

# 2021

## RESPONSIBLE BUSINESS REPORT



creating more together





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# statement from OUR CEO

## Welcome to our 2021 Responsible Business Report



**All our businesses performed well in 2021, and we finished the year in a strong position. I am extremely proud of the way the Innospec team has navigated this year's volatile market conditions including supply chain disruptions and rising inflation. Our business teams remained safe, resourceful and customer/technology focused.**

As in previous years, this report reflects the actions we are taking to build a sustainable business. It provides an update on everything from our financial performance and business successes to the health, safety and wellbeing of our employees. It considers the sustainable benefits of our products and the steps we are taking to run our business ethically, with good governance and compliance, while continually improving our impact on the environment.

### Innovation will drive sustainability

In this year's report we introduce our new management structure for Environmental, Social and Governance (ESG). We have established a new Executive Team ESG Steering Group, that reports directly to our Board which will help develop and drive our sustainability strategy forward across all our businesses.

Informing this strategy is the output of our 2021 materiality assessment. We have completed an in-depth review of what matters most to our stakeholders and we are pleased to confirm that issues identified in prior years remain broadly consistent with our current sustainability strategy and actions. Corporate information security emerged as a new issue of high materiality to our stakeholders, and we have adjusted our strategy to reflect this.

Our future growth opportunities are directly tied to sustainability and continued product innovation is central to these plans. For example, our Performance Chemicals team is enabling packaging-free solutions with its dry and concentrated technologies, and it is increasingly replacing fossil-based ingredients with renewable alternatives. Our Fuel Specialties team is helping customers maximize the value of hydrocarbon fuels to reduce their carbon footprint while supporting the use of renewable biofuels. Our Oilfield Services team is working hard to reduce the use of hydrocarbon oil-based additives by developing equally effective water-based chemistries.

In-line with our long-standing efforts to minimize our impact on the environment we have reduced our greenhouse gas (GHG) emissions, energy and water use and waste intensity rates when compared to 2020. Our energy reduction program, alongside the procurement of 100% renewable electricity at all our manufacturing facilities, has delivered a 52% reduction in our absolute scope 1 and 2 GHG emissions since our 2006 baseline year. We have committed to evaluating options in 2022 that would deliver a net zero emissions target by 2050, consistent with the scope of the Paris Climate Agreement.

### People are the key

As always, the key to our success lies with our people and their dedication to delivering excellent customer service all over the world. In 2021, we witnessed a great collective effort from our people collaborating and supporting each other beyond their traditional business

units and regions. The teamwork was exemplary. This kept our people safe and our business moving forward as the world slowly reopened. By working closely with our customers and suppliers we were able to navigate the numerous supply chain issues affecting our markets while keeping a tight control on our overheads and expenses.

### Investing for future growth

In 2021, we invested in our infrastructure, facilities and equipment. Major projects included the first in a series of significant capacity expansions and the construction of our new Global Technology Center at our Performance Chemicals site in Salisbury, US. We also completed the installation of a new replacement high-pressure polymerization reactor at our plant in Leuna, Germany and a new Technology Center at our site in Ellesmere Port, UK for our Fuel Specialties business.

### The drivers for growth

Everywhere we look we see opportunities to expand our business. Customers and consumers want sustainability, but they also want high-performance at a competitive cost. Our Performance Chemical business has the products that meet these expectations for a diverse set of end-markets, including personal care, homecare, agriculture, construction and metal extraction. In Fuel Specialties, our technology adds critical safety, emissions reduction and performance properties to diesel, renewable and distillate fuels. As society moves towards cleaner fuels, tighter emissions standards and higher efficiency engines, new opportunities will arise. In Oilfield Services, we are introducing new technologies that lower production costs while increasing efficiency. All these factors will continue to propel our business forward in the years ahead.

In summary, we are entering 2022 in a strong position. These are exciting times for Innospec, and we intend to build on the achievements outlined in this report. Our portfolio is dominated by technologies that touch all our lives on a daily basis and span multiple market sectors. We look forward to a successful and sustainable future as we continue to invest in innovation.

