our local charity Circus Schnick-Schnack. Looking forward, under Christian's careful stewardship, we will work to maintain our safety record. Every one of our 145 employees in Herne knows they must take personal responsibility for keeping themselves, colleagues and our company safe.

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Uwe Plattes
Joint Managing Director, Herne, Germany

Internal recognition

We believe that safe organizations are successful organizations, and it is important to recognize the good safety performance of our employees. One of the ways in which we do this is through our corporate safety awards and certificate programs.

Our corporate safety awards recognize manufacturing sites and associated operations that reach a calendar year or more without an Innospec employee reportable lost time accident (IRLTA). Each site achieving a milestone period is presented with a corresponding plaque and donation to a charity of their choice.

Our corporate safety certificate program recognizes key milestones of employee-hours worked without an IRLTA.

External recognition

Ellesmere Port, UK received its sixth Order of Distinction Award from the Royal Society for the Prevention of Accidents (RoSPA) for their excellent safety performance in 2022. The award acknowledges 21 consecutive years of achieving RoSPA Gold. In the US, we received a Cigna Healthy Workforce Destination 2022 Bronze Level Award. This recognizes our strong commitment to improving the health and well-being of employees through a workplace wellness program.

2022 corporate safety awards and certificates

Corporate safety awards

 **Gold award**
(US\$5,000 donation to charity)
9 years without IRLTA
Herne, Germany
Vernon, France
Salisbury, NC, US

7 years without IRLTA
Oklahoma City, OK, US

5 years without IRLTA
Midland, TX, US

Silver award
(US\$3,000 donation to charity)
3 years without IRLTA
Chatsworth, LA, US

Corporate safety certificates

 **Gold certificate**
2 million employee-hours worked
Pleasanton, TX, US
1 million employee-hours worked
Vernon, France

Silver certificate
1/2 million employee-hours worked
Castiglione, Italy
St Mihiel, France

Bronze certificate
1/4 million employee-hours worked
Ellesmere Port, UK

Corporate safety awards reporting started in 2013.



Employee well-being

Looking after the well-being of our employees is key to the success of our business. By providing ongoing support we can ensure we make the most of a person’s experience, professionalism, problem-solving, dedication and creative skills at work.

As well as providing annual health checks, flu and tetanus vaccinations, eyesight and hearing checks, we support employees with health care and mental health programs. We provide free fresh fruit at work and produce regular newsletters on health, lifestyle, welfare and nutrition.

In 2022, our employees took part in a range of activities to help themselves and others keep fit and improve their mental well-being. Whether it’s our cycle to work and bike leasing schemes in Ellesmere Port, UK, or our sleep quality program for employees in Leuna, Germany, we support numerous well-being initiatives. Other successes included the ‘Get Moving’ challenge in the US involving 172 participants across 15 teams. For further information on these well-being activities go to innospecsustainability.com.

UK Chemistry Industry Association (CIA) employee health metrics tool

Every year we use the CIA health metrics indicator tool to score and compare our health programs with industry best practice. The tool measures how we are performing across a range of issues such as health leadership, policies, audits, hazard control, monitoring, wellness support and rehabilitation programs, health promotion and education. Following the assessment, sites are allocated a score on a scale of A to D: A ‘Advanced’, B ‘Best Practice’, C ‘Controlling’ and D ‘Developing’.



CIA employee health metrics 2022 scores

C

100% of sites have maintained ‘**Controlling**’ rating as a minimum.

B

77% of sites have also reached ‘**Best Practice**’ rating.

A

8% of sites have also reached ‘**Advanced**’ rating.

A

69% sites have also reached ‘**Advanced**’ in some areas.

//

Our ‘Get Moving’ challenge was hugely popular. It kicked off in June and was open to everyone working at our various locations in the Americas. We ended up with 172 participants and 15 teams. Everyone who signed up received a cooling headband and a gift card.

As well as logging the time you were active, we all had to take part in three 30-minute fitness sessions each week over a six-week period. Altogether we logged 292,478 minutes of activity. I was thrilled to be named the winner of the 2022 ‘Get Moving’ challenge and I’ll definitely take part again. Getting active is good for your mind and health generally.

//

Zac Stephenson

Director of International Operations, Oilfield Services

Product safety and **consumer** well-being

To understand and manage the potential health, safety, and environmental risks of our products, we take a careful and considered approach to risk evaluation and assessment. To this end, our corporate regulatory team works closely with internal stakeholders, customers and suppliers to monitor and react to changes in hazard properties or exposure of our products.

The regulatory team is comprised of a global network of highly effective individuals with a wide variety of expertise. We have regulatory affairs professionals, toxicologists, ecotoxicologists and hazard communication specialists.

In addition to supporting our core business units, many of our corporate regulatory team members work collaboratively with a wide range of external industry bodies and research groups.

Our active participation and engagement in these trade associations and research groups allows for a mutual exchange of information covering both scientific and regulatory developments. It benefits Innospec, our counterparts and our customers.



We are proud to work with:

- ACC (American Chemistry Council)
- CIA (UK's Chemical Industries Association)
- CEFIC (European Chemical Industry Council)
- ATC (Technical Committee of Petroleum Additive Manufacturers in Europe)
- CESIO (European Committee of Organic Surfactants and their Intermediates)
- ERASM (Environmental and Health Risk Assessment Management of Surfactants and Detergents)
- CTPA (Cosmetic, Toiletry and Perfumery Association)
- EFFCI (European Federation for Cosmetic Ingredient Manufacturers)
- EOSCA (European Oilfield Specialty Chemicals Association)



Global chemical regulations

As chemical regulations on a national and regional scale continue to evolve, we work hard to ensure that our products comply with ongoing changes in legislation.

In 2022, the European Commission focused on developing further regulation and implementing their flagship Chemicals Strategy for Sustainability (CSS) project. This is part of the wider European Green Deal.

The key actions to emerge from this process included public consultations and workshops on the outlined concepts and proposals, a proposal for the revision of the REACH Regulation, a roadmap setting for EU REACH restrictions and recommendations on the European assessment framework for 'safe and sustainable by design' (SSbD). There was also an initiative to revise the regulations of classification and labeling, including the introduction of new classes for hazards; endocrine disrupting (ED), persistent, persistent mobile and toxic (PMT), or very persistent and very mobile (vPvM).

Our regulatory team monitors and evaluates developments under EU CSS to ensure we are proactively prepared for any forthcoming or potential changes in legislation.

Staying compliant with REACH

To ensure we remain compliant with current EU REACH regulations, we continued to submit new registrations for substances newly introduced to the market in 2022. Under European regulations, it is a legal requirement to pro-actively review and update dossiers with the latest information and subsequently assess any impact it has on the safety of workers, consumers, and the environment. To this end we continued with our ongoing commitment as a signatory member company to the CEFIC Dossier Improvement Plan. This year, we updated 31 of our registration dossiers. We remain on schedule to complete reviews and resubmissions of all registration dossiers by the 2026 target date set by CEFIC and complete all our obligations under the Plan.

