

Responsible Business Report 2018



Statement from our CEO



Innospec is committed to reporting on our sustainability activities. This is our twentieth year of reporting and during this time we have evolved into a global company of almost 2,000 employees serving a range of industries.

2018 has been another successful year with revenue exceeding US\$1.4 billion for the first time. All three strategic business areas performed well, benefitting from our investments in acquisitions, manufacturing facilities and research and technology (R&T). A new addition to the Innospec family was made following the acquisition of Biosuite LLC, enhancing the capabilities of our Oilfield business.

Our new R&T facilities in Ellesmere Port, UK, Houston, TX and Salisbury, NC, US demonstrate the priority we place on innovation to help keep our businesses competitive and sustainable.

The skills, commitment and enthusiasm of our employees drive our success and we look for ways to reward them. We ran our global Sharesave program again in 2018, ensuring it was available to every employee. My biggest responsibility is that everyone who works for Innospec, or is involved with our operations, is safe. I'm pleased to report that our health

and safety performance again exceeded the industry average in 2018. However, we are not complacent and understand that we are only one moment away from a life-changing event. This is why we developed our new corporate behavioral safety program, Journey to Zero Harm, which has now been rolled out to every Innospec manufacturing location.

As a business, we care about our local communities. Together with our employees, we have raised over US\$450,000, supporting 126 charitable organizations globally, in 2018. Our Innospec Cares program continued to help our employees raise money for causes that aligned to our personal and professional values.

Every year, we look to minimize our impact on the environment and we are pleased to report a decrease in our energy and water consumption alongside a reduction in our absolute greenhouse gas emissions (GHG). In addition, many of the innovative products we supply help to reduce environmental impact by helping people do more with less, increasing efficiency and helping to reduce global GHGs and water consumption.

Operating as a responsible business is fundamental to the ongoing success of Innospec. We can see the benefits as we reflect on 2018 in this report. I look forward to the opportunities and challenges of 2019, responsibly delivering our high standards of customer service, great products and innovative solutions.

Patrick S. Williams
President and Chief Executive Officer

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Inside Innospec

We are a NASDAQ-listed (IOSP) global specialty chemical company that focuses on bringing new, innovative technologies to our customers. With approximately 2,000 employees in 23 countries, we manufacture and supply a wide range of products through our four business units: Fuel Specialties, Performance Chemicals, Oilfield Services and Octane Additives. Our products are developed, manufactured and distributed from our operational locations in the Americas, Europe, the Middle East, Africa and Asia Pacific.

We have a diverse customer base, including producers of prestige cosmetics, toiletries, beauty products and large oil companies. 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 where we continue to learn and improve.



Our Four Businesses

Fuel Specialties

We develop, manufacture and supply a wide range of innovative specialty chemical products that are used as additives across the complete range of hydrocarbon fuels. Our products help improve fuel efficiency, reduce pollution and emissions and make engines safer, more efficient and easier to maintain. As one of the largest providers of fuel additives in the world, our customers range from national and multinational oil companies to refineries, pipeline operators, fuel retailers, fleets, aviation companies and shipping lines.

Performance Chemicals

We provide effective technology-based ingredient solutions for our customers' processes or products focused on the personal care, home care, agrochemical, industrial, construction and metal extraction markets. We combine innovative ingredient technologies, such as surfactants, solubilizers, emollients and silicones, with formulation expertise to deliver the right blend of science and creativity.

Oilfield Services

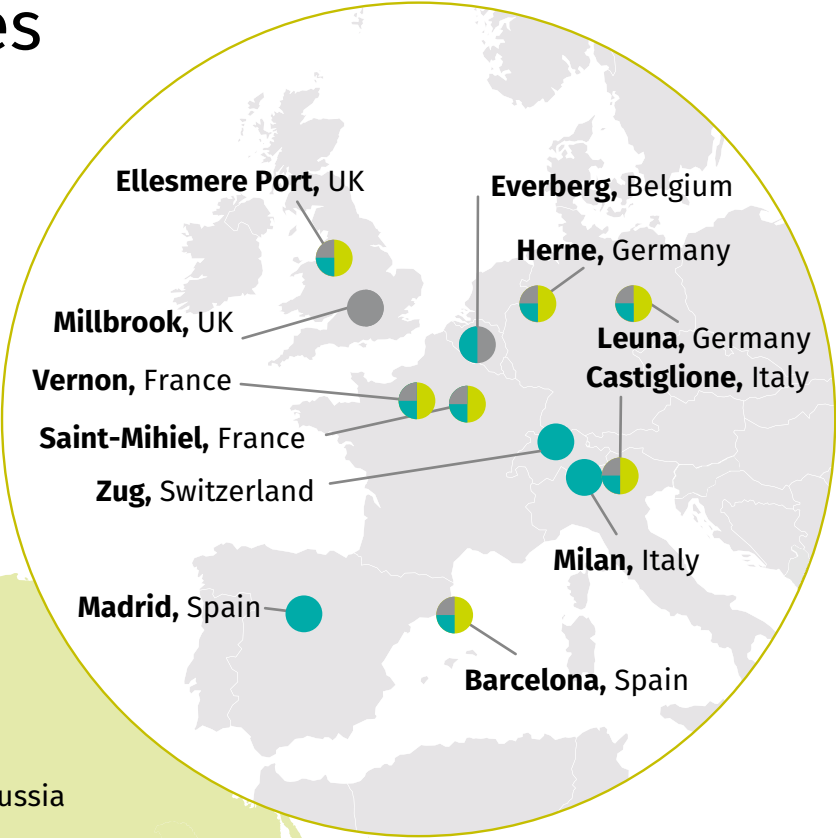
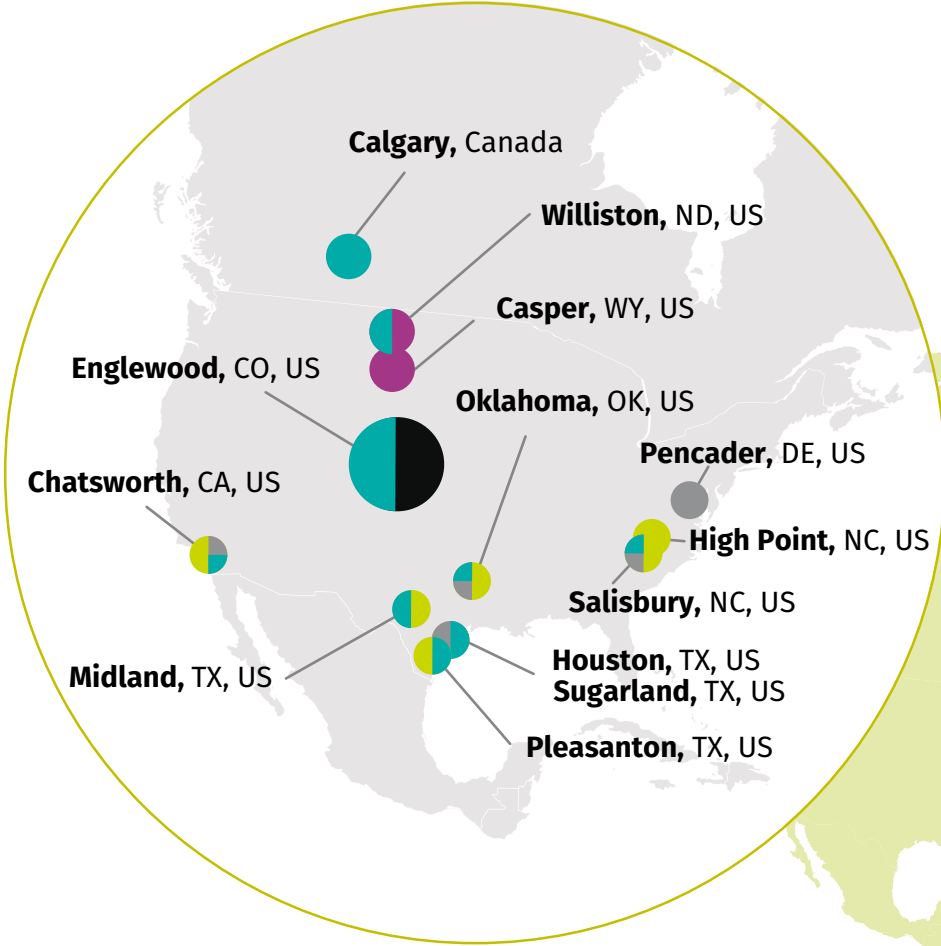
We offer a wide range of high-performance novel technologies and support for drilling, completion, production and midstream applications. Our broad product range, combined with excellent technical support, helps our customers deliver efficient drilling, stimulation and completion solutions. Our production and midstream chemicals support flow assurance and asset integrity while helping to safeguard people and the environment. Our products aim to minimize environmental impact by reducing the amount of resources needed for hydrocarbon extraction and transport.

Octane Additives

As a responsible manufacturer of tetraethyl lead (TEL), we continue to support our customers as the motor and aviation industries transition to unleaded fuels. Throughout this phase-out period, our environmental remediation business manages the clean-up of redundant TEL facilities as refineries complete the transition to unleaded gasoline.

Worldwide Locations

2,000 Employees
23 Countries



- Head Office
- Manufacturing
- Technology Center
- Offices/Sales
- Warehouse

Rio de Janeiro, Brazil
Itajaí, Brazil

Moscow, Russia
Piraeus, Greece
Limassol, Cyprus
Dubai, UAE
Cape Town, South Africa
Beijing, China
South Korea
Guangzhou, China
New Delhi, India
Singapore

1,489 Male Employees
471 Female Employees
40 Female Senior Managers

1,021 Employees in service for 5+ years
751 Employees in service for 10+ years



Issues That Matter Most

To Our Stakeholders

The relationships we build with customers, suppliers, investors, employees and the communities that live and work close to our facilities are important to us. By engaging with our various stakeholder groups, we can respond quickly to the constant changes in market demands, product requirements and regulations.

Identifying their priorities and the issues that matter most to them helps us to understand their expectations and guides our actions and our reporting processes. We completed our materiality assessment in 2017 and identified 17 issues that matter most to our stakeholders. We continue to use these issues to direct our approach and will undertake another assessment in 2020.

Our Top 17 Material Issues

Stakeholder Engagement	Energy Use
Communication	Climate Change
Innovation	Hazardous Substances
Health & Safety	Raw Materials & Responsible Sourcing
Product Safety & Consumer Wellbeing	Legal Compliance
Product Stewardship	Business Ethics
Development & Training	Bribery & Corruption
Community Engagement	Human Rights
	Procurement & Supplier Assessment



Working Towards

The UN Sustainable Development Goals (SDGs)

In September 2015, the United Nations adopted 17 Sustainable Development Goals (SDGs) that address the world’s most important economic, social and environmental challenges. Underpinning these goals are 169 associated indicators that are used to support their implementation and to monitor progress.

The SDGs are the result of years of multi-stakeholder engagement between governments, Non-Government Organizations (NGOs) and businesses. The private sector

plays an important role in achieving the SDGs and our work contributes to a number of the goals. Following an internal review, we have identified thirteen goals that we can directly contribute towards. The color-coded goal numbers used throughout the report signpost our activities that are helping to contribute towards the SDGs.

We will regularly review the SDGs to determine if we can increase our contribution towards achieving them.



Engaging With Our Stakeholders

Stakeholder Group	Method of Engagement
Customers Identifying customers' current and future needs helps us to understand where we can add value, which builds on our reputation and helps us to increase our sales.	<ul style="list-style-type: none"> • 2017 Materiality exercise • Questionnaires • Face-to-face meetings • Online (teleconferences and website) • Collaborating on sustainability programs including the Roundtable on Sustainable Palm Oil (RSPO) (see page 63) and CDP (see page 48) • Technical support services
Investors Providing clear, transparent information to our investors demonstrates that we are managing a profitable, responsible business.	<ul style="list-style-type: none"> • 2017 Materiality exercise • Quarterly briefings • Annual General Meetings • Reporting • Dedicated investor section on the website
Employees Engaging regularly with our employees provides an opportunity for us to listen and provide feedback on their individual needs and take on board their views when determining the direction of the business.	<ul style="list-style-type: none"> • 2017 Materiality exercise • Ethics and compliance hotline • Direct communications (email, CEO Question and Answer sessions and team meetings) • Annual appraisals • Safety, Health and Environment (SHE) Best Practice Group • Energy Reduction Group • Sustainable Development Network • Intranet • Training and development
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"> • 2017 Materiality exercise • Participating in consultations, policy forums and advisory groups • Trade associations
Supply Chain Partners Working together with our supply chain partners enables us to ensure that supply chain risk is managed effectively and to identify opportunities to improve the sustainability and economic efficiency of our products and services.	<ul style="list-style-type: none"> • 2017 Materiality exercise • Supplier evaluation process • Procurement and contract management process
Community Members Engaging with our local communities where we operate is essential in maintaining our reputation as a safe and responsible neighbor and has a positive effect on employee motivation.	<ul style="list-style-type: none"> • Local employment opportunities • Work placements • Graduate programs • Lectures and demonstrations at local education providers • Community liaison meetings • Manufacturing site open days • Participation in local forums • Safety action notices • Innospec Cares Program (see page 41) • Additional donations and sponsorship activities
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 of business and industry associations including RSPO and Chemical Industries Association (CIA) Sustainability Network • Participation in CDP supply chain assessment

Our Strategic Approach to Sustainability

Pillar	Economic	Social	Environment	Governance
Values	Responsible Growth	Caring for People	Conserving and Protecting	Leading by Example
Focus Areas	Financial Performance Generating economic benefits for our employees, shareholders and local communities. Innovation Encouraging ongoing innovation in product development and application to keep our businesses competitive and sustainable.	Health, Safety & Wellbeing Nothing is more important to us. We strive to be leaders in health and safety, safeguarding those who could be affected by our activities. Employees Investing in the growth and development of our employees helps us to attract talent and achieve long-term success. Community Engagement Supporting local communities through education, fundraising and sponsorship opportunities.	Minimizing Impact Seeking to understand and reduce the impact of our activities, while developing innovative products to help protect the environment. Product Sustainability Supplying safe, sustainable products, designed to meet the needs of society now and in the future, while minimizing their environmental impact.	Legal Compliance Understanding that honest, ethical and transparent conduct is vital to our success and reputation. Every employee plays an essential part in complying with local and national laws, rules and regulations. Third-Party Management Ensuring our supply chain complies with legal, ethical and social requirements, while also finding opportunities for environmental improvement and economic efficiency.

Economic

Responsible Growth

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



Financial Performance

Generating economic benefits for our employees, shareholders and local communities.



**US\$1.5
BILLION**

↑ revenue up
13% on 2017



**US\$435
MILLION**

↑ gross profit
up 8% on 2017



**US\$134
MILLION**

operating income



**US\$187
MILLION**

adjusted EBITDA*



**Fuel
Specialties**

**US\$575 million
net sales**

**US\$195 million
gross profit**

Growing organically by developing new products that respond to our customers' needs and drivers such as changing engine technology and legislative developments.



**Performance
Chemicals**

**US\$468 million
net sales**

**US\$98 million
gross profit**

Expanding into new markets with innovative ingredient technologies such as surfactants, solubilizers, emollients and silicones.



**Oilfield
Services**

**US\$401 million
net sales**

**US\$130 million
gross profit**

Growing strongly following the recovery in customer activity and our product and technological advances.



**Octane
Additives**

**US\$34 million
net sales**

Continuing to support our one remaining refinery customer as the motor industry completes its transition to unleaded fuels.

* Net income adjusted for interest, expense, income taxes, depreciation, amortization and acquisition fair value adjustments.

Oilfield Services
Acquisition Adds
Biocide Treatment
to Product Portfolio

In 2018, we were pleased to complete the acquisition of BioSuite LLC, a specialist custom biocide and biostat solutions formulator for the oil and gas industry. Based in Houston, Texas, this US company provides formulations to solve the bacterial problems customers face across all oilfield operations.

BioSuite brings together the excellent technology and experienced applications knowledge that is critical for the biocide treatment market. In addition, the team’s skills have a strong alignment with our culture of providing exceptional customer service through the identification and delivery of customized solutions.



Take the Lead: Employee
Engagement Program

The Fuel Specialties employee engagement program has proved so successful that it is now firmly established as part of our culture. Over 1,760 employee ideas and savings of US\$3.2 million have been realized since it started in 2017. The program has helped establish a culture of positive change where everyone takes responsibility for improving the business. It has demonstrated the value of cross-department ‘out of the box’ thinking, leading to a number of core projects that have improved our competitiveness and profit.