**PATRICK S. WILLIAMS**

President and Chief Executive Officer



# 2021 at a glance

## environment



### 52%

reduction in scope  
1 & 2 GHG emissions

In line with our commitment to minimize our impact on the environment, we reduced our greenhouse gas (GHG) emissions, energy and water use and waste generated per metric tonne of product produced compared to 2020. We have reduced our absolute scope 1 and 2 GHG emissions by 52% since our 2006 baseline year. We have committed to evaluating options in 2022 that would deliver a net zero emissions target by 2050 consistent with the scope of the Paris Climate Agreement.

For the second consecutive year we sourced 100% renewable electricity at all our manufacturing sites which has resulted in zero scope 2 emissions linked to electricity. Renewable energy now accounts for 25% of Innospec's total energy mix.

During the year we invested in a number of energy reduction projects across our global operations. Going forward, these projects will reduce our energy consumption by 6,758 MWh and our total group scope 1 emissions by 1,255 metric tonnes each year.

## social



### Over US\$1m

contribution through  
Innospec Cares

In 2021, our total social value and community contribution was US\$663,000. We also celebrated reaching over US\$1 million raised through our Innospec Cares program since its launch in 2016. In this time, we have received just over 700 employee applications for Innospec Cares funding from 26 of our global locations and provided over 1,020 volunteering hours. All this has helped to support 346 community groups and charities around the world.

Our Journey to Zero Harm (JTZH) behavioral safety program entered its fifth year. In 2021, our employees completed 4,196 JTZH training modules and we saw a 25% increase in the number of 60 second checks (personal risk assessments) and a 10% increase in safety interactions compared to 2020.

We are proud of our high levels of employee retention. Over 57% of employees have been with us for over five years and 39% have worked with us for over 10 years. We invest in developing our people and creating opportunities for them to progress their careers with Innospec.

In 2021, we continued to develop our businesses, and we are proud of the successes we achieved. Thanks to the support and hard work of our people, we were able to make further progress towards meeting our long-term ESG and business goals. Listed below are some of the highlights of our year.

## governance



### 100%

compliance certification rate

In 2021, we delivered 5,986 courses to all employees as part of our annual compliance training and certification program. This included courses on our Code of Conduct, Data Protection, Competition Law, Bribery Prevention, Corruption and Global Modern Slavery amongst others. We recorded a 100% completion rate for our compliance certification program and 99.7% for our compliance training program.

We continue to increase the transparency of our palm supply chain to help us identify opportunities for improvement with our NDPE (No Deforestation, No Peat and No Exploitation) commitment. This year we completed our fourth annual palm transparency and risk mapping exercise. We maintained our transparency at mill level to 94% and improved at the refinery and plantation levels, both of which increased to 99% and 35% respectively, when compared to 2019 palm volume results.

As part of our cyber security strategy, we are aligned with the NIST (National Institute of Standards and Technology) cyber security framework (Identify, Protect, Detect, Respond, Recover). In 2021, we achieved our target of reaching the cyber security maturity level 'Defined' and benchmarked ourselves against levels reached by other chemical companies operating in similar geographies. We have set a new target to further increase our maturity rating by the end of 2022.

## economic



### US\$37 million

Research and Technology  
(R&T) spend

We support the growth of our core businesses by driving innovation through continued R&T investment. In 2021, we spent US\$37 million on our R&T activities including a significant expansion of our R&T infrastructure so we can continue to provide excellent technical support.

We continued the expansion of our production infrastructure in 2021. As part of a US\$70 million investment in the organic growth of our Performance Chemicals business, significant new production capacity for our key personal care surfactant products was added at our Salisbury, NC site. This included the installation of a new rail car handling facility that reduces our reliance on road trucks and helps to cut supply chain costs, while reducing the carbon footprint of our supply chain operations. At our site in Leuna, Germany we also invested US\$5 million in a new replacement high-pressure polymerization reactor to help deliver growth in our global wax and diesel additive businesses.