After Brexit, we actively participated in UK government consultations and workshops on future chemicals strategy and regulations. Following the consultations, the proposal is to extend the registration deadlines of UK REACH.

This change will coincide with an alternative registration model (ATR) proposed in response to stakeholder concerns regarding the cost of acquiring and submitting the required data to complete their 'grandfathered' registrations. The model will aim to reduce costs to businesses of this transition, while also ensuring high levels of human health and environmental protection remain.

We have successfully completed the initial 'grandfathering' of our existing EU REACH registrations into UK REACH. We await the outcomes of the registration deadline changes and ATR proposals before making necessary preparations to complete the UK registration process.

Product stewardship

Paramount to our product stewardship activities is providing our customers with the information needed to ensure the safe handling, use and disposal of our products. We use the IT software system Intelligent Authoring[®] supplied by Sphera[®] to support our regulatory function. The system supports several critical aspects which underpin our product stewardship activities and commitments. It facilitates the publishing of safety data sheets (SDS) in over 40 languages for 5,000+ products. Additionally, it generates labels for multiple destination countries. The software is also used to cross-check global chemical inventory compliance, such as the Toxic Substance Control Act (TSCA) in the US. Most importantly, Intelligent Authoring[®] holds the physical chemical (eco) toxicology, environmental-fate and hazard classification data for over 20,000 individual substances that we continually use and/or monitor.

We are committed to minimizing the environmental impact of our products through all stages of their development. Our regulatory team are involved at the early stages of research and development to provide the required support for all new products from first concept. Through careful product stewardship we aim to deliver innovative and sustainable products with increased performance and value without harming people or the environment.

Responsible Care®

Responsible Care® is a global, voluntary initiative developed by the chemical industry to continuously improve environmental, health and safety performance. It runs in over 70 countries around the globe, and it has been adopted by virtually all of the top 100 largest chemical producers in the world.

We are a long-term participant and signatory to the International Council of Chemical Association's (ICCA) Responsible Care® Global Charter and we have also been a member of the UK Responsible Care® program since its inception in 1988. Innospec Fuel Specialties LLC have held their Responsible Care® management system certification since 2007.

Animal testing

Compliance with regional and international chemical regulations is non-negotiable and replying promptly and professionally to checks from the European Chemical Agency (ECHA) on our EU REACH registered substances is an integral part of our ongoing commitment to compliance.

Unfortunately, many regulatory authorities still require animal testing to assess the (eco)toxicological properties of new and existing products. We are committed to eliminating or replacing this requirement by using suitable alternatives, when these are appropriate from a scientific and legislative standpoint. We are currently working closely with industry groups, our registration partners and external testing facilities to develop other robust scientific strategies that minimize unnecessary animal testing. We collaborate with contract research laboratories and universities to deliver and promote groundbreaking and novel animal-free safety science for our products.

In 2022, we actively progressed novel non-animal testing approaches for several of our EU REACH registered substances that are used as ingredients in personal care products. Most importantly, some 10,000 animals could be saved following the successful submission of our New Approach Methods (NAMs) and Next Generation Risk Assessment (NGRA) strategies. The dossiers are scheduled to be submitted to ECHA for review in 2023. We are also active members of the Animal-Free Safety Assessment (AFSA) Collaboration and the International Collaboration on Cosmetics Safety (ICCS).

Life cycle and carbon footprint assessment

Companies, including Innospec and our customers, want to better understand the impact our products are having on the climate. Assessing the life cycle or carbon footprint of our products provides the baseline needed to implement an effective sustainability and carbon reduction strategy. In 2022, we recruited an internal Life Cycle Assessment (LCA) Officer and implemented a project to evaluate a number of key products with the aim of developing an internal methodology and signoff process.

Our methodology for assessing a product's life cycle and carbon footprint align with the following standards:

- ISO 14040 'Life Cycle Assessment – Principles and Framework'
- ISO 14044 'Life Cycle Assessment – Requirements and Guidelines'
- ISO 14067 'Greenhouse gases – Carbon footprint of products – Requirements and guidelines for quantification'



“

It is great to work for a company that is committed to the use and deployment of novel non-animal testing approaches to ensure the safety of the chemical ingredients we manufacture, that are present in everyday products like sunscreens, anti-perspirant deodorants, shower gels and shampoos.

On both a personal and professional level, it was really satisfying to advance the science and challenge the status quo to avoid animal testing under the EU REACH regulation for some of these ingredients through extensive experimental testing and modelling programs throughout 2022. We collaborated closely with several critical partners to ensure the new data will be ready for submission to the European Chemicals Agency in 2023. Our team did a fantastic job, and we believe the initiative we have taken for just four of these ingredients could potentially spare approximately 10,000 animals from unnecessary testing to demonstrate safety and compliance with EU REACH.

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James Dawick
Senior Toxicology and Risk Assessment Manager

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As a Talent Development Specialist, my role is to develop a learning strategy for the business.

This is my opportunity to contribute to the growth of our business by supporting development activities across all employee groups, including our next generation of stars. What is really satisfying is that it gives me the opportunity to understand our business better. I can then use this knowledge to unleash the talent and maximize the potential of our people.

Dr Dickson Ojukwu

Talent Development Specialist

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Investing in our employees

Investing in the growth and development of our employees helps us achieve long-term success. We want them all to have the skills, commitment, and enthusiasm to grow our business and add value for our shareholders. We are committed to supporting career development and continued education at every stage of our employees' careers.

We want Innospec to be an attractive career choice for both new recruits and long-term employees. As a company, we are proud of our high levels of employee retention. Over 54% of employees have been with us for over five years and 35% have worked with us for over ten years. We recognize that operating as a responsible business is a minimum expectation for people when looking for potential career opportunities.

Diversity

Our business benefits from a diverse range of skills and creativity thanks to the geographical and cultural spread of our operations. People are employed based on merit and ability. We welcome individuals from all backgrounds and aim to treat them with dignity and respect. Current and prospective employees are accorded equal opportunities irrespective of gender, marital status, sexual orientation, race, color, ethnic or national origin, age or disability, religion or belief.

Human rights

Our Human Rights Policy outlines Innospec's commitment to respect internationally recognized human rights standards, including the principles of the United Nations' Universal Declaration of Human Rights, the United Nations' Guiding Principles on Business and Human Rights, the International Labor Organization (ILO) Principles and the UN Global Compact. It provides a summary of the human rights (including labor rights and others) that are salient to our operations. It details how we will implement our commitment and our expectations of employees, business partners and other relevant parties.