Optimizing our
Organizational Structures

During 2018, we took the strategic decision to streamline facilities in Europe and focus our research, development and technical service activities on centers of excellence. Following an in-depth review of the organization, the decision was made to close our office and laboratory located in Everberg, Belgium.

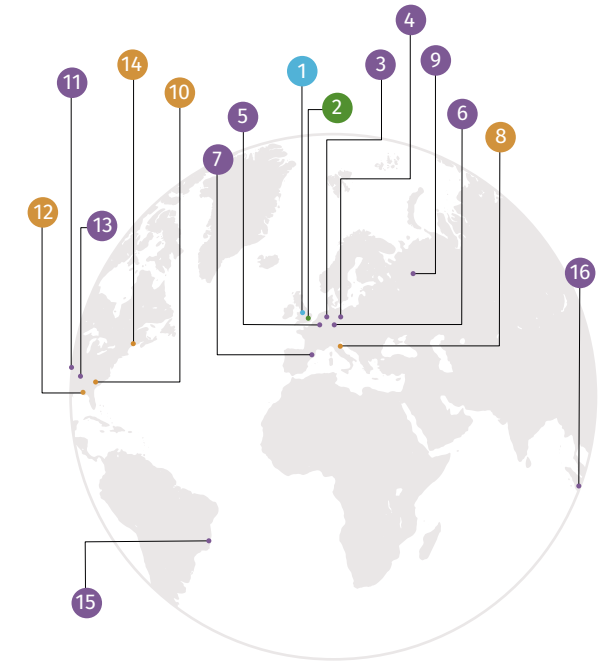
“Following the acquisition of the Huntsman sites, we needed to review the structure of our Performance Chemicals business to ensure that it was best positioned to be able to deliver our activities as efficiently as possible. The review established that focusing on centers of excellence for our technology areas was the optimum way forward for the business, our customers and shareholders. This was a difficult decision as it led to the closure of our Everberg site and the loss of jobs for our employees based there. We worked very closely with the works council and our employees during both the consultation and transition process and provided support to all those impacted by the closure.”

Cathy Hessner, Senior Vice President,
Human Resources

Innovation

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

It has been a great year for innovation, with a number of new products coming to the market. Our Research and Technology (R&T) capability has increased in skills, size and scope. Within our Performance Chemicals and Oilfield businesses, we are co-locating research, technology and service functions to increase our responsiveness to customers’ needs. By ensuring the service and technical parts of our business work closely together, we create the optimum environment for customer-focused innovation.



Europe	Americas
1. Ellesmere Port, UK	10. Salisbury, NC, US
2. Millbrook, UK	11. Chatsworth, CA, US
3. Herne, Germany	12. Houston, TX, US
4. Leuna, Germany	13. Oklahoma City, OK, US
5. Vernon, France	14. Pencader, DE, US
6. St Mihiel, France	15. Rio de Janeiro, Brazil
7. Barcelona, Spain	
8. Castiglione, Italy	ASPAC
9. Moscow, Russia	16. Singapore

● Global Research Center ● Global Center of Excellence ● Regional R&T Center ● Technology Center

“If you look at our businesses, they thrive on innovation. Every time you see a fuel sign that says, ‘more miles per gallon’, ‘better drivability’, there is new chemistry behind these claims. Every time you go into a retail store or supermarket and see labels saying ‘new and improved’, that’s also new chemistry and that is where we come in. We are the science behind those new and improved brands.”

Brian Watt, Senior Vice President
Strategic Planning, Corporate
Development and Investor Relations

US\$33.4 MILLION

invested in R&T, ↑ 6% on 2017

GLOBAL
RESEARCH CENTER

based at the Ellesmere Port, UK site

GLOBAL NETWORK

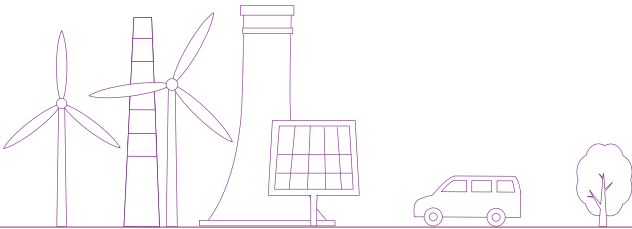
of 10 Technology Centers

FOUR REGIONAL

R&T Technology Centers

214 PEOPLE

working globally in R&T and
Technical Support



New Regional R&T Center at The Woodlands

To support our sustained growth in Oilfield Services, we have built a new Regional R&T Center at Houston, TX, US, increasing laboratory capacity by 70%. The facility is home to research, development and technical service functions as well as being the consolidated base for the sales and customer service teams. The new center is dedicated to developing new technologies and applications in support of our oil and gas industry customers. It covers all aspects of drilling, fracturing, stimulation, completion, production and midstream activities.

“We encourage all our teams to work together, to get out in the field to meet with customers and collaborate with them. We find this approach is key to our success and enables us to gain a greater understanding of their needs, helping to inspire creativity and innovation. Bringing our technical and business teams together under one roof at The Woodlands has been great for encouraging collaboration and communication. Our technical teams are never inhibited; we give them an open forum and blank sheet so they can find a unique solution that may not always be the obvious one.”

Tom Entwistle, President, Oilfield Services

The center is a focus for our Drag Reducing Agents (DRAs), a fast-growing, exciting, cutting-edge technology. Our DRAs cost-effectively reduce the turbulent flow of liquids, improving pipeline throughput and reducing the pumping energy requirements by up to 40%. The technology can be applied to crude oils as well as fuels, including diesel.

In 2018, we also expanded our Oilfield Services Technology Center at our Oklahoma City, OK, US site, doubling the available space to accommodate additional personnel and equipment.



New Laboratories Support Personal Care Growth

In 2018, we started the construction of new laboratory facilities at both our R&T Centers in Ellesmere Port, UK and Salisbury, NC, US. The new facilities will focus on finding solutions for our customer needs within the personal care, agrochemicals, construction and metal extraction industries. We have also expanded our laboratory facilities at our Regional R&T Center, Castiglione, Italy and recruited new personnel to ensure that we deliver the pipeline of new technologies that meet the needs of our Home Care customers.

A plant expansion in 2018 at our Salisbury, NC, US facility has doubled our capacity to produce our unique isethionate surfactant, Iselux® to meet growing demand. Iselux® is a high-performance, sulfate-free surfactant that helps our customers meet consumer needs for gentle, effective cleansing across a wide range of personal care applications.

“Performance Chemicals had a phenomenal year. Our customers have seen the value that recent acquisitions have brought to our business. We have been inundated with customer proposals for Joint Development Projects, which is exactly the way we like to work. We experienced fundamental growth across all regions and have expanded into new markets where we have not had a presence before. We have also expanded our team and facilities to support our growth in the Home Care market. In 2018, our focus has been on strategy and planning and I am confident that we will see the fruition of these plans in 2019.”

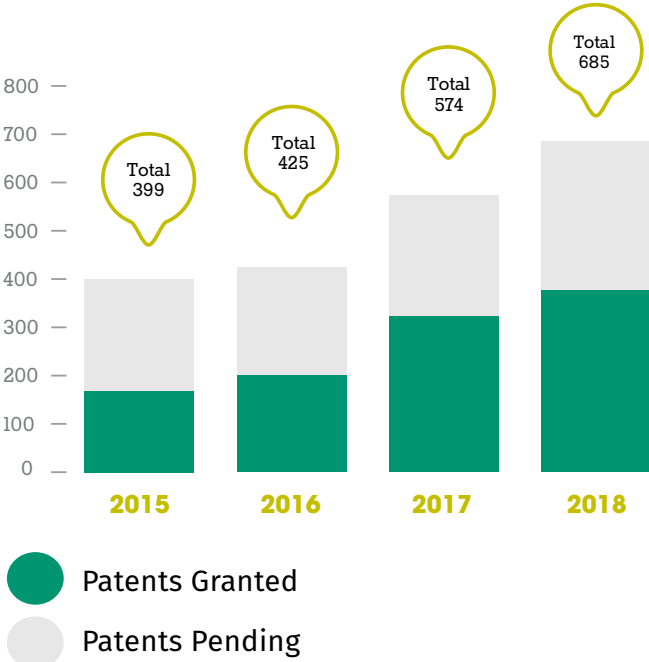
Bruce McDonald, President, Performance Chemicals



For the first time in 2018, we became a sustaining member of SEPAWA, the industry body that aims to promote intensive communication between industry, universities and authorities. With more than 1,600 members, SEPAWA is one of Europe’s largest and most active professional associations. As a sustaining member we are able to help shape the sustainable future of the detergents, cleansers and cosmetics industries in Europe.

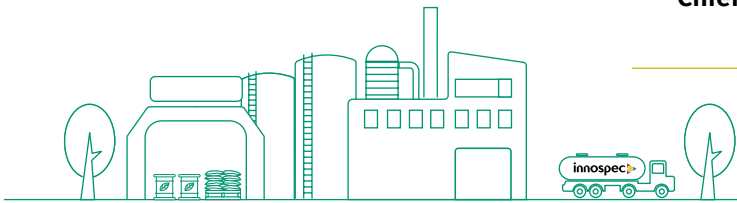
Intellectual Property

Our intellectual property is a significant part of our competitive advantage. We actively protect our new product technologies by filing patent applications as well as maintaining trade secrets. We have a portfolio of trademarks and patents, granted or in the application stage, covering products and processes in many jurisdictions.



“Innovation is key to our business. Developing novel technologies to solve new problems is our life-blood. Whatever issues our customers have, we will work with them to find a solution. Our commitment to R&T is critical. It’s about developing new molecules, or using existing technology in one sector and applying it to another sector. There is a lot of crossover between our businesses due to our surface chemistry spanning all areas.”

Phil Boon, Executive Vice President and Chief Operating Officer



Product Sustainability

Supplying safe, sustainable products, designed to meet the needs of society now and in the future, while minimizing their environmental impact.

Environment

Iselux® range are high-performing, sulfate-free surfactants that meet demand for gentle, effective cleansing. The range is derived from renewable feedstocks and is readily biodegradable.



Empigen® and **Pureact** - a number of our products in this range are certified as COSMOS and ECOCERT natural detergents.

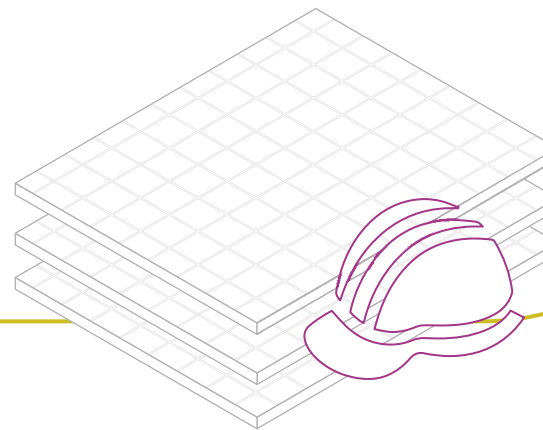
People



Sunsolv® BOS improving the impact of sunscreen production by reducing energy requirements and helping to formulate with crystalline UV filters.

Construction

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

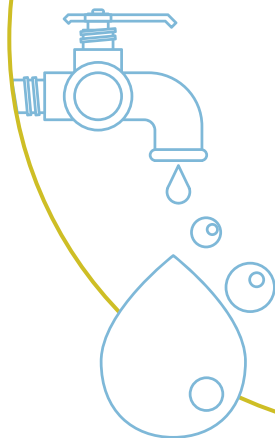


"We are seeing a real demand for new product lines using more sustainable chemistry. Consumers are demanding high performance products that are natural, responsibly sourced and do not adversely impact the environment. We are working to meet these needs by developing new technologies and delivering our products in a different way; for example, providing our products in a concentrated form so we are not transporting water, which can be added later at the point of use and using rail transport to move our products more efficiently. All these initiatives are helping to reduce the environmental impact and emissions associated with our products. Sustainability is a key consideration in all areas of our business."

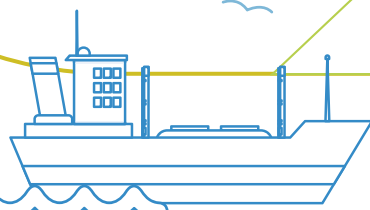
Bruce McDonald, President, Performance Chemicals

Water

Solid Cleansing Products eliminating the need to transport water, reducing transport emissions by 75% and helping to minimize plastics used in the final consumer product.



Octamar® helping the shipping industry transition to new low-sulfur fuels meeting IMO2020 legislation.



Aurum® reducing CO₂ emissions from LPG vehicles, heating and metal works.

Air

Dynamico™ fuel additives increasing fuel economy and reducing particulate matter from engines.

EcoTherm® pro Natur improving the stability and combustion of blended premium heating oils and reducing carbon soot formation. Using one liter of the additive offsets the CO₂ emissions associated with the use of 2,000 liters of light heating oil.

Oceans

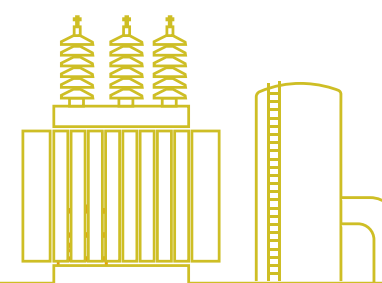
OLI-8000 BPA approved lubricant that supports the transport of low sulfur diesel fuels efficiently as required by IMO2020 legislation.



Energy

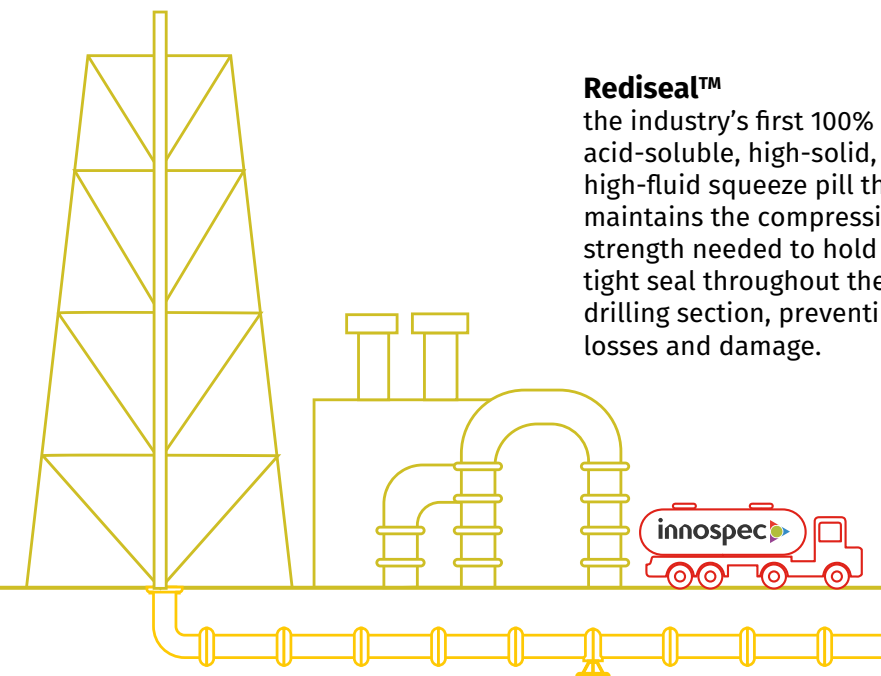
Drag Reducing Agents improving pipeline efficiency and reducing energy requirements by up to 40%.

Ortholeum® 130 reducing transformer failure in the electricity industry.



Rediseal™ the industry's first 100% acid-soluble, high-solid, high-fluid squeeze pill that maintains the compression strength needed to hold a tight seal throughout the drilling section, preventing losses and damage.

HiRate Plus 120™ improving extraction efficiency by reducing friction.



Social

Caring for People

People are at the heart of our business. We strive to create a safe and caring culture where our employees are supported and encouraged to make a positive contribution.

Our continued success depends on keeping people safe, promoting a healthy lifestyle,

protecting human rights, improving education, training and maintaining good relations with our neighbors. In this section, we look in detail at our performance across the social strategic focus areas.



Health, Safety and Wellbeing

Nothing is more important to us. We strive to be leaders in health and safety, safeguarding those who could be affected by our activities.



31%

increase in the total number of accidents since 2017:

93%

of the total accidents reported classified as minor

11%

decrease in accidents classified as more than minor



9%

increase in number of Loss of Containment (LOC) events:

14%

decrease in number of LOCs reported by legacy sites owned prior to 31 December 2016



20%

increase in the number of near misses* raised since 2017



0.05

per 100,000 hours Innospec Employee Lost Time Accident Frequency Rate (LTAFR) compared to UK Chemical Industry average of 0.21



100%

of manufacturing sites are now at least at the controlling level of the UK Chemical Industry Association's (CIA) Health Metrics Indicator Tool



Journey to Zero Harm

phase 1 roll-out complete:

1,328

employees trained

4,426

management interactions completed (average 368 per month)

36,452

60-second checks completed

*defined as a learning event that did not cause harm but had the potential to cause injury or loss; the more reported and addressed the lower the risk of a future incident.