We were delighted to receive the Best Innovation Contributor Award at the annual Henkel Beauty awards for our outstanding and creative support in enabling Henkel to launch a shampoo powder formula in record time using our Pureact surfactant technology. We also received the Best Supply Performance Award for our support in prioritizing Henkel and securing a supply of raw materials during a critical production changeover period.



**Matt Biggers**  
Production Planner,  
Salisbury, US.

## A brief profile of Innospec

We are a NASDAQ-listed (IOSP) global specialty chemical company that focuses on bringing new, innovative technologies to our chosen markets and customers.

With approximately 1,900 employees in 24 countries, we manufacture and supply a wide range of products through our three business units: Performance Chemicals, Fuel Specialties and Oilfield Services. Our products are developed, manufactured and distributed from our operational locations in the Americas, Europe, the Middle East, Africa and Asia Pacific.

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



### What you will find in this section of the report

- > Overview of our three businesses
- > Our worldwide locations
- > Environmental, social and governance structure
- > How we engage with our stakeholders
- > The issues that matter most to our stakeholders
- > Our sustainability strategy



# inside INNOSPEC a global business

## Overview of our three businesses

Together our three core business units provide us with a strong, balanced portfolio of products spread across different market sectors.



### Performance Chemicals

Performance Chemicals provides effective technology-based solutions for our customers' processes or products focused on the personal care, home care, agrochemical, metal extraction and other industrial end-markets. We focus on developing high performance products by leveraging our technology base and our intellectual property and patents in several targeted markets. We have been able to grow by developing and marketing innovative products combined with strategic acquisitions.



### Fuel Specialties

Fuel Specialties develops, manufactures, blends, markets and supplies a range of specialty chemical products used as additives in a wide range of fuels. These products help improve fuel efficiency, boost engine performance and reduce emissions. They are used in automotive and commercial trucking, marine and aviation engines, power station generators, and boilers running on heating oil. These technologies are also being utilized in an increasing number of non-fuel applications where they impart critical safety and operational efficiency benefits to our customers.