To view our Human Rights Policy go to innospec.com/about-us/corporate-governance

We have implemented standards and processes that require all our employees to act in a fair, ethical and lawful manner towards communities, customers, suppliers, colleagues, investors, and other business partners. As well as having policies, processes, and monitoring mechanisms within our own operations, we expect the same standards of our business partners.

Development and training

To build a sustainable business we need a competent and experienced workforce. To achieve this, we offer both internal and external training across our global business to support the continual development of our employees. We are committed to the STEM (science, technology, engineering and mathematics) approach to learning and development.

We develop specific, targeted training at group level. An example of this is our Leadership program. This two-stage program is offered through our training partners who provide instructor-led sessions and post-training coaching which is tailored towards upskilling our front-line management.

In 2022, we engaged a third-party facilitator to deliver new training programs in soft skills including 'Effective Communication' and 'Giving and Responding to Feedback'. 26 managers took part from the UK, Belgium, France, Poland and Italy. We have also introduced our new Key Management Skills development program which will be delivered in the Americas and EMEA. Around 120 managers are expected to join the program in 2023.

To find out more information on our different training programs go to innospec.com/about-us

Succession planning

Preparing our future leaders to take our organization to the next level is key to building a sustainable business. Our succession planning program for strategic roles ensures our business continues to thrive even when the individuals change positions. Our focus is on finding the right people to fulfill key functions within the organization. We look for potential within our existing workforce and continue to educate and support individuals, so they develop and excel within our structure.

Recruiting for the future

In 2022, we implemented a number of projects to increase our recruitment pipeline and attract qualified candidates to apply for vacancies. Our aim is to enhance the overall efficiency of our hiring processes across the company in a competitive labor market.

We launched a new recruiter platform on LinkedIn, attended local recruitment fairs, participated in initiatives to promote local employers, and developed new communications tools for targeting interns from regional colleges and universities.

Supporting a sustainable workforce

We offer opportunities to young people in the form of apprenticeships, paid internships, trainee programs and work experience at several of our locations around the world. We provide participants with tailored programs that offer comprehensive practical training and experience.

Sharesave Program

Our global Sharesave Program is available to every employee across all businesses and countries. All those who participate save a set amount of money over a fixed period. At the end of that period, participants can choose to either buy Innospec stock at a discounted price or receive the money saved. This has proved to be an excellent way for employees to participate in the success of our business. In 2022, we launched our fourth global Sharesave Program.



Supporting a sustainable workforce.
In 2022, we offered

-  **40 paid internships.**
-  **31 apprenticeships.**
-  **27 student placements.**
-  **19 work experience opportunities.**



“ Spending my ‘Year in Industry’ placement with Innospec has been a truly rewarding experience. As a Chemistry student, it’s been great to follow the whole product development process from first steps in the laboratory through to manufacture of the final formulation. The support received and the different opportunities presented to me have been amazing and given me the chance to learn new skills.

During the year I’ve been involved in everything from training distributors to welcoming school children on a visit to our laboratories in Ellesmere Port, UK. Along the way, my problem-solving, communication, teamwork and presentation skills have all improved, through having worked with so many different people from all over the world. I will return to university to complete my degree in the knowledge that my career is heading in the right direction. I now know what I am looking to achieve after graduation.

Connor Eddleston
Chemistry MChem, Year in Industry, University of St Andrews

Community engagement

Support given to local 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 total social value and community contribution was over US\$695,000.



In 2022 we contributed

♥ **US\$695,000**
total social value.*

💰 **US\$564,000+**
direct monetary
contributions donated
by Innospec.

🕒 **516**
volunteering hours
worked by our employees
for good causes.

🌐 **160**
organizations supported
globally through our social
value activities.

*Social value captures the value and impact of our global community contribution. This includes monetary donations, volunteer time and in-kind donations.

Community open days and school visits

In 2022, we were pleased to hold community open days once again at some of our sites following the lifting of Covid-19 restrictions in recent years. At Ellesmere Port, UK, we held two separate school visit days for Helsby High School. Enthusiastic pupils aged between 14 and 15 enjoyed making shampoos and shower gels in a professional chemistry lab, after which many left inspired by the role of a chemist. In Leuna, Germany, we held two successful community open days for local residents and interested groups, where approximately 60 people joined a plant tour.





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

Business contributions to charity in 2022

We are long-standing supporters of the PenFed Foundation's Military Heroes Program in the US. The organization provides much needed support to wounded, ill and injured veterans, service members and their families, to help them adapt to life back at home. In 2022, we held our annual Fuel Specialties and Oilfield Services charity golf tournaments for PenFed. The total raised by both golfing events was US\$315,000. This brings the total raised since we started our annual charity golf tournaments in 2007 to over US\$1.8 million.

Our Fuel Specialties business donates to Schutzgemeinschaft Deutscher Wald e.V (SDW), the German Association for the Protection of Forests and Woodlands, for every liter of ecotherm® futur sold. This is used to support forest conservation, protection, replanting projects and free forest education and information programs for schools and communities. Donations made on 2022 sales bring the total raised since the partnership began in 2008 to over €369,000.

Fundraising by Innospec's sites

Our sites around the world were involved in numerous fundraising activities during 2022. Our people developed a range of creative ideas to help their local communities and their enthusiasm was boundless. From taking part in sponsored sporting events to promoting employee blood donor sessions, we embraced a wide range of initiatives to support the places where our people live and work.

For example, in Castiglione, Italy, we donated money to a charity assisting children with autism, psycho-physical and relational handicaps. In Ellesmere Port, UK, we sponsored the local Chester Half Marathon. At High Point in the US, we sponsored the Guilford Merchants Association by donating a professional float for the High Point Festival Parade. In Oklahoma, US, we donated to a tree planting fund for the local community.

Social sourcing

Since 2017, our site in Vernon, France, has continued to support a local workwear laundry 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. Similar arrangements have been set up at Castiglione, Italy, to clean our site offices. The local organization, Saint Lucia Social Cooperative provides opportunities to disabled and disadvantaged people.