It is our duty to ensure that everybody returns home safe at the end of the working day. The safety of employees, communities and everyone involved in the manufacture, use or disposal of our products is our number one priority. We set high standards for process and occupational safety, which is managed by our network of Safety, Health and Environment (SHE) professionals throughout the business. Our three core SHE objectives are:

- **No-one gets hurt.**
- **We don't annoy our neighbors.**
- **We leave only the gentlest of footprints on our environment.**

In 2018, we saw an increase in both near misses and accidents. We view near misses as an opportunity to prevent future accidents. Our Journey to Zero Harm (JTZH) program, 60-second checks, encourages employees to proactively look for any potential health and safety risks. Since the launch of JTZH, we have seen the quality of near miss reporting improve, allowing us to address issues raised early before they result in harm or loss.

Although our overall accident numbers are up 31%, 93% of all accidents reported were classified as minor. In addition, there was an 11% decrease in accidents classified as more than minor. We anticipated an increase in the reporting of minor accidents as our JTZH program encourages all accidents to be reported, regardless of how small. We anticipate further increases in accident reporting as the second phase of the JTZH program is rolled out in 2019. We expect that after this initial increase, the number of reported accidents should begin to fall as the program becomes fully embedded throughout our sites.

RESPECT Committee

As we grow and develop, we periodically review the Corporate SHE structure and organization to ensure that we have the right resources and approach. We ensure that SHE leadership comes from the top through our Responsible Care Executive Committee (known internally as RESPECT), which comprises members of the senior leadership team. RESPECT, led by our CEO Patrick Williams, is responsible for setting the group's SHE policy and objectives across the global business. It also monitors ongoing performance throughout the year. Together, we have worked hard over many years to establish a strong culture of safety within our organization.

Process Safety

Our Process Safety Standards are focused fundamentally on the control of critical hazards. They have been tailored to help us maintain a consistent safety foundation for all our processes.

Our standards are reviewed continually against best practice. We amend and add new procedures wherever necessary or following any incidents that occur in the chemical industry.

Our Process Safety Standards cover:

Risk assessment: Identifying hazards and necessary critical control measures.

Safe operation: Ensuring critical control measures are built into operational procedures.

Management of change: Evaluating and eliminating the risk that a change may have on the integrity of existing critical control measures.

Safe maintenance: Maintaining the integrity of critical equipment and process controls.

Accident, incident, near miss investigation: Identifying the root cause of events and sharing learnings across the organization to reduce the chance of recurrence.

Emergency response: Minimizing the impact of any emergencies that occur.

Competency: Training and assessing our staff to ensure competence before carrying out the activities required.

Process Safety Performance Indicators (PSPIs)

Our PSPIs are monitored at site level and are used to determine the effectiveness of all programs and activities targeted at reducing process safety incidents. The Executive Team and CEO review all sites' PSPIs at their quarterly RESPECT meetings and use the information to identify any areas that need further support or education.

Process Safety Leadership

Introduced in 2010, our Process Safety Leadership program involves the Executive Team undertaking personal on-site visits. These visits are specifically focused on process safety and are in addition to our longstanding corporate process safety auditing program. They demonstrate, at the local level, our Executive Team's commitment to the prevention of incidents and accidents. In 2018, the Executive Team made six visits to the following sites: Barcelona, Spain; Castiglione, Italy; Pleasanton, TX, US; Herne, Germany; Vernon and St Mihiel, France.

Health and Safety Training

Training is an essential part of our health and safety strategy. To minimize the risk of accident or injury, we ensure that our employees have the information they need, delivered effectively and at the appropriate time. Our ongoing training programs demonstrate our commitment to targeting zero accidents, ensuring that safety is always front of mind and that we continually raise standards.



Every year, teams across our sites take part in a variety of site-specific training courses to ensure that employees are competent and safe in their roles. In 2018, this included courses on first aid, manual handling, electrical safety, dangerous goods safety and hazard and operability studies (HAZOP).

Behavioral Safety

In 2012, we introduced an objective for all sites to implement behavior safety training, which has been a key part of our local training programs ever since. All sites have a year-on-year objective to develop and maintain an ongoing behavioral safety training program focusing on:

- **Actively promoting hazard identification and personal safety risk assessments by operational and maintenance personnel.**
- **Reinforcing the ‘safety comes first’ principle.**

Our Journey to...



Building on the excellent existing behavioral safety activities at our sites, the Journey to Zero Harm (JTZH) program sets out our expectations in a clear and consistent message. The program provides tools to help everyone focus efforts on achieving zero harm to people, environment and our assets.

The program consists of five elements:

Safety Leadership

Leaders understand and commit to a shared safety vision so that common beliefs, attitudes and behaviors are consistently delivered to everyone.

Safety Interactions

Management teams build trust and relationships, sharing the safety vision and confirming that their staff understand the risks involved in their activities and the necessary precautions.

Hazard Awareness

A training package targeted at common hazards identified across the group.

60-Second Check

Personal risk assessment conducted by an individual at the point of work.

Performance

Reviewing and monitoring to promote continuous improvement.

Journey to Zero Harm is our key strategic tool to help reduce accident numbers by encouraging everyone to take responsibility for safety risk assessment. The focus of the program is ‘Embracing Safety Together’ and sets out a shared commitment to delivering a positive safety culture.

The rollout of the program ensures board and leadership buy-in, demonstrating that the behavior expectations and safety culture is led from the top. Phase one of the program took place during 2017 and 2018 and focused on our manufacturing locations. All manufacturing management teams participated in a one-and-a-half-day training course, during which each site established their expectations and implemented a roll-out program. As part of the program, operational teams received two training modules. The first, a targeted hazard awareness ‘Line of Fire’, and the second on how to carry out the 60-second checks. Phase two of the program will be rolled out in 2019, targeting non-manufacturing personnel (office, laboratory, sales and marketing personnel).



New Corporate Process Safety Training Package



In 2018, we developed a new corporate process safety training package, Major Accident Hazard (MAH) Prevention, to support the sites existing process safety training efforts. The package, which is tailored to the specific MAH of each site, provides a consistent approach to the communication of MAH events, causes, prevention, mitigation and emergency measures. It has now been rolled out to all our manufacturing sites. The positive impact of the training was demonstrated during the 2018 Corporate Process safety audits, which showed an improvement in the employee process safety awareness section of the audit.

Process Safety Bites at Our Ellesmere Port Site

In 2018, our Ellesmere Port Site in the UK introduced a new process safety training program for its management team. Referred to as ‘Process Safety Bites’, the format provides a short but effective summary of process safety management topics. These training packages are also shared with our other manufacturing sites through the SHE Best Practice Group.



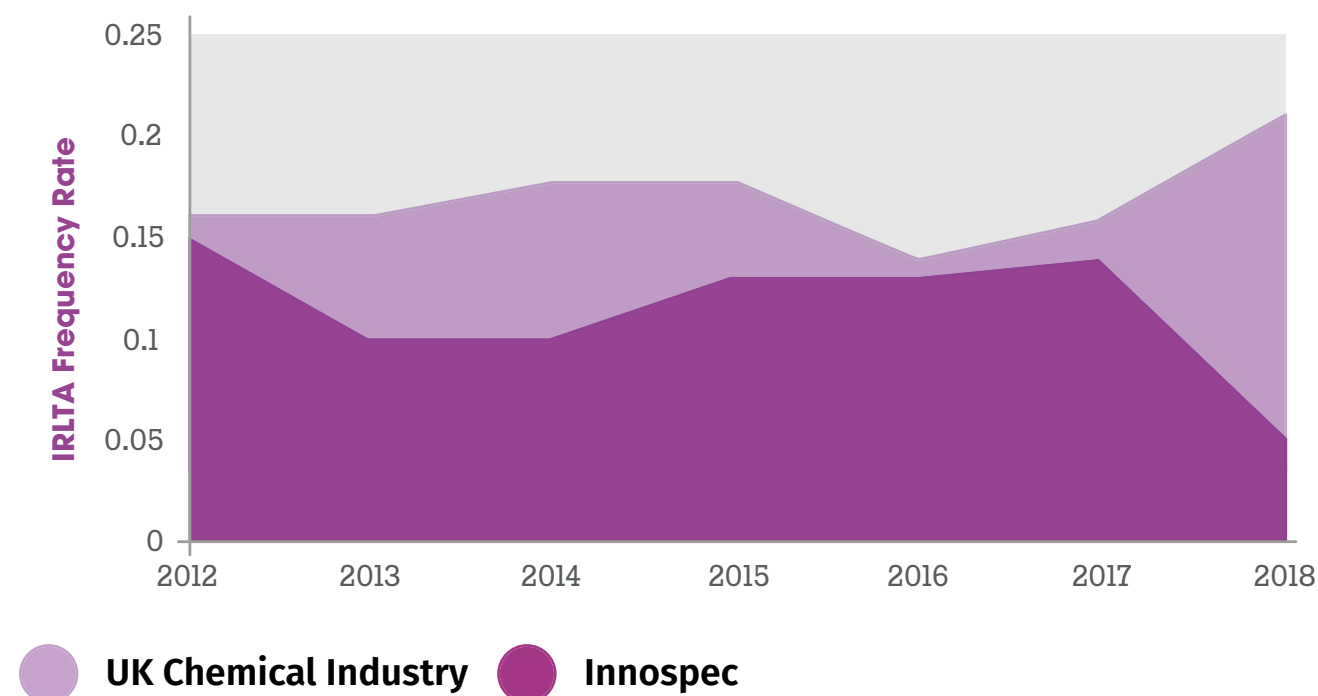
Safety Performance

Each year, we aim to achieve a zero employee Innospec Reportable Lost Time Accident (IRLTA) Frequency Rate. As a minimum acceptable standard, our target is to continue to perform better than the industry average for the UK Chemical sector. At the end of 2018, we had an employee IRLTA Frequency Rate of 0.05 per 100,000 hours, which was significantly better than the industry average of 0.21 and an improvement on our 2017 performance of 0.14.

We have developed a comprehensive reporting and investigation system to ensure that we can quickly and efficiently establish the causes of any accidents, incidents and near misses, and are able to take effective corrective action. Even though our IRLTA frequency rate was better than the industry average, we unfortunately have to report two IRLTAs in 2018 across the company. An employee sustained chemical burns following exposure to sulfuric acid. A second incident occurred during an off-site sales meeting where an employee slipped and suffered an impact injury to their leg.

Although it is disappointing as we always strive for zero accidents, we are pleased to report that neither of these accidents resulted in lasting injury and both employees involved have made a full recovery. Measures have been put in place to prevent similar accidents from happening again.

Employee Reportable Lost Time Accident Frequency Rate Innospec vs UK Chemical Industry Average



Addressing Loss of Containment Events

We are committed to ensuring the safe containment of process materials we handle at our manufacturing facilities. Our sites are encouraged to report all Loss of Containment (LOC) events regardless of the quantity involved or the nature of the material. All LOC events are investigated to fully understand and address the root causes and effects. All manufacturing facilities are required to develop and implement an LOC reduction program that is reviewed quarterly.

In 2018, our newly acquired sites fully adopted our more demanding reporting standards and as a consequence reported a 59% increase in the number of LOC events over those reported in 2017. Our legacy sites reported a 14% decrease in the number of LOC events and across the group, the total amount of hazardous material that was released to the environment has decreased by 37% since 2017.

Our sites are working hard to prevent LOC events. In 2018, each manufacturing site established a dedicated LOC team that meets regularly to maintain focus on the issue and identify risks and opportunities for improvement. LOC near misses are also now monitored, categorized and analyzed. The new approach encourages engagement and ownership at all levels, from operator to manager. In addition, we are:

- **Focusing on LOC prevention of materials that have the potential for a Major Accident Hazard.**
- **Conducting site tours to identify potential LOC scenarios and taking preventative action such as proactively replacing equipment and enhancing maintenance programs.**
- **Spotting, reporting and taking action on LOC near misses.**
- **Sharing best practices across the company.**



Recognizing and Rewarding Safe Behavior

Corporate Safety Awards

One of the ways that we recognize and reward good safety performance is through our Corporate Safety Awards. The program recognizes manufacturing sites and associated operations that reach a calendar year, or more, without an IRLTA. Each site achieving one, three or five years without an incident is presented with a corresponding plaque and donation to a charity of their choice.

A US\$1,000 donation to charity is awarded with a bronze plaque, US\$3,000 for silver and US\$5,000 for gold. The total donations for 2018 amounted to US\$32,000. The following charities were nominated by the receiving sites:



2018 Gold Plaque
5 Years without an
Innospec RLTA



US\$5,000

Ellesmere Port, UK

US\$5,000 shared between **Ellesmere Port Cottage Hospital** and **Alder Hey Children's Hospital**.

Herne, Germany

Circus Schnick-Schnack, who provide entertainment to children in hospital.

Vernon, France

US\$5,000 shared between: **La Ligue Contre le Cancer**, who fund cancer research; **Association Petits Princes**, who help fulfill the dreams of sick children; and **Rire d'Enfants**, who deliver fun activities for children in hospital.

Salisbury, NC, US

Rowan County United Way, who support 17 local charitable organizations.

Chatsworth, CA, US

US\$5,000 shared between **Ride on LA**, who provide riding training to children and adults with disabilities; **Michael Hoefflin Foundation**, who assist children diagnosed with cancer; **Operation Gratitude**, who deliver care packages to US service members; and **Jay Nolan Community Services**, who help people with autism.

2018 Silver Plaque
3 Years without an
Innospec RLTA



US\$3,000

Oklahoma City, OK, US

Donated to **Whitefield's Boys Home**, who support at-risk young men.



2018 Bronze Plaque
1 Year without an
Innospec RLTA



US\$1,000

Leuna, Germany

Verein zur Forderung Krebskranker Kinder, who support children suffering from cancer and their families.



St Mihiel, France

Association Rafael Lorraine, who support sick children in their region.

Castiglione, Italy

Fiordaliso Cooperative Sociale Onlus, who provide social and health services for adults and children with disabilities.

Midland, TX, US

Springboard Center of Midland, who provide treatment and counseling for addiction sufferers.

Corporate Safety Certificates

Our Corporate Safety Certificate program recognizes key milestones of employee hours worked without an IRLTA. In 2018, the following sites received safety certificates:



GOLD

Ellesmere Port, UK

3 million employee-hours worked

Pleasanton, TX and Salisbury, NC, US

1 million employee-hours worked



SILVER

Midland, TX, US

1/2 million employee-hours worked



BRONZE

Castiglione, Italy; Barcelona, Spain; Leuna, Germany

1/4 million employee-hours worked

Ellesmere Port Sets IRLTA Safety Record

In January 2018, Ellesmere Port, UK, reached 3 million employee hours without an IRLTA, a record for any of our sites. We are incredibly pleased that one of our highest hazard manufacturing sites, with over 420 employees, has reached this milestone. It demonstrates the hard work, commitment and leadership of our employees and the strong safety culture.

External Recognition

Ellesmere Port, UK, received their third Order of Distinction Award from the Royal Society for the Prevention of Accidents (RoSPA) for their excellent health and safety performance in 2018. The award recognizes 17 consecutive years of achieving RoSPA Gold.

We also received external recognition for maintaining a safe and healthy work place at Salisbury, NC, US. The site qualified for a Gold Safety Award from the North Carolina Department of Labor (Safety Awards) program. The award recognizes that the site did not have a lost time accident in 2018 and maintained a CDAW (cases with days away from work) of zero, below the latest published US chemical industry average of 0.6.

Wellbeing

As a business, we believe our people are our strength. Their commitment, experience, professionalism, can-do approach and ability to build strong sustainable relationships are fundamental to our success. In return, it is our responsibility to promote their wellbeing, creating a culture and environment that supports everyone's physical and mental health.

Using Metrics to Help Improve Employee Health

In 2014, we began to use the UK Chemical Industry Association's (CIA) Health Metrics Indicator tool. The aim of this is to promote a sustainable, healthy workplace by enabling us to compare and score our health programs with industry best practice using the following parameters:

- **Health leadership:** How managers and senior managers communicate and promote health management principles.
- **Health organization:** Policies and procedures, records and auditing.
- **Health hazards and exposure control:** Information, instruction and training on workplace health hazards and risks to health, control of chemical exposure, first aid and emergency response.
- **Health exposure monitoring:** Exposure monitoring and health surveillance.
- **Health and business performance:** Wellness support programs, absence case management, 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'. In 2018, we continued to improve and are pleased to report that all our manufacturing facilities have now reached a mix of 'Controlling' and 'Best Practice' levels across a range of areas. In 2019, we are developing a corporate Health and Wellbeing policy and working towards all sites achieving a 'Best Practice' level.