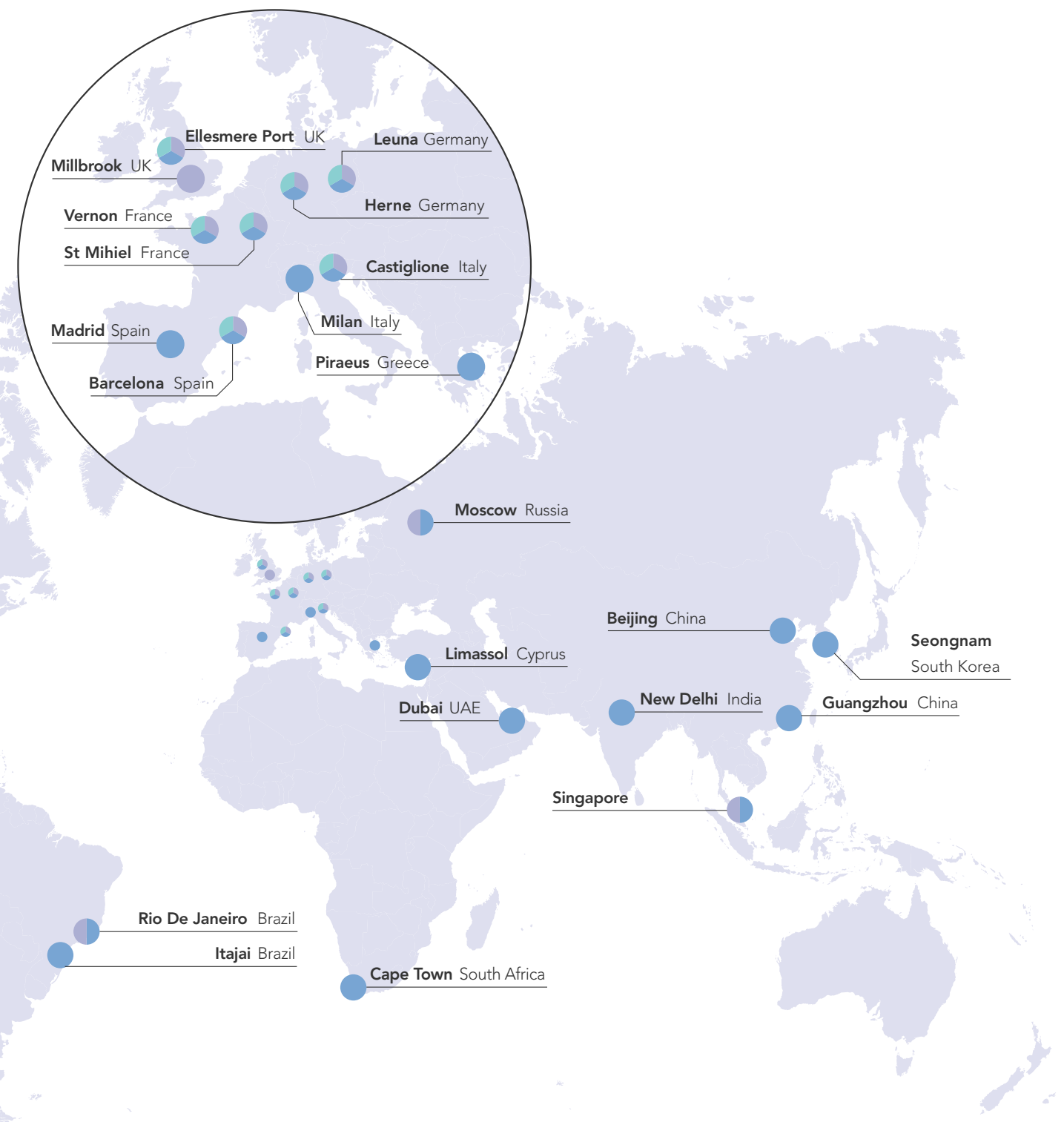