Oilfield Services charity golf tournaments for PenFed, US



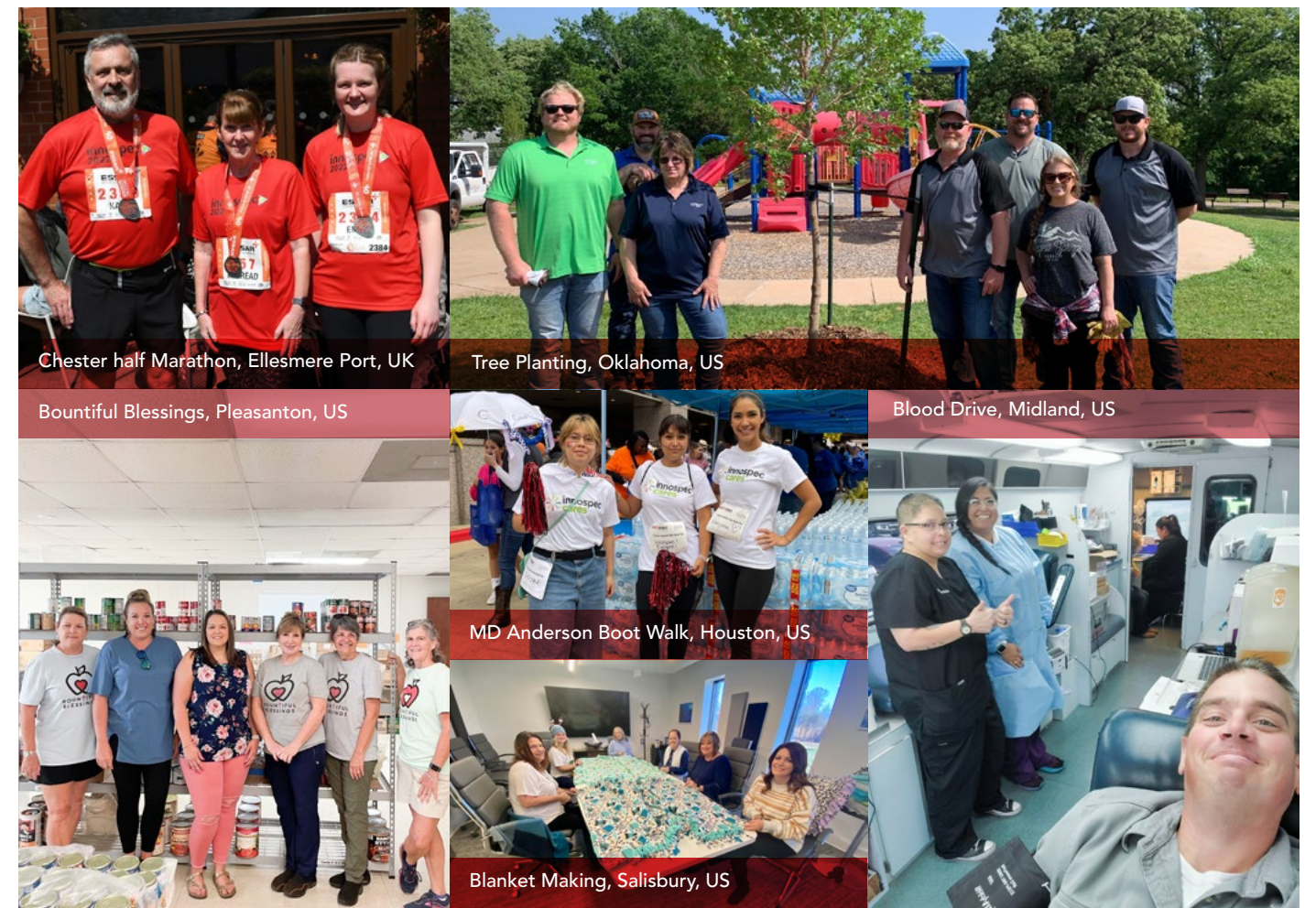
Tree planting fund for the local community in Oklahoma, US



innospec cares

Innospec Cares is our global charitable giving and volunteering program that encourages employees to support and engage with our local communities. Having entered its seventh year in 2022, we have now raised over US\$1.2 million together with our employees. These funds have supported 398 wide-ranging community groups and charities around the world.

In 2022, we received 111 applications from 22 Innospec locations helping to raise nearly US\$195,000. Our employees also took part in volunteering activities providing 516 hours of practical support to the communities in which we operate.



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.



Global Innospec Cares

charitable

activities in 2022

Each year our global charitable giving and volunteering program helps support local or national organizations. Our focus is on supporting disadvantaged groups, human health and well-being, educational support and environmental projects. Take a look at a small sample of the activities we were involved in.

2022 volunteer days

- Employees from our Castiglione, Italy, site volunteered with the Italian Red Cross, preparing food packages, organizing the warehouse and distributing food and gift parcels to those in need over Christmas.
- Eight of our Salisbury, US, employees helped Meals on Wheels Rowan to ensure homebound seniors and individuals with disabilities were given nutritious meals throughout the year. They also distributed blankets, gloves and hats they knitted themselves.
- In Pleasanton, US, 12 volunteers were involved with the Bountiful Blessings Food Pantry throughout 2022, helping to hand out food, direct traffic, and load food into vehicles.
- Nine employees from our Englewood, US, site volunteered with A Precious Child, helping children from lower income backgrounds fulfill their potential. They filled 300 backpacks with school supplies and handed them out to children.

Charitable giving through match funding

- Innospec Cares match funded the amount raised by our employees, on a US\$2 for every US\$1 basis of those participating in the following fundraising activities:
- Ten of our employees in 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.
 - Over 80 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.
 - Three employees 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.

For more information on all our charitable activities go to [innospecsustainability.com](https://www.innospecsustainability.com)



I know I speak for all of us when I say we were so grateful to volunteer with A Precious Child. It was a wonderful experience. Hopefully we can continue to support this incredible organization for many years to come.

We saw firsthand how A Precious Child is making a real difference to children from lower income backgrounds, helping them fulfill their potential. Thank you to everyone who supported our efforts and for giving back to our community. Volunteering with Innospec Cares can make a real difference to people's lives.

Team Innospec, Englewood, US



Out of all the fundraising we have done for charities, Claire House Children's Hospice has to be the one that really touched me. It gives a massive boost to the runners and the charity to know that a global business such as Innospec is supporting them.

Handing over this incredible sum of money to Claire House was really moving for us. So much so that they have invited our team and anyone from Innospec Cares along to see the fabulous work they do at the hospice.

Team Innospec, Ellesmere Port, UK



Governance

Leading by example

What you will find in this section of the report

- > Legal compliance
- > Managing third parties responsibly
- > Managing information securely

What's next?

We will be conducting an annual transparency and risk mapping exercise for our 2022 palm volumes, targeting 100% transparency to the mill level. Find out more about our future plans on page 91.

Our focus areas for governance are:

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. Implementation of robust operating systems and processes that protect the security of the company, its employees, information and intellectual property.

Third-party management

Verifying that our supply chain complies with legal, ethical and social requirements, while also finding opportunities for environmental improvement and economic efficiency.

Legal compliance

Legal compliance is non-negotiable and we take the issue very seriously. We have robust systems and procedures in place to ensure our employees, third-party representatives (including agents, distributors and consultants), suppliers and other stakeholders act legally, responsibly and ethically.