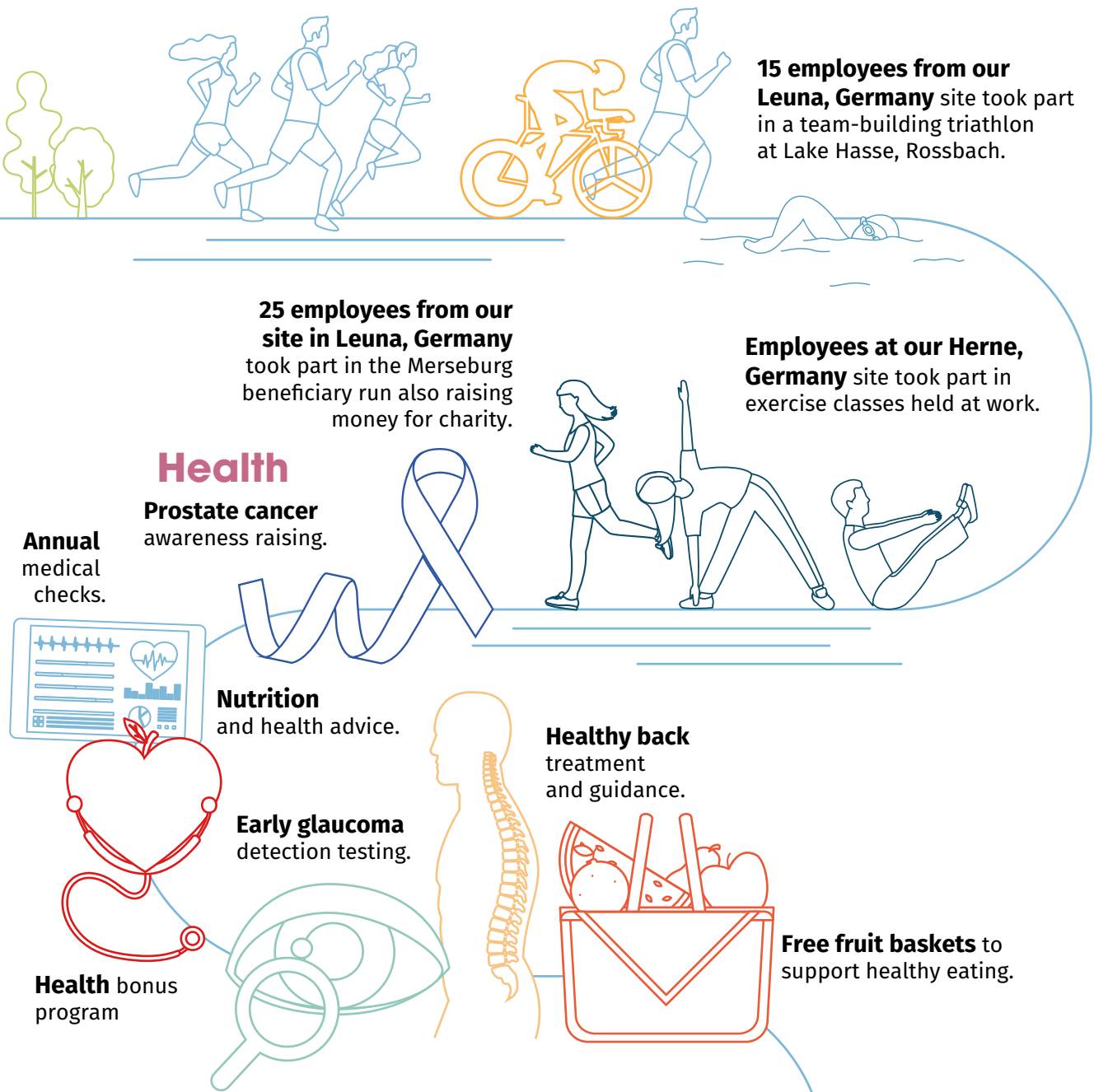
Promoting Healthy Lifestyles

Each year our employees get involved in a range of initiatives to help promote healthy lifestyles, both within and outside the work environment. In 2018, our employees, across the world, got involved in fitness programs, ran half-marathons, completed team-building

triathlons and raised awareness of health issues such as prostate cancer. Often our employees use their fitness activities to raise money for charities, making sure everyone's a winner. Examples of the ways our sites promoted healthy lifestyles and supported the welfare of our employees and their families in 2018 included:

Wellbeing

Our site in Ellesmere Port, UK, sponsored the Chester half-marathon with 15 employees taking part.



Product Stewardship

Providing adequate information to the users of our products is central to our stewardship activities. We provide customers with additional technical information on product safety and environmental impact beyond the regulatory requirement of a safety data sheet (SDS). This helps our customers to understand more about the manufacture and testing of our products.

Our approach is supported by the use of Intelligent Authoring®, an expert software system supplied by Sphera that provides a global regulatory information management system for our products. The system supports a number of aspects of our product stewardship, including creation of SDSs in multiple languages, label creation, national inventory compliance and classification conformity for all the products that we sell.

We continued to roll out ComplyPlus, the new web-based integrated SDS management system that allows the storage, retrieval and archiving of SDS documents globally for all businesses in one location. In addition, our DISC software automatically sends customers an updated SDS if any changes are made to the document. In 2018, we introduced a new Raw Material Information Form that provides detailed information on the origins of our products including any allergens and vegan qualities.

Our regulatory experts collaborate with their peers and industry bodies to give advice and respond to any sustainability issues that arise in relation to our products.

Supporting Careers in Toxicology

Lauren Kavanagh joined the corporate regulatory team at Ellesmere Port, UK, in 2015 as a Product Safety Officer. Four years later, she has already progressed to Junior Regulatory Toxicologist and is involved in the training of new starters. Lauren has been helping to meet the demands of REACH while also studying for a post-graduate diploma in toxicology.

“What I like most about my role is the opportunities it provides for learning and personal development. I enjoy getting involved in the global registration work and the challenges that brings with constantly evolving regulations. With help from Innospec, I have been able to continue my studies, benefiting greatly from the advice and support from other members of the Regulatory Team.”

Lauren Kavanagh,
Junior Regulatory Toxicologist



RESPONSIBLE CARE®
OUR COMMITMENT TO SUSTAINABILITY

We are a long-term participant in Responsible Care®, the chemical industry's global initiative to drive continuous improvement in health, safety and environmental performance. We are a signatory to the International Council of Chemical Association's (ICCA) Responsible Care® Global Charter. We have also been a member of the UK Responsible Care® program since it started 29 years ago. Our Innospec Fuel Specialties LLC operations in the US have held their Responsible Care® management system certification since 2007.

Product Safety and Consumer Wellbeing

Our ongoing stewardship program ensures that our products are responsibly managed and controlled throughout their life-cycle. We carefully review each stage from design and manufacture through to distribution, use and disposal. Our program is delivered

by a network of regulatory and safety, health and environmental teams. The teams consist of experts who monitor, interpret and apply relevant statutory requirements, including any voluntary undertakings, to our products and activities.

REACH* The Story So Far...

1



World's largest ever review of chemicals...

2



protecting human health...

3



and protecting the environment.

4



Chemicals that are in contact with people...

5



and persist in the environment...

6



are the highest priority.

7



Innospec is complying...

8



152 registrations completed. Leading registrant for 57 registrations and...

9



invested US\$5 million so far.

*Registration, Evaluation, Authorization and Restriction of Chemicals

"Delivering REACH to time and under budget was a significant achievement. The whole process was an example of great team working, both internally and with our external partners. I'm really proud of the way our team has performed, across all roles, from our newest graduates to our most experienced members."

Ian Callan, Head of Global Regulatory Compliance

Employees

We believe our hardworking team of employees is our greatest asset; investing in their growth and development helps us stand out from our competitors and achieve long term success.

At the end of 2018, we employed just under 2,000 people across 23 countries. It is their skills, commitment and enthusiasm that delivers our corporate growth and shareholder value. We work hard to ensure the company is an attractive career choice for both new recruits and long-term employees.

As a company, we are proud of our very high level of staff retention, with 38% and 52% of employees having a length of service greater than 10 years and 5 years respectively. This, alongside an established senior management team, supports our business culture that is built around strong relationships and benefits both employees and our customers.

To help develop a sustainable workforce in the future, we offer opportunities to young people in the form of apprenticeships, trainee programs and work experience at a number of our locations. We provide participants with tailored programs that offer comprehensive practical training and experience.



Development and Training

We offer both internal and external training to support the continued development of our employees and to meet the needs of our business.

Our succession planning has been developed with the aim of ensuring that we are preparing the future leaders of the company. As part of this plan, senior level development roles were created to ensure employees gain experience that will support their progression into leadership positions. This approach continued in 2018 with changes being made to our Performance Chemicals sales structure to create opportunities for growth, development and to support succession planning.

"The way our Performance Chemicals team has performed in 2018 has been incredible. I am really proud of the way we have all pulled together and really appreciate how hard the employees worked. Our fast growth creates opportunities and challenges to ensure that we have the right people in the right roles. There have been a number of new roles created and internal promotions, which is always our preferred option."

Bruce McDonald, President, Performance Chemicals

Essential Life Skills Courses at Ellesmere Port, UK

A new set of personal development courses were introduced in 2018 at our Ellesmere Port site in the UK. The courses aim to help employees develop across a range of key life skills such as time management and personal effectiveness.

Innospec Scientist Receives Prestigious Award

Dr Jim Barker, a Research Fellow based at our Ellesmere Port, UK site, received the SAE International’s Forest R. McFarland Award. SAE International (originally established as the Society for Automotive Engineers) is a global leader in technical learning for the mobility industry. The award was presented to Jim in recognition of the outstanding contribution he has made in facilitating and enhancing the dissemination of technical information relating to fuels and lubricants within the industry.

Supporting a Sustainable Workforce

Understanding the motivations and needs of a younger workforce is an important consideration for our business. We need to understand how we can attract and retain the best talent in a changing and more competitive working environment. What attracts people to a business today is very different to what attracted them in the past. We understand that our sustainability performance is a key differentiator. People want to know that we are a responsible company to work for and programs such as Innospec Cares help to demonstrate this.



“For me, the best part of my job is helping the development of young scientists. They are extremely intelligent and think differently. We provide them with clearly defined career development opportunities. Most importantly, they need to feel that their work is valued and is making a difference, and that is easy at Innospec, as we expect every individual to make a difference.”

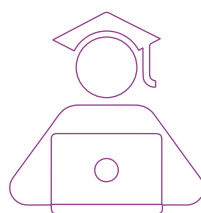
Ian MacMillan, Senior Vice President, Technology



We also recognize the important contribution we can make as a business by providing learning and development opportunities for future generations. We do this through a variety of programs all aimed at supporting young people, including apprenticeships, internships, student placements and work experience opportunities.



OVER 30
paid interns



10
apprenticeships



17
student placements



OVER 40
work experience opportunities

Apprentice Support at Leuna, Germany

All apprentices at our Leuna, Germany site receive a tailored individual development and training plan. For apprentices that have moved to Germany as refugees, the plan also includes support to improve their German language skills. As a participant, apprentices can access a range of support through weekly tutoring including preparation for exams, language and negotiation skills.

Sharesave Program

In 2018, we launched our third global Sharesave Program, which was again available to every employee across all businesses and countries. Our previous programs have been very popular and a great way for employees to participate in the company’s success. The 2018 launch proved to be very popular with 53% of all employees globally taking up the offer.

All employees that elected to 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 back the money saved.

“We actively want employees to benefit from the success of the company and this is one of the ways we ensure that they do. I was delighted to see the wide take-up of the program globally.”

Cathy Hessner, Senior Vice President, Human Resources

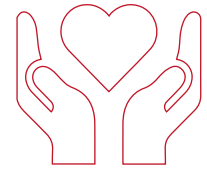


Community Engagement

Supporting local communities through education, fundraising and sponsorship opportunities.

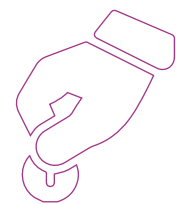
We understand the important role of our business in the social and economic development of the communities in which we are based. Supporting our employees

to participate in community activities and fundraising activities is a core business value that benefits everyone involved.



US\$456,258

total raised for charity in 2018



US\$353,797

directly donated by Innospec



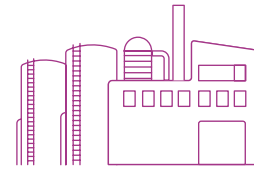
126

charitable organisations supported globally



600

visitors to Castiglione, Italy site open day



50

visitors to Leuna, Germany site open day



Over 380

young students participated in Innospec workshops and events

PENFED FOUNDATION MILITARY HEROES FUND

GERMAN ASSOCIATION FOR THE PROTECTION OF FORESTS AND WOODLANDS

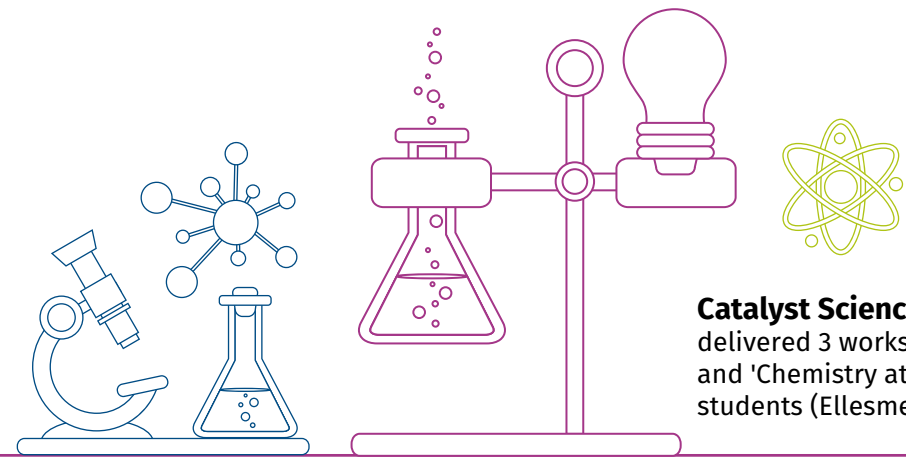
Total 2018 raised: **US\$140,000**
Total raised since 2007: **US\$748,000**

250 employees, customers and suppliers participated in Fuel Specialties and Oilfield Services Charity Golf Tournaments

Total donated for 2018 sales of Ecotherm® Futur: **€10,000**

Total donated since 2008 by our Fuel Specialties Business in Europe, Middle East and Africa: **€332,000**

Inspiring the Next Generation...



Catalyst Science Discovery Center delivered 3 workshops for 120 students and 'Chemistry at Work Week' for over 300 students (Ellesmere Port, UK)

Whitby High School's Annual Science Day (Ellesmere Port, UK)

Tours of Castiglione Italy site for chemistry students

Workshops for 100 students at ESSAR bi-annual STEAM (Science, Technology, Engineering, Arts and Mathematics) festival (Ellesmere Port, UK)

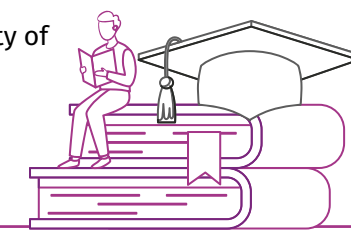
Surfactant Workshops for 50 children at Leipzig, Germany



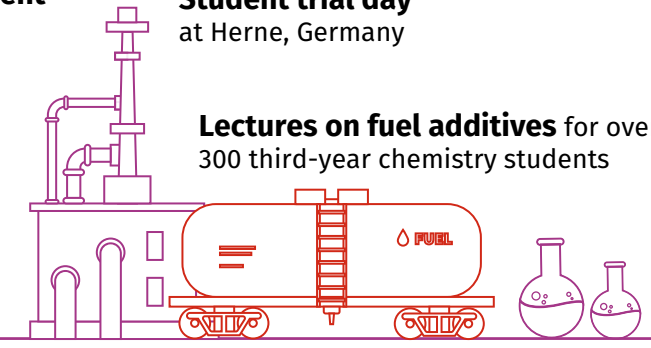
Partnership with Chemistry Department at the local university in St Mihiel, France

Student trial day at Herne, Germany

Fuel Specialties supports University of Plock, Poland



Lectures on fuel additives for over 300 third-year chemistry students



Providing samples for laboratory workshops

"Working with the University of Plock is a great way to connect with the communities in which we operate. The students are always really engaged in our lectures. It gives them a practical understanding of how to apply the skills and theories they are learning in the 'real'

world. We see it as our responsibility to support and inspire the next generation of chemists and engineers in our region."