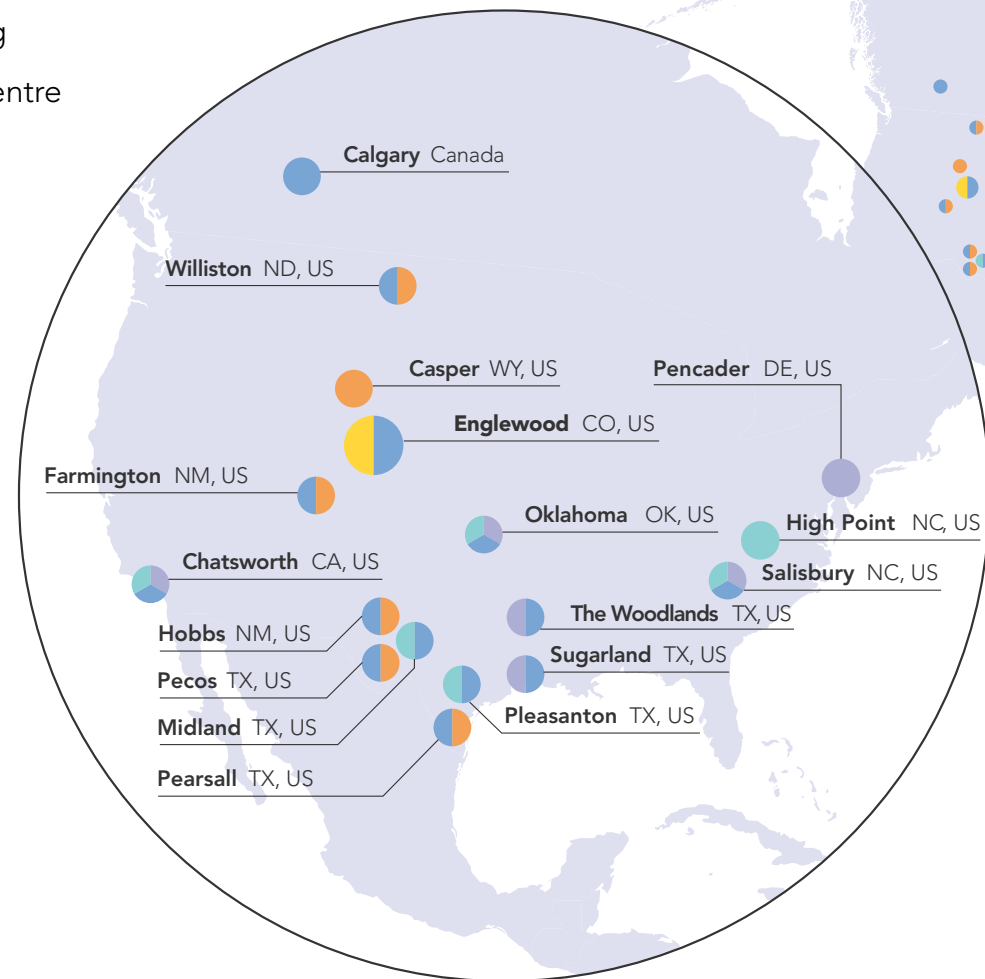
### Oilfield Services