An effective governance structure

A clear and effective governance structure has been established to oversee, monitor and report on our activities. Our Legal Compliance team comprises highly experienced experts who advise on a wide range of issues, from anti-corruption measures to export controls and trade sanctions. External advisors provide additional support on specific issues when required.

Every quarter our Nominating and Corporate Governance Committee (NCGC), a sub-committee of the Innospec Board, meets with the Legal Compliance team to review our compliance program and performance. Key compliance issues are also shared and discussed with our Compliance Steering Group (CSG) at their quarterly meetings. This group is comprised of key business leaders across our organization. This enables NCGC feedback to be promptly fed back into the business, legal compliance matters to be discussed and improvements implemented.

In 2022, Innospec’s President, Fuel Specialties and Vice President, Fuel Specialties Americas joined the CSG. Our Compliance Counsel was promoted to Senior Compliance Counsel. The role of Compliance Counsel was then internally filled by one of our compliance paralegals who recently qualified as a solicitor.

Policies and procedures

All our compliance policies and procedures are formally reviewed every two years and updated where applicable. Interim reviews also take place as and when the need arises. This ensures our compliance program is efficient and continues to support our corporate governance needs.

To view our key policies and procedures go to innospec.com/about-us/corporate-governance

During 2022, we reviewed and updated the following documents:

- Competition Law Policy
- Conflict Minerals Policy
- Export Controls and Trade Sanctions Policy
- Gifts, Hospitality, Charitable Donations and Sponsorship Policy
- Modern Slavery Statement (2021) in new format
- Supplier Code of Conduct
- Third Party Representative Approval Use Guide
- US Uyghur Forced Labor Prevention Act Compliance Guidance

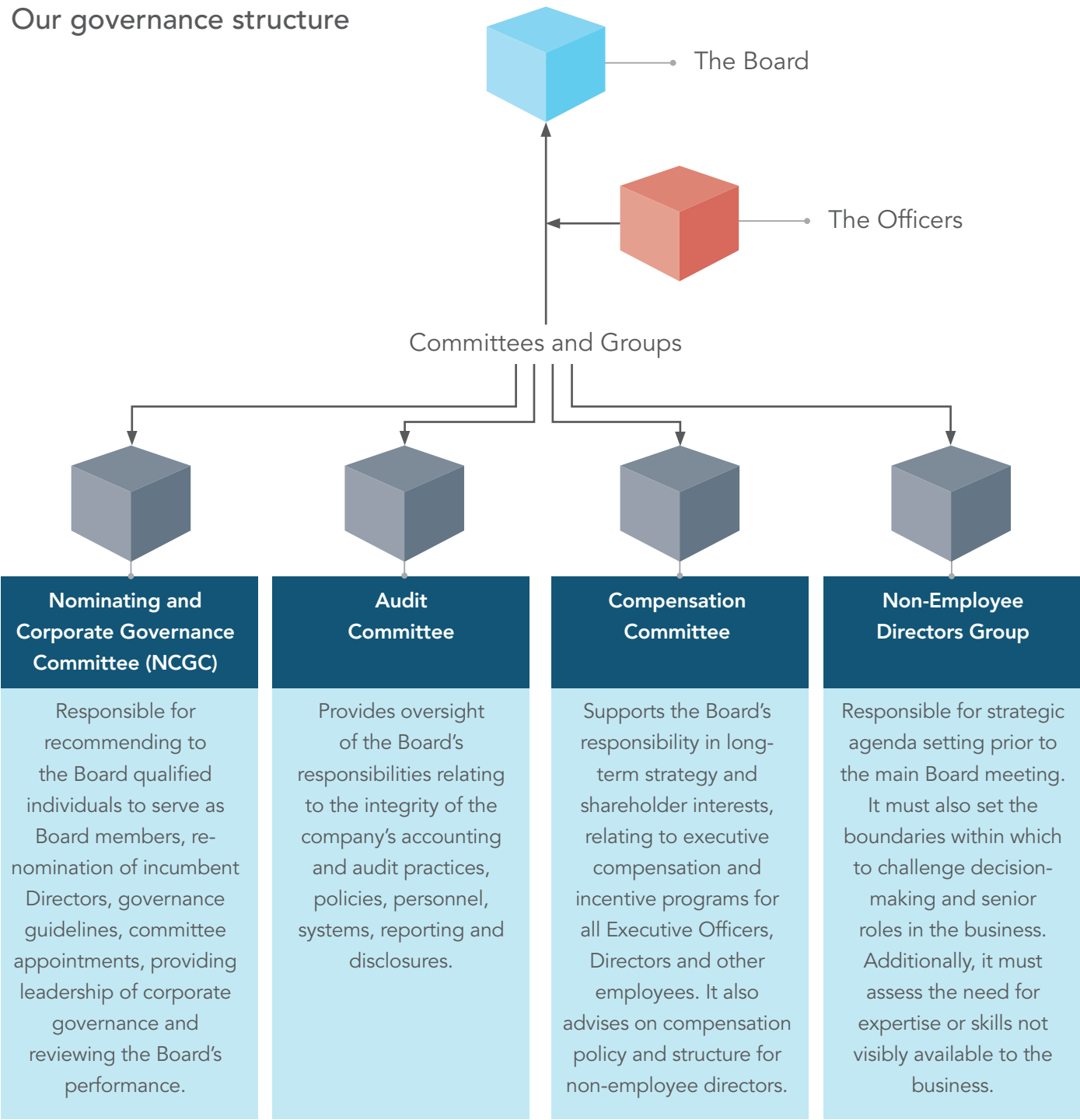
We also reviewed and approved the following policies and procedures at the end of 2022 ahead of issuing them in 2023 - Code of Conduct; Anti-Corruption Policy and Corporate Governance Guidelines.

Our internal business assurance audits

Our legal compliance team conducts several compliance-related audits each year alongside our existing rigorous external and internal business assurance audits. The objective is to monitor our compliance with various policies and procedures. We assess the related compliance risks and mitigate any identified.

In 2022, we conducted a legal compliance audit on our Oilfield Services business in the US. The audit covered three distinct business entities, namely Bachman Services, Inc., Strata Control Services, Inc. and Specialty Intermediates, Inc. The audit returned a ‘Good’ rating, with a strong compliance culture, good awareness of policy requirements, inclusion of compliance factors in employees’ performance objectives, and high level of employee confidence in reporting any concerns. A small number of minor recommendations were

Our governance structure



made to further strengthen compliance processes, including recognizing and better accommodating local market practices.

Compliance training for employees

We develop and deliver both in-person and compulsory online training on various aspects of legal compliance. This ensures our employees have a good understanding of the rules and related risks as they apply to our business. Our online training platform is provided by SAI Global.