Jan Eirmann, Sales Manager, Fuel Specialties, EMEA

Providing Support to Our Local Communities

Many of our sites build close relationships with their local communities and provide ongoing support year after year. A few of our activities are listed below:

- Our High Point and Salisbury, NC, US sites continued their financial support for United Way, a non-profit organization offering support to 50 local community agencies across the areas of education, income and health. In 2018, we sponsored the United Way Salisbury 5k sunset fundraising run again.
- At Leuna, Germany, 10 employees took part in the Targo Bank Charity run, helping to raise funds for local social projects. They also donated €6,000 to the city’s Cultural Center and €2,000 to a local children’s hospice.
- High Point, NC, US employees collected new, unwrapped toys at the end of 2018 for the US Marine Corps ‘Toys for Tots’ Program for less fortunate children at Christmas. The efforts of employees was match-funded by the Innospec Cares program.



- Oklahoma, OK, US employees took part in the America Cancer Walk, raising nearly US\$1,000, which was also match-funded through the Innospec Cares program.
- Asia Pacific Fuel Specialties employees helped clean, maintain and paint a local elementary school in the Philippines.
- Vernon, France continued their support of local community projects including a partnership with a local laundry that provides employment to people with special needs and an organization that recycles plastics to purchase food for a homeless charity.
- An Ellesmere Port, UK team of sci-fi clad adventurers boldly took on the 16 mile ‘Charathon’ event to raise money for two local hospices. The team raised over US\$4,000 and received an additional US\$5,000 from the Innospec Cares Program.

Opening Doors to Our Manufacturing Sites

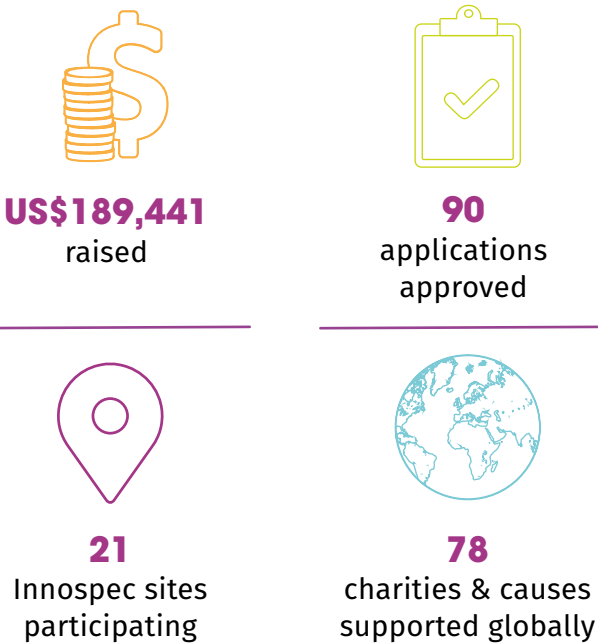
In 2018, 50 employee volunteers helped our Castiglione, Italy site open its doors to 600 visitors, including local residents, media and the authorities.

“The open day was a really precious moment of sharing our work with the community and our families. The event really exceeded our expectations in terms of interest and community involvement. Our team of volunteer employees did an amazing job and made such a great day possible.”

Pietro Maniscalco, Site Manager



Innospec Cares is our global charity program and once again, in 2018, our employees showed how much they care for their local communities. Now in its third year, Innospec Cares has helped employees raise money for a wide range of charities and good causes.



Any employee can submit an application for match-funding, or a direct giving donation, for their chosen charity or good cause that falls under one of the four Innospec Cares categories:

- Support of disadvantaged groups.
- Health and wellbeing.
- Educational support and encouragement.
- Environmental projects.

In 2018, we promoted the match-funding element of programs, where we donate US\$2 for every US\$1 our employees raise. We were pleased that match-funding applications continued to increase and that our employees received an additional US\$114,000 through the

program in 2018 to boost their own fundraising activities. The overall total raised through donations and fundraising by our employees was an impressive US\$189,000, up 2% on 2017.

In 2019, we are expanding our Innospec Cares program to include volunteering days. Employees can apply to spend a paid work day, once a year, volunteering for their chosen charity or good cause.

“Innospec Cares is not just a slogan or a program. It is a formal demonstration of the company’s commitment to supporting the needs of local communities. Employees are thrilled to work for a company that supports organizations that are close to their hearts. Innospec most certainly does care!”

John Struzick, Manufacturing Financial Manager, Salisbury and High Point, US





Agapi gia Zwi (Love for Life)
Location: Piraeus, Greece

Promoting the prevention of car accidents and supporting victims.

"We are truly grateful from the bottom of our heart for the generous support." - Charity

"I feel very grateful for the company's generosity in supporting the charities selected by employees." - Employee



Cancer Research, UK
Location: Ellesmere Port, UK

"Thank you so much for your generous donation and for supporting your employees' fundraising efforts." - Charity

"I am absolutely delighted and truly thankful to Innospec Cares for match-funding the money I raised. I would encourage any of my fellow employees to submit their applications!" - Employee

Hope House Colorado
Location: Englewood, CO, US

Empowering teenage parents, resulting in a healthy future for them and their children.

"Thank you so, so much for the donation. We truly appreciate it and your support of our mission." - Charity

"Innospec Cares gives the at-risk moms and children a chance to at least maintain a family foundation while becoming stable and productive members of their communities. I'm glad to work for an organization who will support this." - Employee



BUCANEVE Società Cooperativa Sociale
Location: Castiglione, Italy

Providing support services for the disabled in the community.

"This generous donation is a tangible demonstration of sensitivity and true solidarity towards the ever-increasing number of disabled young people and adults who rely on the cooperative daily." - Charity

"I had the pleasure of visiting the center, which has the precious goal of making the lives of those with mental and physical disabilities easier and helping them become more independent." - Employee



Circus Schnick-Schnack
Location: Herne, Germany

Providing volunteer clinic clowns to visit and entertain sick children in hospital.

"We are delighted with your continued support. The clowns provide a change in the daily routine of the clinic and make the patients laugh, forgetting their worries for a short amount of time." - Charity

"The donation for the hospital clowns is a matter of the heart for us. The pediatric surgery at Marien Hospital Herne is located close to our site and we are pleased to be able to support such an important project." - Employee

Hospice of the Good Shepherd.
Location: Ellesmere Port, UK

Providing palliative care and support to patients and their families

"Thank you so much for your donation and continued support. This donation is not only appreciated by the Hospice, but also the patients, who feel very grateful for the generosity." - Charity

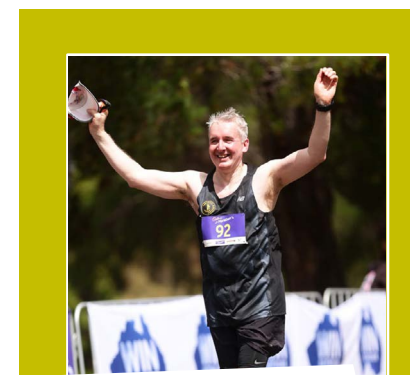
"Employees are so pleased when they hear the news that their application has been accepted. It really does mean a lot to them and the organizations they support." - Employee

Gateway Freedom Center, Inc.
Location: Salisbury, NC, USA

Providing drug & alcohol rehabilitation support to women to help them re-enter society.

"We at the Gateway Freedom Center are so very grateful for the donations. Words cannot express our gratitude." - Charity

"The support received from Innospec is of upmost importance to me because it personally enables me to supports the Vision, and Mission, here at the Gateway Freedom Center. Thank you so much. This has to be the best programme I've ever been a part of, Innospec Cares rocks." - Employee



ELLESMERE PORT & NESTON TALKING NEWSPAPER

Ellesmere Port & Neston
Location: Ellesmere Port, UK

Ellesmere Port & Neston Newspaper for the Visually Impaired.

"Our free local talking newspaper digests weekly news for the blind or partially sighted. Innospec is an excellent company for supporting small, local charities." - Charity

"It is quite remarkable that Innospec have continued to double match this year. I have had three successful applications so far and the charities are really thankful for the extra funds." - Employee



Houston Food Bank
Location: Houston, TX, US

Providing food and nutritious hot meals for children.

"Generous donors like Innospec ensure that families in the Houston area have access to nutritious food not only throughout the holidays, but all year long." - Charity

"The Innospec Cares program is a way to give back to the community. By matching donations, it shows empathy for what is important to employees." - Employee

IME Vassincourt
Location: St Mihiel, France

Supporting children and young adults suffering from behavioural issues and autism.

"Thank you for the donation towards the music festival organised by CLASAM. This will help residents improve their independence and open them up to the outside world." - Charity

"I was very happy to collaborate with CLASAM to organise this event. Receiving a donation from the Innospec Cares program was a strong contribution to make this happen. We can now fund the CLASAM music festival event." - Employee

San Antonio Stock Show & Rodeo
Location: San Antonio, TX, US

A volunteer organization that educates and encourages the youth of Texas to get involved in agriculture long term.

"Your donation will help us to continue to promote agriculture and education to the develop the youth of Texas. We are so grateful." - Charity

"Innospec Cares is an amazing program and this donation will make a big impact to grow young people's confidence and knowledge in the agricultural industry." - Employee



Forsyth Backpack Program
Location: High Point, NC, US

Feeding chronically hungry children.

"Innospec's donation will provide close to 100 meals to students in need and chronically hungry in Forsyth County. Thank you to all at Innospec for your continued support." - Charity

"I am grateful that the company I choose to work for takes the effort and time to organize a great program like Innospec Cares. It shows this company is not just about providing employment and products, but also a service to the community!" - Employee

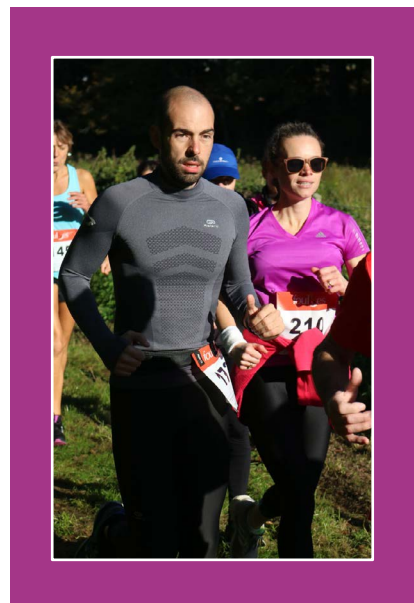


**Outlaw gGmbH Kita
Hildegardstraße**
Location: Leuna, Germany

A kindergarten that helps connect different nations living in Leipzig.

“Many thanks for the generous donation that has already been put to good use purchasing a sun shelter for the children.” - Charity

“It makes me happy to see how Innospec is supporting such a facility to make it bloom.” - Employee



A new leash for life
Location: Oklahoma, USA

Changing people’s lives by giving their independence back through training & providing Service Dogs.

“We would like to express our appreciation for your generous donation which will be used to support the rehabilitation of correction facility inmates through our service dog training programs.” - Charity

“I want to say thank you for giving back to our communities through your program. It was an honour to present the donation to A New Leash On Life. This program is dear to my heart, thank you for all the program does for our communities.” - Employee



Rowan Helping Ministries
Location: Salisbury, NC, USA

Providing overnight shelters, a kitchen and clothing center, housing programs and crisis assistance.

“Thank you for helping some of our most vulnerable families during their time of need.” - Charity

“Innospec Cares is a brilliant program that supports our local communities. This organization is near and dear to me.” - Employee



FUNDACIÓ RUBRICATUS
Location: Barcelona, Spain

Promotes and encourages effective social integration of people with disabilities through employment and occupational therapy services.

“Thanks for your donation towards our new Coffee Corner Project that will promote healthy habits, inclusion and autonomy of people with disabilities.” - Charity

“I have always believed that the work of this foundation is very important. I feel very happy to collaborate with them and very proud to belong to a company that facilitates and contributes to the making of dreams.” - Employee



Environment

Conserving and Protecting

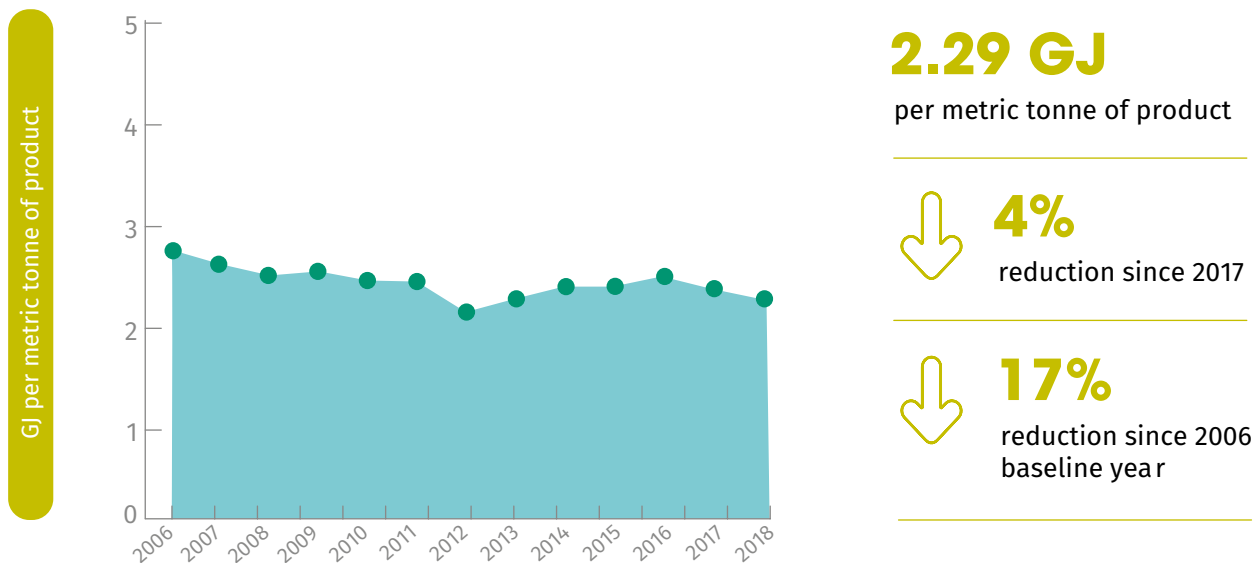
Monitoring and measuring the impact we have on the environment has been a long-standing core element of our sustainability strategy. We are committed to using resources as efficiently as possible and minimizing the impact of our operations on the environment. We continuously review advancing technologies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

processes so that we can actively seek out opportunities to improve our performance. We also look to improve the sustainability of our products and help our clients respond to environmental challenges through innovation and improved product performance.