Oilfield Services supplies drilling, completion, production and midstream chemicals which make drilling, completions and production more cost effective and operationally efficient. Our customers include multinational public and independent companies operating mainly in the Americas, Middle East and Africa.



# our worldwide LOCATIONS

- Manufacturing
- Technology centre
- Head office
- Office/sales
- Warehouse



Innospec is located in 24 countries across the Americas, Europe, the Middle East, Africa and Asia Pacific. Customers benefit from the strength of our worldwide manufacturing capabilities, our global distribution facilities and our world-class technology centers equipped with state-of-the-art equipment. In total we employ approximately 1,900 people. From our scientists and sales teams to our manufacturing engineers and technicians, supply chain managers, finance, legal, SHE and administration professionals, we benefit from having an experienced, dedicated and diverse workforce.

## EMPLOYEES



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



**Male: 76%** (1,462 employees)



**Female: 24%** (473 employees)

**Female employees in senior role: 27%** (49 employees)

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

### Length of service:



**5 years +: 57%** (1,106 employees)



**10 years +: 39%** (748 employees)



# environmental, social and governance STRUCTURE

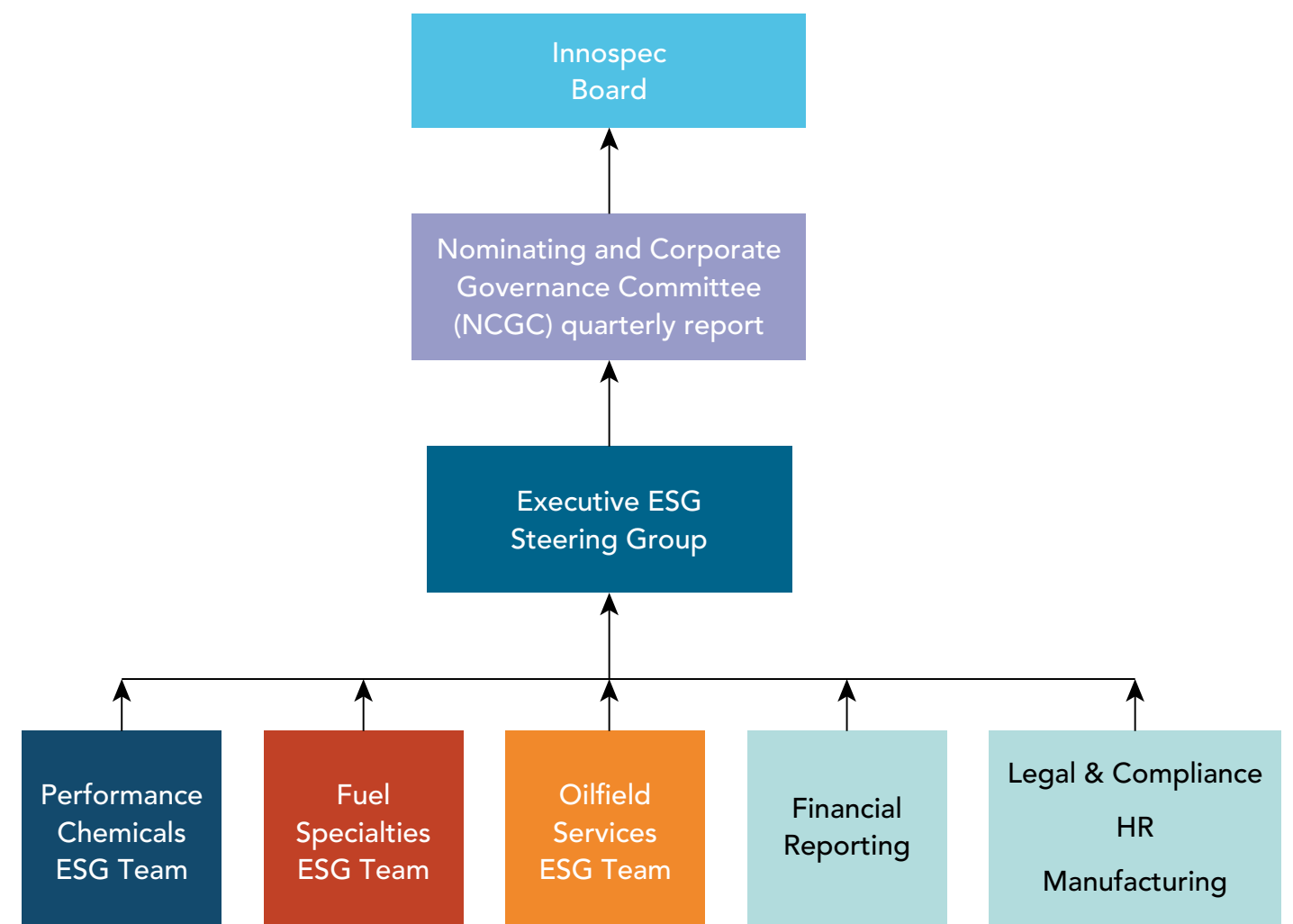
As a responsible business we have produced detailed reports on our Sustainability and ESG efforts and activities for over 22 years.

## Environmental, Social and Governance (ESG)

ESG has grown in significance over recent years and has become increasingly important to all stakeholders, including our customers, investors and employees. At the end of 2021, in recognition of its increasing significance, the company made the strategic decision to create a standalone function to reflect the wider focus of ESG as a key element of our business strategy.

With effect from January 2022, a new Executive Team ESG Steering Group, comprising of the CEO and senior business leaders, will be responsible for the development, resourcing and decision making on Innospec's ESG strategy, targets and objectives. This group will report directly to our Board's Nominating and Corporate Governance Committee who will have oversight of ESG strategy, objectives and progress.

A new role of VP Global Regulatory Compliance & ESG has been established to lead Innospec's ESG strategy, implementation and continued execution. In addition, each of our three business units have established a dedicated ESG team to focus on specific issues relevant to their customers and markets.





# how we engage with our STAKEHOLDERS

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

We consider our stakeholders to be those individuals or groups that influence our decisions and those who are influenced by our actions. We have developed various ways to engage with them both directly and indirectly.