Our core employee compliance courses are:

- Code of Conduct
- Anti-corruption and Anti-bribery
- Competition Law/Anti-trust
- Export Controls and Trade Sanctions
- Modern Slavery
- Data Protection
- Gifts and Hospitality

We also deliver training in other relevant areas. In 2022, this included modules on Effective Trade Compliance and Spotting and Preventing Fraud.

Overall, we reported a completion rate of 100% for our annual employee compliance certification (code of conduct and combined which comprises; code of conduct, anti-corruption and export controls and trade sanctions) program, with no disclosures made. For the full year we reported a completion rate of 99.16% for our employee compliance training program. The equates to 4,840 training courses delivered to 2,166 employees.

Whistleblowing procedure

Employees with concerns about illegal, fraudulent, or unethical actions can report them to any manager or our legal compliance, HR or business assurance teams. Alternatively, they can use our confidential reporting hotline EthicsPoint. This is available 24 hours a day, 7 days a week. Where local laws allow, the service can be used anonymously. It is operated by an independent third party using local call numbers and online access and is also available for reporting by third-party stakeholders.

In 2022, we received six reports to EthicsPoint. Five were related to HR with four found to be unsubstantiated. The fifth case was investigated and is now closed. The other report related to a compliance issue and was still under investigation at the time of printing this report.

Treating everyone with dignity and respect

We firmly believe that all people should be treated with dignity and respect. It is one of our core values and we are committed to providing a work environment where every employee is treated appropriately.

We do not tolerate disrespectful or inappropriate behavior, unfair treatment, or retaliation of any kind. Discrimination and harassment, including sexual harassment and bullying, are not tolerated in the workplace or in any work-related circumstance outside the workplace. Any acts of unfair treatment will not be tolerated. We treat all complaints of physical, sexual, psychological, verbal harassment or abuse, discrimination, bullying or other forms of intimidation seriously, investigate promptly and, where appropriate, take action.



During 2022 we worked with key business stakeholders to modernize our Code of Conduct and Modern Slavery Statement.

We used real world examples in compliance training to help maintain the relevance of our compliance program and accommodate legal and regulatory requirements and lived experience of compliance.

Rachel Clark
Assistant General Counsel
(Compliance)

Managing third parties responsibly

Third-party compliance

Ensuring our supply chain complies with legal, ethical, environmental and social requirements is key to the sustainability of our business. All potential customers and suppliers are subject to compliance screening to check that they are not currently on any global sanction or debarred lists. We also undertake compliance due diligence on our agents, distributors and certain consultants (third-party representatives).

The level and frequency of due diligence conducted depends on risk factors such as the nature of the relationship with the third-party representative, territory of operation and business division. We routinely put accounts on hold where there are any compliance-related concerns and only release them if and when the issues are resolved. We will also terminate contracts for compliance-related reasons where necessary.

In 2022, a small number of third-party representative accounts were placed on hold because of delays in completing due diligence checks. The holds were lifted once our requirements had been met.

All medium and high-risk third-party representatives are required to complete our online Anti-Bribery for Business Partners training course and an annual Anti-Corruption and Code of Conduct online compliance certification. If the training or certification is not completed within a specified timeframe, we withhold approval for the appointment of that third-party representative or place their account on hold, meaning no sales orders can be processed, or work commissioned. If training or certification is still not undertaken within a reasonable extension period, the relationship is terminated.

At the end of 2022, our third-party compliance training and certification completion rates were 95.1% and 100% respectively, with no disclosures made. Four third-party accounts were placed on hold during the year for failure to complete the annual certification. This was lifted once the certification was completed.

Sanctions and export controls

Throughout 2022, we took action to implement sanctions and export controls made in response to the Russian invasion of Ukraine and for the wind-down of our Russian operations.

Supplier Code of Conduct

Our Supplier Code of Conduct was reviewed and updated in 2022. It covers the key areas of legal compliance, business integrity, human rights and safety, health and the environment. The document explains clearly how we expect business to be conducted, what management controls and procedures should be in place, how we expect suppliers to treat employees and the types of record keeping required to provide total transparency. Mandatory compliance by suppliers with our Supplier Code of Conduct is included in our standard terms and conditions of purchase.

Conflict minerals

We are committed to the responsible sourcing of materials which includes any conflict minerals that are ‘necessary to the functionality or production’ of our products, as defined under Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act and also according to the requirements of the EU Conflict Minerals regulation.

Our Conflict Minerals Disclosure for the calendar year ending 31 December 2022 is published at [innospec.com](https://www.innospec.com)

EcoVadis supplier assessment

EcoVadis has been used for assessing our key global suppliers since 2016. The platform enables us to rate the relative risk of suppliers against a database of over 100,000 global companies in over 175 countries. Our supplier evaluation process incorporates EcoVadis assessment scores into our purchasing and procurement systems and procedures and it is a requirement for all suppliers meeting agreed spend thresholds.

Throughout 2022, we have continued to promote the EcoVadis platform, with 70% of our global spending now made through suppliers who are in scope of the initiative. At the end of 2022, 305 suppliers had either been assessed or were in the process of completing an assessment.