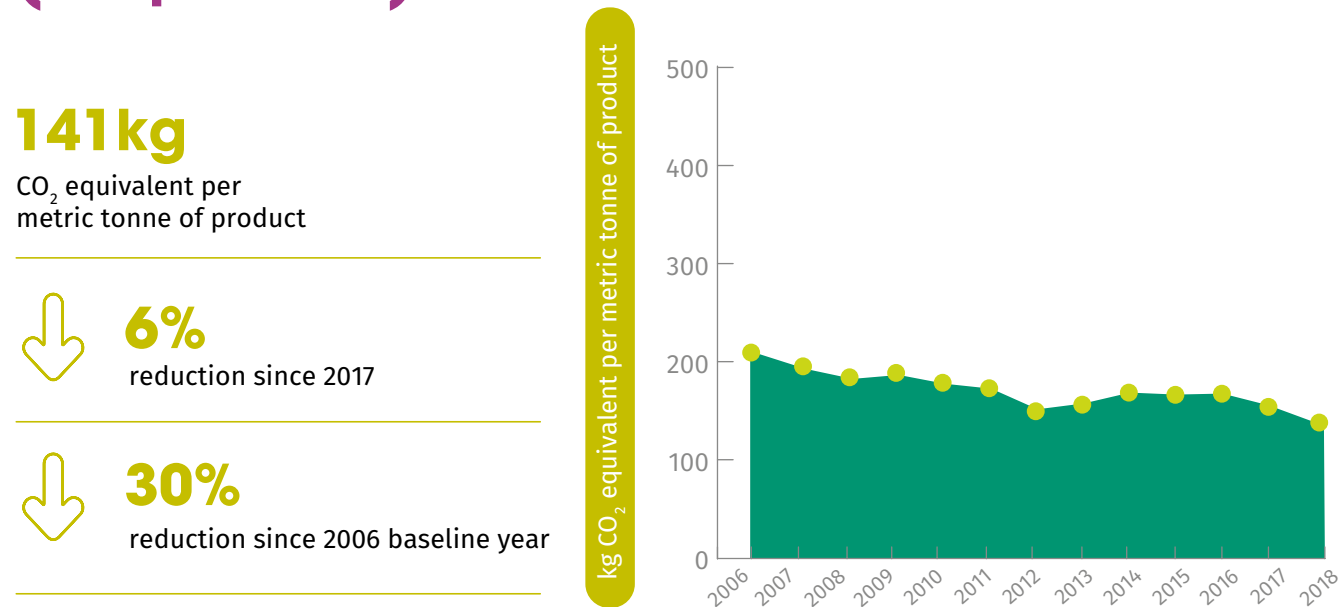


Environmental Performance Dashboard

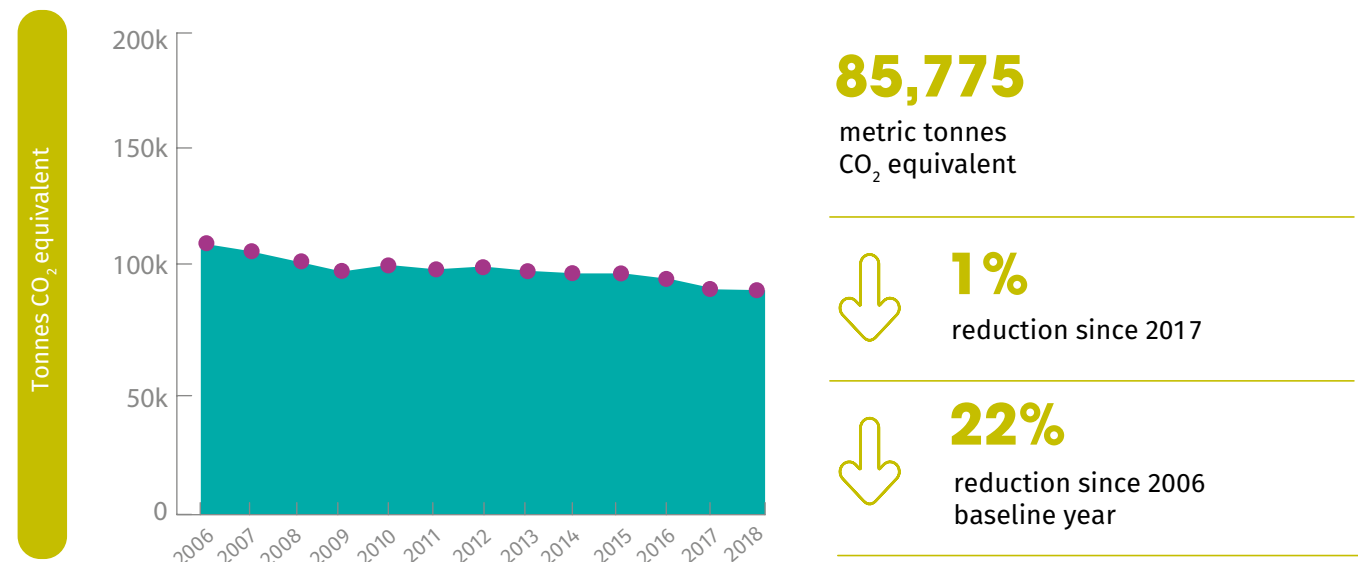
Energy Use



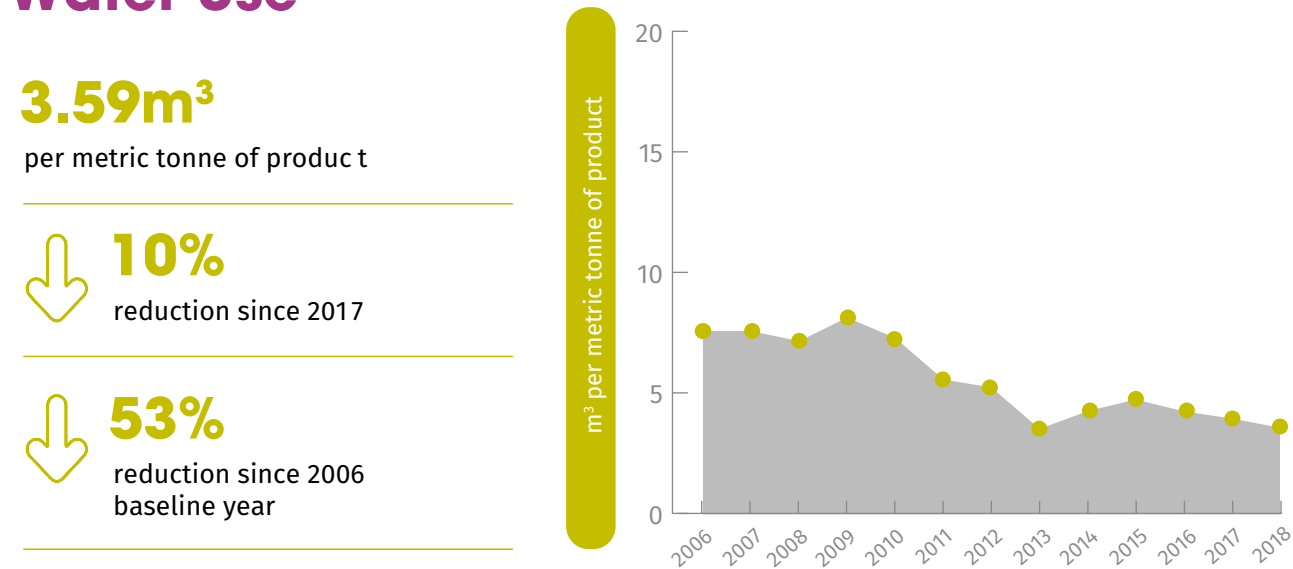
Greenhouse Gas (GHG) Emissions (Scope 1 & 2)



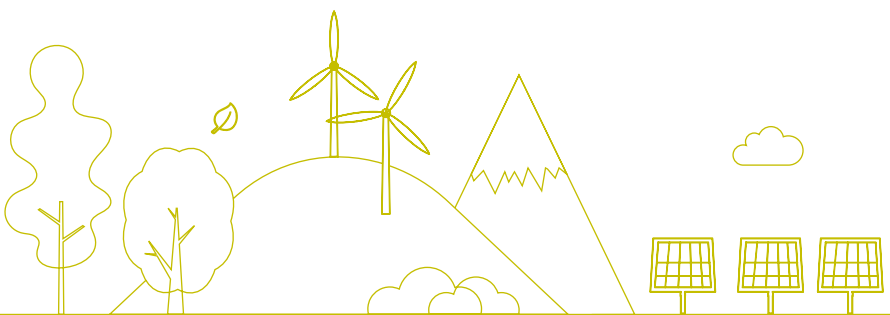
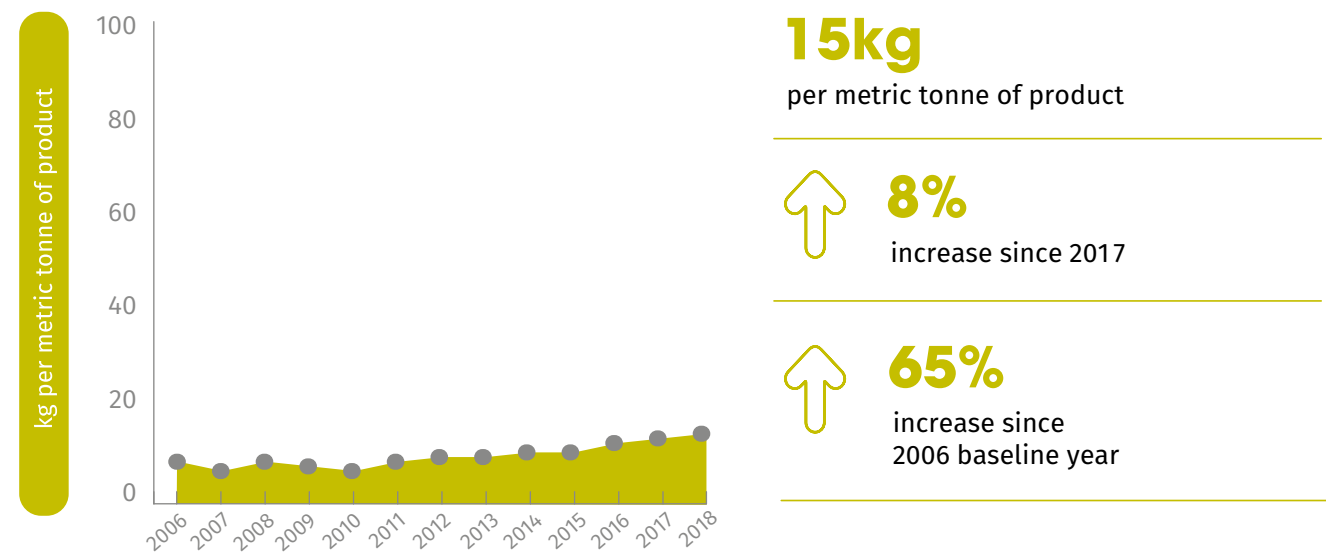
GHG Emissions Absolute (Scope 1 & 2)



Water Use



Hazardous Waste



Verified Performance

2018 CDP Supply Chain Disclosure Program



We participated in the CDP (formerly the Carbon Disclosure Project) Supply Chain Disclosure Program again in 2018. CDP is the largest collection globally of self-reported climate change, water and forest risk data. Through CDP, investors are better able to mitigate risk and make investment decisions that drive action towards a more sustainable world. In 2018, we achieved:

Performance band score of C: Awareness (CDP program average and industry activity group average score D: Disclosure)

Supplier Engagement Rating assessment: B- rating (Regional and sector average rating: C)

Gold Medal for Innospec's Sustainability Performance

In 2018, our management systems, policies and practices were reviewed for the third time by the EcoVadis supply chain sustainability platform. The platform independently evaluates and benchmarks a company's sustainability performance across environmental, labor and fair business practices. We were awarded Gold Medal status for the first time and are among the top 9% of all companies rated by EcoVadis in our sector.



"We were really pleased to achieve Gold Medal status for the first time. The EcoVadis review is incredibly thorough and in depth. It is great to see that our management systems, policies and practices continue to improve year on year. At Innospec, we are working hard to improve our performance across all key areas of our Responsible Business Strategy: environment, social engagement and governance. Achieving Gold is a reflection of that."

Helen Coy, Group Sustainable Development Manager

Minimize Impact

Seeking to understand and reduce the impact of our activities, while developing innovative solutions to help protect the environment.

In this section, we report our impact across four key areas: Greenhouse Gas (GHG) emissions, energy use, water use and hazardous waste. We track our environmental performance both year on year and against our 2006 baseline year.

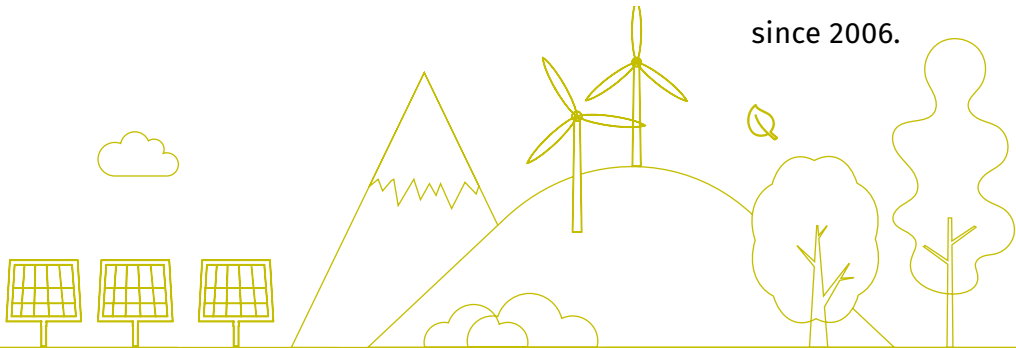
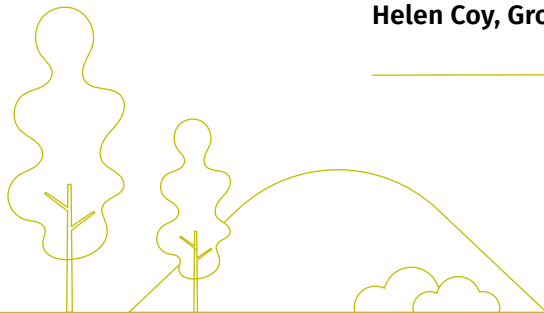
"In 2018, we are pleased to see continual improvement across energy use and GHG emissions, both per metric tonne of product and absolute emissions. The reduction has occurred while our production has increased. Since our 2006 baseline year, our water use per metric tonne of product has reduced by 57%, which has been a great success for the company. Although hazardous waste has increased by 8%, it is important to highlight that the intensity metric is small with just 15kg of waste being produced per metric tonne of product produced. Changes in product mix have a significant impact on the percentage fluctuations reported each year."

Peter Shields, Group Safety, Health and Environment Director

Energy Use and Greenhouse Gas Emissions

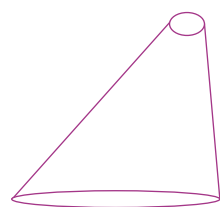
We understand the important contribution that businesses can make towards reducing global GHG emissions. Our climate change position statement, first published in 2015, is available on our website and sets out our commitment to reducing GHGs. We have made significant reductions in our energy use and carbon emissions since our 2006 baseline year. We have continued to deliver a range of activities and investments to further increase our energy efficiency and reduce our GHG emissions.

In 2018, we reduced the energy intensity of production (GJ consumption per metric tonne of product) by 4% compared to 2017 and by 17% against our baseline year in 2006. This reduction in intensity is also reflected in our Scope 1 and 2 emissions per metric tonne of product that have reduced by 6% since 2017 and 30% since 2006. Alongside more efficient use of energy, we have also reduced our absolute emissions by 1% since 2017 and 22% since 2006.



As we mature in our approach, the majority of straightforward efficiency savings have been made and it will be harder to continue our downward trend. We have been looking for longer-term, strategic opportunities to further increase our energy efficiency. For example, at our Ellesmere Port, UK site, work continued in 2018 on the rationalization and improvements

of the site’s electrical infrastructure. Three substations were upgraded and rationalized, helping to simplify the network and saving 44MWh per annum. The electrical metering system was also further improved, giving a greater level of accuracy to a lower distribution level. Other energy reduction activities in 2018 included the following:



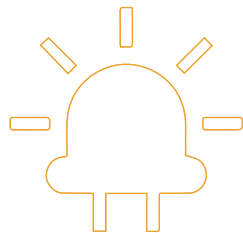
93 MWh

energy reduction following LED replacement of floodlights supported by an intelligent control system, Ellesmere Port, UK.



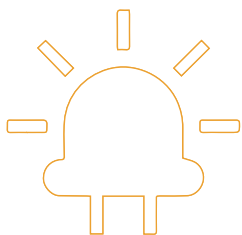
2 million kWh

annual savings in gas usage following the installation of new economizers in the boiler room, Ellesmere Port, UK.



2,540 kWh

saved annually by upgrading to LEDs, Leuna, Germany.



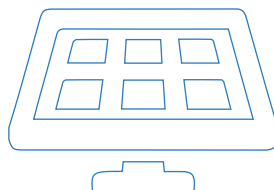
6,657 kWh

saved annually by LED light replacement, Barcelona, Spain.



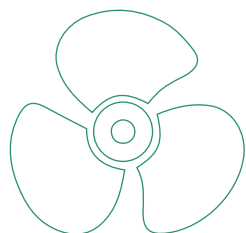
585

metric tonnes CO₂ equivalent offset through employee air travel scheme, equivalent to the electricity consumption of 102 US homes for one year.



10%

of Oklahoma City, OK, US site’s energy now sourced from solar power.



8,277 kWh

saved annually with a new air extraction fan, Barcelona, Spain.

Energy Reduction Fund

A dedicated Energy Reduction Fund is allocated every year for capital equipment investment projects. Recognizing that the majority of obvious improvements have now been achieved, the fund focuses on projects where the payback period is accepted as being longer than would normally be required. The fund is administered by the global Energy Reduction Group (ERG), established in October 2016 and led by corporate engineering.

The fund targeted projects that could deliver the 2017 and 2018 objective of achieving the equivalent of a 2% (1,104 metric tonnes) reduction in our total group Scope 1 and 2 emissions, based on a 2015 baseline, by 2020.

During 2017 and 2018, the company invested in a number of projects that were forecast to reduce emissions by approximately 1,852 metric tonnes CO₂ equivalent, exceeding our 2% target by 748 metric tonnes annually.