Stakeholders	Issues	Activities
Community members	Engaging with our local communities where we operate is essential to maintaining our reputation as a safe and responsible neighbor. It has a positive effect on community and employee relations.	<ul style="list-style-type: none"><li>• Local employment opportunities.</li><li>• Participation in local forums.</li><li>• Safety action notices.</li><li>• Innospec Cares program.</li><li>• Business donations and sponsorship activities.</li><li>• Work placements.</li><li>• Graduate and intern programs.</li></ul>
Employees	Engaging regularly with our employees provides an opportunity for us to listen and provide feedback on their individual needs and take onboard their views when determining the direction of the business.	<ul style="list-style-type: none"><li>• Materiality assessments.</li><li>• Ethics and compliance hotline.</li><li>• CEO/CFO all-employee conference calls.</li><li>• Direct communications via email and virtual team meetings.</li><li>• CEO/Exec Team global site visits.</li><li>• Annual performance appraisals.</li><li>• Safety, Health and Environment (SHE) Best Practice Group.</li><li>• Resource Reduction Group.</li><li>• Sustainable Development Network.</li><li>• Intranet.</li><li>• Online and in-person training courses.</li><li>• Local Communicator Network.</li></ul>
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"><li>• Membership of business and industry associations including RSPO, ASD and Trade Association Sustainability Networks.</li><li>• Voluntary participation in CDP Climate and Water Security assessments.</li><li>• Chairing of industry focus group meetings.</li></ul>



# SUSTAINABLE DEVELOPMENT GOALS

## 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 a number of associated indicators that are used to support their implementation and monitor progress. We recognize that the private sector plays an important role in achieving the SDGs and support their implementation as a framework for sustainable business practices.

Our assessment shows that we directly contribute to 13 SDGs. Of these we have identified five which are most closely aligned to our activities.

These are Decent Work and Economic Growth, Responsible Consumption and Production, Life on Land and Clean Water and Sanitation. We also contribute to the Climate Action goal indicators 13.1 and 13.2. We annually review the SDGs to determine if we can increase our contribution to them.

The UN SDGs have been used to guide our 2021 materiality assessment and the evolution of our sustainability strategy. We will seek to evolve our existing sustainability initiatives in order to maximize our contribution.