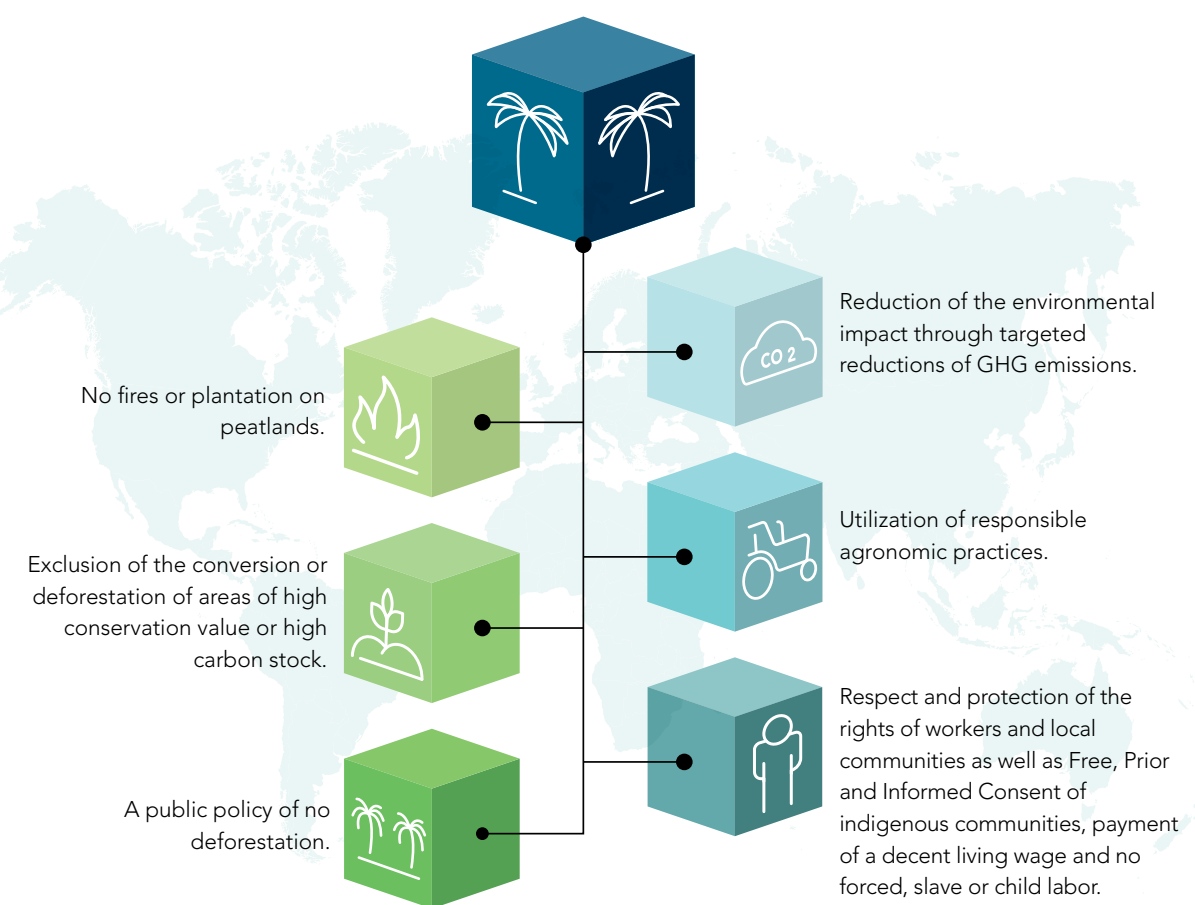
While we continue to bring new suppliers onboard that meet our criteria, we have also continued to focus on targeting our lowest scoring/higher risk suppliers to help them better understand the output of the evaluation. This process involves liaising directly with both the supplier and EcoVadis to understand and address any identified areas of poor performance. Corrective action plans are then put in place to target improvement in their rating across the four pillars of the platform. Of the 19 accounts identified as higher risk at the start of 2022, nine have since renewed their scorecard with an average 33% improvement on their previous rating. As a result, our average supplier score has now increased from 58 in 2021 to 60.5 in 2022, which remains significantly higher than the EcoVadis average of 45.1.

Sourcing sustainable palm oil

Global demand for palm oil continues to increase. It offers a far greater yield at a lower cost of production than other vegetable oils. As demand increases so has the expansion of palm plantations which has come at the expense of tropical forests and the conversion of peatland forests. This has had an adverse effect on the environment and local communities living in these areas. We use relatively small volumes of palm oil and palm kernel oil derivatives in a number of our performance chemicals products. However, we recognize we have an important role to play in driving the sustainable sourcing of palm oil for use in the markets in which we operate in.

As a member of the Roundtable on Sustainable Palm Oil (RSPO) since 2013, we have a long-term commitment to source palm-based raw materials responsibly. All our facilities that handle palm-based materials are RSPO mass balance (MB) supply chain certified. We are therefore able to supply our customers with RSPO MB certified products on request and we encourage them to do so.

Our Sustainable Sourcing of Palm Oil and Palm Kernel Oil Derivatives Policy was reviewed and updated in 2022. The policy defines our commitments and the steps we are taking towards ensuring that our products are produced only from sustainable palm sources that comply with the NDPE (no Deforestation, no Peat, no Exploitation) compliance based on the following:



Innospec was nominated for one of the RSPO Excellence Awards in 2022. The Shared Responsibility for Market Transformation Award honors RSPO members for outstanding contributions across key impact areas. We are now included on the Shared Responsibility 'Wall of Fame'.

Going forward we will continue to engage with our suppliers to work towards all palm-based material we procure being sourced from sustainable sources that comply with NDPE principles. Our Palm Supply Grievance Procedure details the process to be followed and the timescales for any palm grievance or concern received to be investigated and resolved in a timely, transparent and effective manner. We also maintain a palm grievance tracker on our website which provides a summary of the alleged palm-related grievances that we have received from third parties, along with the status and outcome of our investigation.

Palm supply chain transparency



Increasing the transparency of our palm supply chain helps us to identify NDPE risks and prioritize actions in our supply chain. In 2022, we worked with our direct and indirect suppliers to conduct our fifth annual palm transparency and risk mapping exercise to evaluate our 2021 palm

volumes. Supply chain transparency was achieved at 97% at the refinery level, 96% at the mill level and 33% at the plantation level. Overall, the transparency results achieved indicate a high level of transparency. We are making good progress and continue to engage with our suppliers to work towards our objective of reaching 100% transparency at mill level.



ASD

ACTION FOR SUSTAINABLE DERIVATIVES

ASD – Action for Sustainable Derivatives

We have been members of Action for Sustainable Derivatives (ASD) since 2020. The collaborative initiative aims to use a harmonized approach to supply chain transparency, risk monitoring and engagement efforts to improve practices. The industry led group brings together like-minded companies to collectively tackle supply chain issues around palm oil and palm kernel oil derivatives and uphold the NDPE principles, respect human rights and support local livelihoods.

SUSTAINABLE DEVELOPMENT GOALS



Life on Land

We recognize that palm products are a valuable natural resource sourced from high-yielding and land-efficient plantations. Increasing demand for palm oil and palm kernel oil has led to the rapid expansion of palm oil plantations. This in turn has had an adverse effect on the environment and the local communities living in these areas. Relatively small volumes of palm and palm kernel oil derivatives are used in some of our product ranges. However, we understand the importance of our role in transitioning to more sustainable practices, including NDPE (no Deforestation, no Peat, no Exploitation) compliance.

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As a company, we recognize the important role we must play in helping to drive market transformation in the use of sustainable palm oil.

That is why we will continue to promote the sustainable sourcing of palm oil by engaging directly with our suppliers and through collaborations such as ASD and our membership of RSPO. We were delighted to be nominated for the RSPO Shared Responsibility for Market Transformation award in recognition of our efforts and progress in this area. Only by working collectively together at all stages of the supply chain can we address the issues and promote sustainable practices.

Helen Coy

Global Senior ESG Manager

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Our policy, implementation action plan, and palm grievance procedure and tracker can be viewed at innospecsustainability.com

Managing information securely

We make extensive use of the latest information technology tools to manage our business effectively. Maintaining high standards of security to avoid loss or corruption of data is critical. We are a member of both the British Computer Society (BCS) and The Chartered Institute for IT (Information Technology) and uphold the BCS Code of Conduct. This sets out important standards governing a member's actions in relation to public interest, competence, integrity and professional responsibilities. We also continue to improve our alignment with, and measure our performance against, the USA National Institute of Standards and Technology (NIST) Cyber Security Framework.