In addition to the pipeline of energy reduction capital investment projects, the ERG also encourages and supports local initiatives. The ERG coordinates the sharing of information and learning from across the sites through regular communications and best practice meetings.

Carbon Offsetting

Herne, Germany, maintained its carbon neutral status in 2018. The site commissioned an external consultancy to calculate the amount of GHG it generated. Following the survey, the site purchased 11,000 carbon certificates to offset the 2017 and 2018 energy usage. The purchase of these certificates supported two climate protection projects involving

hydropower in Uganda and wind turbines in India. The site is now on its way to achieving carbon neutral status for 2019.

For the fifth consecutive year, our Vernon manufacturing facility in France has offset its GHG emissions based on its 2018 energy consumption. The site partnered once again with local organization “Forest for Life”, supporting the planting of 180 trees through the organization’s Togo program. The program not only helps to restore areas affected by deforestation, it also supports the local population through the provision of access to water, nutritional food programs and creation of local jobs.



Ecotherm® Futur donation funds reforestation program

Our Fuel Specialties business makes a donation to the German Association for the protection of Forests and Woodland for every liter of Ecotherm® Futur sold. For 2018 sales, we donated almost €10,000, making a total of over €332,000 since the partnership began in 2008. Last summer’s hot temperatures damaged many trees in the area and subsequent storms caused many of the weakened trees to be lost. The donation is being used by the Association to plant 6,000 replacement trees, made up of a range of species, in the Herne region.

Reducing Supply Chain Transport Emissions

In 2018, our Ellesmere Port, UK site implemented two key projects that have dramatically reduced the number of road vehicle movements and associated emissions.

To facilitate an increase in the use of ocean shipping as an alternative to road transport for our largest volume products, the site invested in the upgrade of a number of bulk product storage tanks and its wharf facility. The wharf, originally installed over 55 years ago, is situated on the Manchester Ship Canal and is adjacent to a site of special scientific interest (SSSI). The project to upgrade the wharf involved the complete replacement of the original wooden fenders. The improvements have extended the life of the wharf, enhancing the visual amenity of the site and securing this important heritage asset.

The site has also converted an old redundant storage building into a new drumming facility, enabling containers to be stored and filled in the same location. This has removed the need to double, and on occasion, triple handle containers across the site, reducing our transport requirements by over 1700 miles annually. As well as reducing our carbon footprint, the project has a number of other benefits including improving safety, operational and regulatory standards, enabling the increased purchase of raw materials in bulk and improving the security of supply.

Our site in Herne, Germany introduced a new target of 95% of trucks hired from suppliers complying with EURO 5 engine standards. In addition, the site has also improved supply chain fuel efficiency by introducing a new internal truck shunting operation. The new process removes the need to use third-party trucks from offsite, reducing emissions associated with truck trips to and from the site.

In 2018, our Oilfield business looked across its operations to identify where it could be more efficient and minimize the environmental impact. Encouraging customers to buy products in bulk enabled the business to reduce the number of vehicle trips needed, minimize the number of waste containers generated and also reduce the risk of accidents and leakage during their transportation.

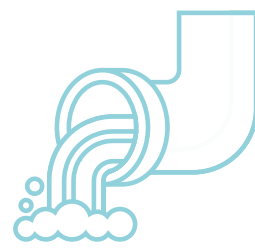


Water

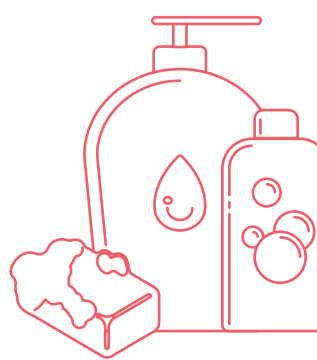
Through our engagement activities, we understand that water management is important for a number of our stakeholders and we recognize the importance of using water responsibly and reducing waste. Although none of our production facilities that use water in their process are located in water constrained areas, we ensure that we use this valuable resource as carefully and efficiently as possible.

In 2018, our total water consumption continued to decrease. We recorded a 10% reduction of water use per metric tonne of product since 2017. We are now using 53% less water per metric tonne of product in our manufacturing process than we did in the 2006 baseline year.

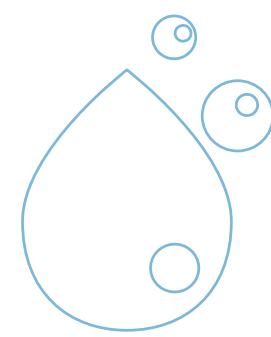
2018 activities that helped to reduce our water consumption and improve the quality of waste water discharged from sites included the following:



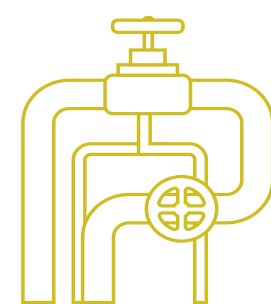
Upgrading the dedicated bio treatment plant located at our site in St Mihiel, France helped to improve the quality of waste water discharged.



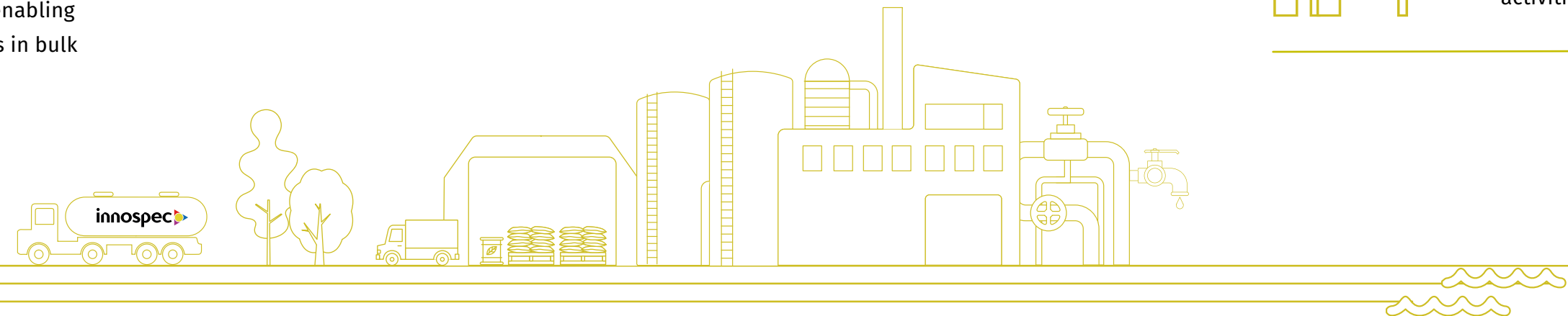
Creating concentrated and solid versions of our surfactants helping to reduce the amount of water consumed during their manufacture and use.



Replacing water with a more efficient steam system and better production planning enabled our site in Barcelona, Spain to minimize the water needed for cleaning vessels and reactors.



Introducing a closed-circuit cooling system helped Herne, Germany reduce the number of tanker cleaning activities.



Hazardous Waste

Overall, our global hazardous waste generation per metric tonne of product increased by 8% in 2018, with a 66% increase compared to our 2006 baseline year. However, the amount of hazardous waste produced per metric tonne is small at only 15kg per metric tonne of product produced. Fluctuations in year-on-year comparisons are due to changes in product mix, the market for the recycling of waste solvents and a number of recent decommissioning projects at manufacturing sites.

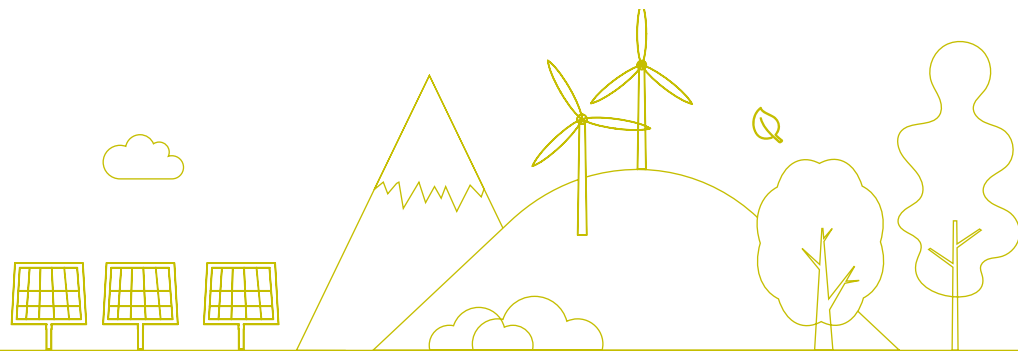
There was a range of positive activities underway in 2018 to reduce waste across our sites and prioritize recovery and reuse. Our Ellesmere Port, UK site made some significant improvements in 2018, including a 33% reduction in waste effluent generated since 2017. It was also able to divert all office waste from landfill to recycling routes following a change in third-party contractor and improved segregation systems.

At our Barcelona, Spain site, we have been working to improve the production process for new products that use cyclohexane as a distillation solvent. In 2018, a range of modifications was introduced to the plant, including a second vertical condenser and a heat exchanger to help minimize emissions to air and water.

The site has also upgraded their waste water treatment plant, replacing an aged flocculation tank to improve the efficiency of the plant and as a result, improving the quality of the final treated effluent.

Our Castiglione site in Italy has been able to reduce the chemical oxygen demand of its waste water effluent by 21%, by reducing the amount of organic material in the waste effluent sent to their bio-treatment plant. In addition, the site also reduced the quantity of filter media and bi-production waste by 473 metric tonnes compared to 2017. This was achieved following the introduction of new monitoring and measuring procedures supported by improved employee training and awareness of waste streams.

Overall, our European supply chain was able to recycle over 4,700 returned product and raw material IBC containers in 2018. The initiative helped save over 195 metric tonnes of steel, 75 metric tonnes of plastic and prevent the release over 470 metric tonnes equivalent of CO₂.



Product Ranges Achieve Natural Certification

For a number of our Performance Chemicals customers, it is important that the raw material ingredients they use come from renewable resources, have minimal environmental impact and that this is validated by an independent third-party process.

To provide our customers with the assurances they need, we use both the COSMOS and ECOCERT Greenlife standards. Both standards have strict criteria for the acceptance of natural origin raw materials, which take into account sustainability, including the environmental fate of ingredients and human welfare.

The COSMOS-standard is a voluntary scheme that cosmetic producers can use to certify their products are natural or organic. It is the largest cosmetic certification company worldwide and one of the few organizations to offer a standard for natural detergents. The ECOCERT Greenlife standard for natural detergents promotes renewable resources for us in Home Care and industrial cleaning products.

In 2018, the following Empigen® and Pureact products received COSMOS and ECOCERT Detergent certification:

- **ECOCERT Detergents:** Empigen® BS/FA and Empigen® BS/FA MB
- **COSMOS certified:** Pureact Gluco C, Pureact Gluco D, Pureact Gluco L, Pureact 138, Empigen® BS/FA, Empigen® BS/FA MB and Empicol® CZ/N

EcoSolve™ Provides Alternative to Harmful Acid

We look for ways to make products safer and to minimize their impact. Hydrochloric acid treatments are used widely across the oilfield industry, in a range of applications, but it is harmful to people, the environment and machinery. Despite increasingly strict regulations, to date there has been no cost-effective alternative. We have developed EcoSolve™ as an environmentally friendly acid that is a proven, non-hazardous, cost-effective alternative. The acid is classified as being a non-irritant to skin and is biodegradable, minimizing risks to people and the environment.



Governance

Leading by Example

We have established a clear and effective governance structure to ensure that we uphold a high standard of corporate and business integrity across all of our activities. Our team of highly experienced legal and compliance experts advise on a wide

range of issues, from anti-corruption measures to export controls and trade sanctions. We also have a team of external advisors that provide additional support on specific issues including due diligence, where required.



Transparent and Honest

A number of our key corporate governance policies are publicly available online at:
www.innospec.com/aboutus/corporate-governance

Legal Compliance

We understand 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.

As a responsible business, we take compliance very seriously. It is non-negotiable and we have developed robust systems and procedures to ensure that our employees, third-party representatives (including agents, distributors and consultants), suppliers and other stakeholders behave legally, responsibly and ethically.

During 2018, we reviewed and updated a number of legal compliance policies and documents, including our Code of Ethics in December. The Code was updated to ensure that all our compliance policies are appropriately included and referenced. The Code now includes new sections on data protection, conflict minerals, export controls and trade sanctions as well as strengthened language on modern slavery, human trafficking and money laundering. Other policies reviewed and updated in 2018 included the following:

- **Anti-Corruption Policy.**
- **Gifts, Hospitalitys, Charitable Donations and Sponsorships Policy.**
- **Third Party Representative Compliance Approval User Guide.**
- **Reporting Corporate Governance Concerns Policy.**

In addition, we launched a new Data Protection Policy and issued Privacy Notices, ahead of the General Data Protection Regulation (GDPR) introduction (25 May 2018), to all employees to raise awareness of how and why we are handling their personal data. We have also reviewed and made changes to our recruitment and new starter processes to ensure compliance with the new regulations. Line managers have been provided with GDPR advice and guidance to ensure they understand their responsibilities when handling the personal data of employees. A Third Party Privacy Notice has also been issued on our website that explains what personal data we handle, and how and why it is used.

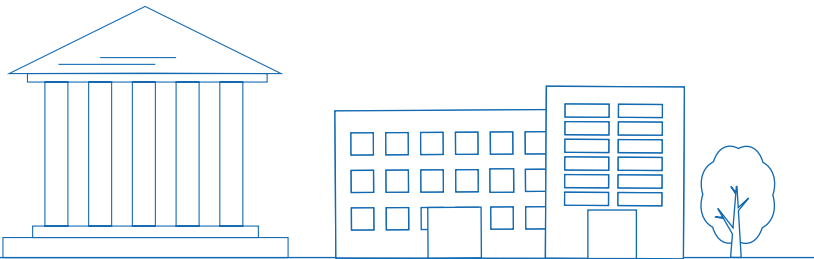
In 2017, we completed a thorough review and revision of the annual legal compliance risk assessment process. The revised process was agreed with the Nominating and Corporate Governance Committee (NCGC) at the beginning of 2018 and was used to assess and report on the status of legal compliance across our global business throughout both 2017 and 2018. The NCGC Charter was also reviewed in line with SEC requirements. In addition, we developed and introduced a new process for the supply of free product for trials to current and prospective customers.

Every year, we ensure that all employees are kept up-to-date on compliance issues using direct communications. In 2018, the following compliance related announcements were issued:

- **Release of Annual Compliance Certification.**
- **Introduction to the new, revised compliance risk assessment and reporting process.**
- **Reminder of the importance of securing prior approval for gifts and hospitality.**
- **Notification of revised Gifts, Hospitalities, Charitable Donations and Sponsorships Policy.**
- **Notification of changes to email footers, including a link to the new Third Party Privacy Notice, introduced for data protection purposes.**

To support the existing rigorous external and internal business assurance audits, our legal compliance team conducted a number of compliance related audits during 2018. These are conducted each year with these objectives:

- **Monitoring compliance with policies and procedures, particularly in relation to anti-bribery and corruption.**
- **Assessing the related risks and making recommendations on how to further improve compliance.**
- **Mitigating any identified risks.**



In 2018, three legal compliance audits took place of our business in Germany (Leuna), Brazil, and Russia. A legal compliance audit of a third-party representative operating in Brazil was also conducted by EY (formerly Ernst and Young) on behalf of Innospec.



Governance Committees and Groups

Our compliance programs and performance status are reported to the Compliance Steering Group. The Group includes our Chief Compliance Officer, Global Compliance Counsel, Head of Business Assurance and senior members of Innospec’s commercial and legal compliance teams. The Group meets quarterly, approximately two weeks after the NCGC, ensuring that outcomes from the Committee are fed back to the business quickly and effectively. Meeting minutes from the Compliance Steering group are provided for the NCGC.

Our governance bodies are set out below:



Nominating and Corporate Governance Committee

Responsible for recommending to the Board: qualified individuals to serve as Board members, re-nomination of incumbent Directors, governance guidelines, committee appointments, providing leadership of corporate governance and reviewing the Board’s performance.

Non-Employee Directors Group

Responsible for strategic agenda setting prior to the main Board meeting. It must also set the boundaries within which to challenge decision-making and senior roles in the business. Additionally, it must assess the need for expertise or skills not visibly available to the business.

Audit Committee

Provides oversight of the Board’s responsibilities relating to the integrity of the company’s accounting and audit practices, policies, personnel, systems, reporting and disclosures.