The governance and responsibility of our information security is overseen by our Board, but policy actions are the responsibility of our IT Steering group. The group, who meet quarterly, reviews our information security strategy, objectives and key performance indicators. It also agrees on standards and processes and develops any information security related capital programs. They provide a written report to the Board on a quarterly basis, together with an annual presentation.

Reporting into the IT steering group is our IT leadership team, which is responsible for proposing strategy and implementing information security systems alongside managing training and security standards. The team also oversees our information security incident management process.

Our Legal Compliance team also provides important input and insight into the IT steering group. They review our global information security policies and procedures to confirm they are aligned with international data protection requirements.

Digital transformation

Innospec's digital transformation continued throughout 2022. During the year we successfully migrated our primary data center, systems and applications into Microsoft Azure. We also launched our Optimus program to implement a new global enterprise resource planning (ERP) software package, SAP's S/4HANA, over the next four years.


This program, when completed, will bring all our ERP, customer relationship management (CRM), planning, analytics and governance risk and compliance (GRC) capabilities, into one ecosystem for the first time. It also presents a huge opportunity for simplification and expansion of reporting across all our business operations.


Securing our data and applications remains the most important task that Innospec's IT function performs day-in-day-out.


Every member of our global IT function plays an important part in keeping Innospec's networks, data and applications safe and secure. As a department, we all share responsibility for and contribute to helping ensure that we embed and foster a cyber security awareness culture across our organization.

Jonathan Mortlock, Global IT Director

In 2022

 **1,602** employees completed our Cyber Security Awareness Training module.

 **1,768** employees completed our Global Cyber Security Policy training.

 **1,767** employees completed our Christmas Phishing Attack Awareness module.

Cyber security

Cyber security is a subset of our wider information security practices. It focuses on defending our IT systems and electronic information. New threats and vulnerabilities materialize daily, and maintenance of cyber security continues to be a challenge for all businesses globally. It is vital for organizations to combat these threats by creating a risk-aware culture and by ensuring that we have appropriate protections in place to manage cyber risks regarding identity, applications, data, and devices.

In 2022, we implemented a new global Cyber Security Management Policy that now underpins all our activities. As part of that new policy framework, we have adopted the Microsoft Defender platform as our Endpoint Detection and Response solution and vulnerability reporting platform. We will continue to explore the capabilities of this ever-expanding security service from Microsoft.

Our alignment with the NIST Cyber Security Framework (covering the five core areas of Identify, Protect, Detect, Respond, Recover) continues to mature. Our latest independent third-party assessment, undertaken in late 2022 by NCC Group, reported that our cyber security maturity level had further increased within the 'Defined' level ranking from a score of 3 in 2021 to 3.3, a result that sits very well against our industry peers.

For more information go to
nccgroup.com/uk/compliance

Information security training

Cyber security in the workplace is everyone's responsibility. We issue regular communications to raise awareness of how to stay safe online, how to protect against online fraudsters and prevent organized cyber attacks on our business. Our employees, including Board members, are given regular training on cyber security related topics via our "KnowBe4" global training platform. They cover a range of topics including access control, acceptable use and cyber security threats, such as phishing. Compliance is compulsory for all employees and tracked on an individual basis. In 2022, we ran nine training and awareness campaigns and two phishing tests. IT security is important to Innospec, and we are pleased to report that we are not aware of having had any reportable IT Security breaches for over three years.

Audit and risk assessment

Our risk assessment progress has continued to gather pace aligned to our newly restructured IT risk register and Cyber Security Management Policy. Checks are performed on a periodic basis to validate the security of the applications and services we have in place to keep information secure. The results are presented to the IT Steering group and, when required, to the Board. These include:

- Staff information security assessments
- Penetration tests
- Vulnerability scans
- Independent external security reviews and audits
- Customer cyber security reviews

Looking forward

Our objectives and targets for 2023 and beyond

Environment



Conserving and protecting

- By the end of 2030, manufacturing sites will deliver a combined 10% reduction in GHG emissions (scope 1 and scope 2 purchased steam), relative to a 2020 baseline.
- Continue our commitment to procure renewable electricity while exploring opportunities to use physical sources of renewable energy at our manufacturing facilities.
- Review viable options and timeframes for developing a pathway for achieving Net Zero status for our operations by 2050.
- Identify and implement new initiatives to reduce water use and improve water quality, maximize the recycling of waste and minimize the amount sent to direct landfill.

Social



Caring for people

- Target zero fatalities or major work-related injury accidents to employees or third parties in 2023.
- Target a zero 2023 Global LTAFR (lost time accident frequency rate) but as a minimum to exceed the industry average performance.
- Reduce the number of Loss of Containment (LOC) events by 5% on 2020 performance.
- Maintain focus on the implementation and compliance with the corporate process safety standards and guidance, targeting 95% compliance by the end of 2023.
- Introduce new measures in 2023 to support the mental health and well-being of our employees with specific focus on the benefits of healthy lifestyles.
- Identify further diversity, equality and inclusion reporting metrics and implement processes to facilitate the data collection process globally.
- All manufacturing and non-manufacturing sites to take part in at least one Innospec Cares volunteering event and submit at least one team match funding application.

Governance



Leading by example

- Conduct an annual transparency and risk mapping exercise for our 2022 palm volumes, targeting 100% transparency to the mill level.
- Engage with EcoVadis low-scoring suppliers to complete a corrective action plan that addresses identified high priority improvement areas targeting an increase in their score.
- Implement an improved Document Retention and Destruction policy and provide resources to strengthen systems for document control and review.



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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

Further details on Innospec, our products and services can be found on our website above.



Assurance Summary Statement 2022

Jacobs has conducted an independent assurance review of Innospec's 2022 ESG Report in accordance with AccountAbility's AA1000 Assurance Standard 2018.

This involved assessing Innospec's adherence to the AA1000 AccountAbility Principles of Inclusivity, Materiality, Responsiveness and Impact, as well as assessing the reliability and quality of the sustainability information contained within the report to a moderate level of assurance. This is the level generally adopted by companies when using AA1000 to assure their sustainability report.

Our approach has built upon our previous assurance processes, taking a sample approach based on consideration of previous years' sampling, materiality and risk. The assurance statement details the scope and methodology in full, as well as key findings and conclusions.

Our Assurance Statement plus our recommendations for further development can be found on Innospec's sustainability website <https://innospecsustainability.com>

JACOBS, BRISTOL, JULY 2023