Compensation Committee

Supports the Board’s responsibility in long-term strategy and shareholder interests relating to executive compensation and incentive programs for all Executive Officers, Directors and other employees. It also advises on compensation policy and structure for non-employee directors.

Compliance Training

In 2018, we developed and delivered online training on various aspects of compliance, including ethics, data protection, anti-bribery and corruption and protecting confidential information to ensure a good understanding of the rules and related risks as they apply to our business. We also delivered training in

other relevant areas, including export controls and trade sanctions, appointment of third-party representatives, money laundering and competition law.

In 2018, we recorded a completion rate of 90% for all compliance training, a rate that was higher than expected as one of the courses was only released late in December.



1,994

Employees enrolled in the compliance training program.



5,303

Legal compliance courses completed by employees.



419

Third-Party Representatives enrolled in compliance training.

Core Employee Compliance Courses Released in 2018

- **Code of Ethics.**
- **Global Anti-Corruption and Anti-Bribery (replaced the Combating Bribery in Business course).**
- **Personal Data Privacy.**
- **Gifts and Hospitality.**
- **Code of Conduct – Focus on Protection of Confidential Information.**



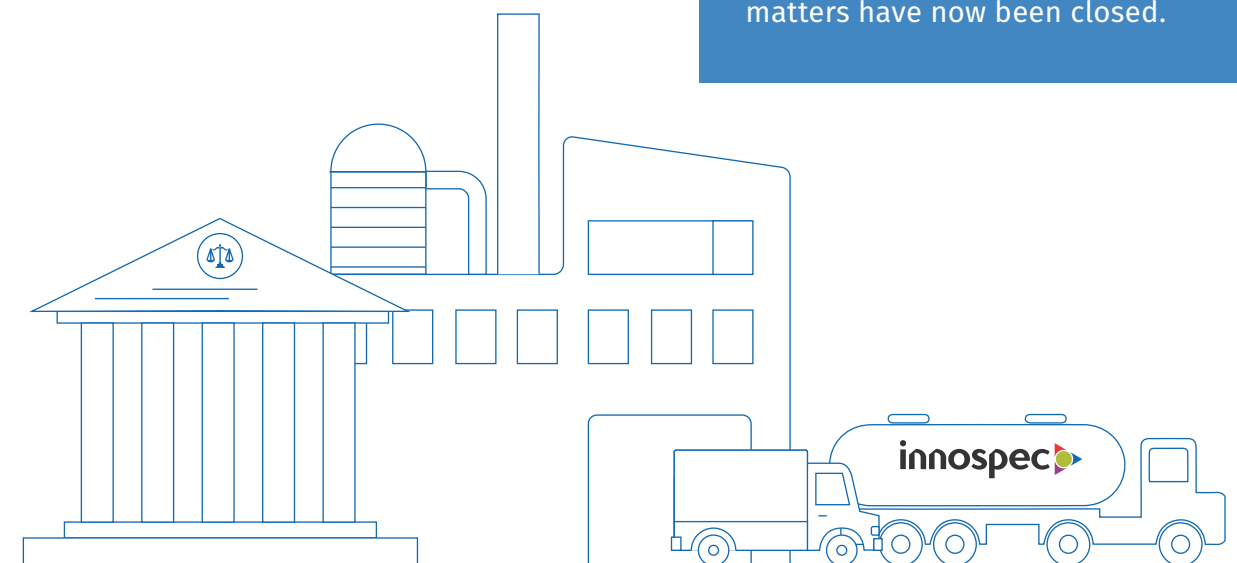
Treating Everyone with Dignity and Respect

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



Whistle-Blowing Procedure

A confidential whistle-blowing service is available to all employees, operated by an independent third party, Expolink, using local call numbers and online access. Where local laws allow, the service is also anonymous. Any reports received are investigated by one or more senior managers, who then recommend and oversee the appropriate course of action required. In 2018, we received 13 reports via the Expolink service. All 13 reports were investigated and where required, appropriate action was taken. All these matters have now been closed.



Managing Third Parties

We manage our third parties so they comply with legal, ethical and social requirements, while also finding opportunities for environmental improvement and economic efficiency.

Third Parties

We are committed to ensuring that all third parties we work with are wholly aligned with our values and standards.

All potential customers and suppliers are screened for compliance to ensure that they are not currently on any global sanctions or debarred lists. We also undertake due diligence on our agents, distributors and certain consultants. The level of due diligence conducted depends on risk factors such as the nature of the relationship with the third-party representative, territory and business division. Where there are any compliance related questions or concerns, accounts are put on hold and only released once the issues are resolved. We will also terminate contracts for compliance related reasons where necessary. We did not find cause to terminate any accounts or contracts for compliance related reasons during 2018.

All medium- and high-risk third-party representatives (agents, distributors and consultants) are required to complete our anti-corruption online compliance training. We required 89 individuals from various third-party representatives to complete our

Global Anti-Corruption and Anti-Bribery online training course during 2018. If training is not completed within the notified timeframe, we withhold approval for the appointment of that third-party representative or place their account on hold, meaning that no sales orders can be processed, or work commissioned. If training is still not undertaken within a reasonable extension period set by our Legal Compliance Department, then the relationship is terminated. No third-party representative accounts were terminated in 2018 due to failure to complete compliance training.

ComplianceDesktop

Introduced in 2017, our automated platform, ComplianceDesktop, enables all third-party representatives due diligence to be conducted online, ensuring increased traceability, visibility and efficiency. In 2018, we continued to streamline our approach and, after rigorous testing, introduced a simplified renewal process. Since December 2018, relevant third-party representatives have been able to confirm online any changes to the responses provided in their last, most recent, due diligence questionnaire.

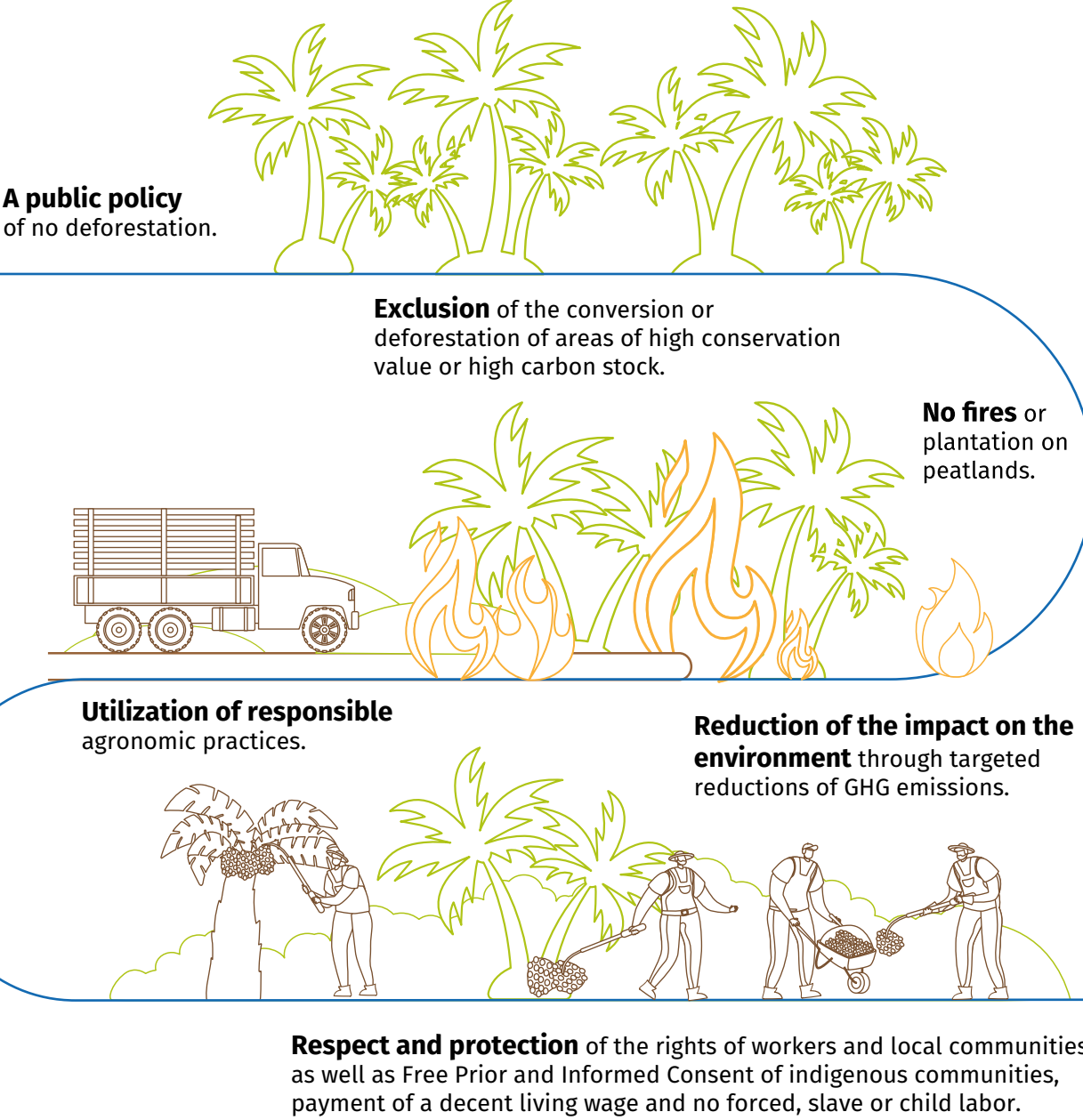
Innospec and Palm Oil

At Innospec, we use palm oil and palm kernel oil derivatives in a number of our products, for example, within the Iselux®, Pueract, Empicol®, Empigen® and Empilan® ranges. We recognize that the rapid growth in demand for palm-based raw materials has led to an increase in the number and size of palm plantations, which has adverse environmental and social consequences.

As a member of the RSPO (Roundtable on Sustainable Palm Oil) since 2013, we have been

committed to the responsible sourcing of palm-based raw materials. Demonstrating this commitment, all applicable Innospec manufacturing sites are RSPO mass balance (MB) supply chain certified and as such, we are able to offer our customers RSPO MB versions of our products on request.

We continue to work with our suppliers to ensure that all palm-based materials we procure will be from sustainable sources that comply with NDPE (no Deforestation, no Peat, no Exploitation) commitments based on the following:



In 2018, we began work to increase the transparency and understanding of our palm-based raw material supply chain. We engaged the support of an independent, third-party company to research and map the origins of palm-based materials in our supply chain. Using a methodology that is endorsed by a number of external stakeholders, rating agencies and coalitions, we analyzed our 2017 palm and palm kernel derivatives raw material volumes. Following the analysis, we achieved 99% transparency at refinery level and 95% at mill level connected to our palm derivatives supply chain. From this data we have been able to produce a risk map of our sourcing areas.

Increasing the transparency of our supply chain helps us to highlight any differences and potential opportunities for improvement between our commitments and those of our suppliers. The program will help us to develop a roadmap towards a deforestation-free and responsible sourcing of palm-based raw materials. In 2019, we will repeat the transparency exercise for our 2018 volumes targeting 100% transparency at the mill level by 2020.



We understand the importance of our role in the education and promotion of the responsible sourcing of palm-based materials with our suppliers, distributors and customers. In 2018, we provided our sales teams and global distributors with training and guidance on the RSPO certification process and its requirements, encouraging them to promote the sale of our RSPO MB certified products.

Our Sustainable Sourcing of Palm Oil and Palm Kernel Oil Policy was updated in 2018 to reflect our ongoing commitments. It defines the steps we are taking to work towards ensuring that our products are produced only from sustainable palm sources. Our policy and details of our progress towards our commitments are available at www.innospecinc.com/sustainablesourcing and at www.rspo.org.



RSPO-1106327

Check our progress at
www.rspo.org/members/2156



Managing Procurement Responsibly

Since 2016, we have partnered with EcoVadis, a supplier sustainability evaluation rating platform, to assess our key global suppliers. The platform enables us to assess the relative environmental, ethical and social risks of our suppliers and compare against the EcoVadis database of over 44,200 global companies.

In 2018, we introduced a new system that enables us to incorporate EcoVadis assessments into our supplier evaluation process. The process is now fully embedded into our purchasing and procurement systems and is a requirement for all raw material suppliers.

In addition, we carried out a third campaign targeting existing suppliers to our recently acquired sites. We achieved an 88% response rate from the suppliers targeted with an average score of 58.3, which compares favorably with the EcoVadis average of 42.2.

Conflict Minerals

We are committed to the responsible sourcing of materials, which includes ensuring that conflict minerals are not '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. Our statement on Conflict Minerals Disclosure and report for the calendar year ending 31 December 2018, is published on our website and sets out our expectations of suppliers and customers.



Looking Forward



Social

Health, Safety & Wellbeing

- **Protect** the health, safety and welfare of employees and third parties.
- **Launch** the second phase of our global corporate health and safety behavioral program, Journey to Zero Harm, to all non-manufacturing employees.
- **Maintain** focus on the implementation of and compliance with corporate process safety standards.
- **Reduce** the number of LOC events.

Community Engagement

- **Launch** the new Innospec Cares employee volunteering day program.
- **Increase** the number of employees participating in the Innospec Cares charitable donation program.

Employees

- **Implement** a corporate employee health and wellbeing policy.



Environment

Minimize Impact

- **Reduce** Greenhouse Gas Scope 1 & 2 emissions by targeting projects that will deliver the equivalent of a 2% saving by the end of 2020 (based on 2015 baseline).
- **Identify** and evaluate further water reduction projects.
- **Review** waste handling, maximizing recycling, re-use and recovery routes.

Product Sustainability

- **Implement** the Innospec sustainable evaluation assessment criteria for all new manufactured products.
- **Increase** the transparency and understanding of Innospec's palm-based raw material supply chain, targeting 100% transparency at the mill level by 2020.
- **Implement** a formal palm oil supply chain grievance process and procedure.



Governance

Compliance

- **Review** our internal legal compliance audit process to help drive continuous improvement.
- **Conduct** a compliance culture survey across Innospec to identify areas for future focus.

Third Party Management

- **Encourage** continuous improvement in the sustainability practices of our suppliers.
- **Develop** and communicate an Innospec Supplier Code of Conduct.

Assurance Summary Statement 2018

Jacobs has conducted an independent assurance review of Innospec's 2018 Responsible Business Report in accordance with AccountAbility's AA1000 Assurance Standard 2008. This involved assessing Innospec's adherence to the AA1000 AccountAbility Principles of Inclusivity, Materiality and Responsiveness and assessing the reliability and quality of the sustainability information contained within the report. A moderate level of assurance was obtained, which is the level generally adopted by companies when using AA1000 to assure their sustainability report.

This is the fourth year assurance has been undertaken in accordance with the AA1000 Standard and our approach built upon our previous reviews, taking a sample approach based on consideration of previous sampling and materiality.

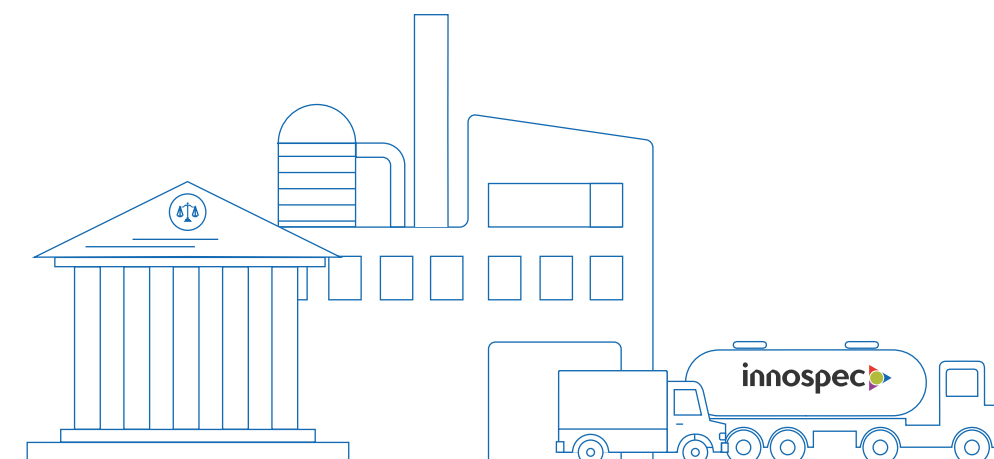
Our Assurance Statement plus our recommendations for further development can be found on Innospec's website www.innospecinc.com

Jacobs, Manchester, September 2019

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

If you would like to provide feedback on any aspect of this report,
please contact the Ellesmere Port site using the details above or
email us at **sustainability@innospecinc.com**

To contact any other Innospec site, please visit the
link below and click on the location of your choice.
www.innospecinc.com/get-in-touch



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