### SDG goals we contribute the most to:

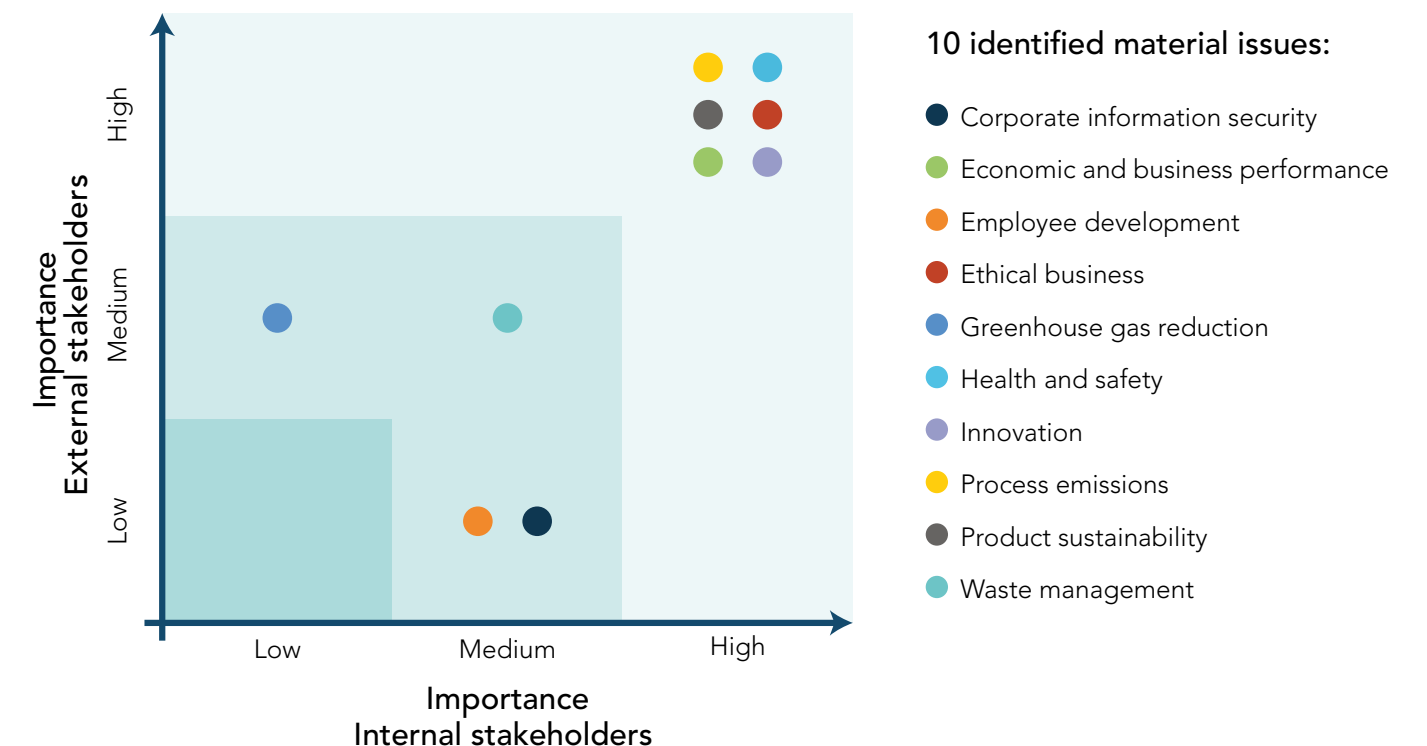


To learn more about the UN SDGs visit <https://sdgs.un.org/goals>

# the issues that matter most to our STAKEHOLDERS

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

We completed our first materiality assessment in 2017 which helped develop the structure and content of our sustainability strategy. In 2021, we conducted our second full materiality assessment which identified 10 material issues common to our internal and external stakeholders. The majority of these issues remained consistent with our current sustainability strategy and focused actions. Corporate information security emerged as a new issue of high materiality. The exercise confirmed the continued relevance of our strategic approach and focus areas to our stakeholders. The findings of this assessment were fed into the periodic review of our strategy.





# our strategic approach to SUSTAINABILITY

Our sustainability strategy is broken down into four key areas: environment, social, governance and economic. We have been reporting on each of these strategic pillars since 2017. We focus on the specific areas where our actions will have the most impact on the long-term sustainability of our business.

The results of our 2021 materiality assessment, along with other ESG considerations, have been used to inform the annual review and update of our sustainability strategy as set out below.



## environment

### Conserving and protecting

- Environmental impact**  
Measuring and reducing the impact our activities have on the climate and the wider environment. Developing innovative products with an improved environmental profile.
- Product sustainability**  
Supplying safe, sustainable products, designed to meet the needs of society now and in the future, to help customers achieve their sustainability goals while minimizing environmental impact.



## social

### Caring for people

- Health, safety and wellbeing**  
Nothing is more important to us. We strive to be leaders in health and safety, safeguarding anyone that could be affected by our activities and operations.
- Employees**  
Investing in the growth, diversity and development of our employees helps us to attract talent and achieve long-term success.
- Community engagement**  
Supporting local communities through education, fundraising and sponsorship opportunities.



## governance

### Leading by example

- Legal compliance**  
Understanding that honest, ethical and transparent conduct is vital to our success and reputation. Every employee plays an essential part in complying with local and national laws, rules and regulations. Implementation of robust operating systems and processes that protect the security of the company and its employees, information and intellectual property.
- Third-party management**  
Verifying our supply chain complies with legal, ethical and social requirements, while also finding opportunities for environmental improvement and economic efficiency.



## economic

### Responsible growth

- Financial performance**  
Generating economic benefits for our employees, shareholders and local communities.
- Innovation**  
Encouraging innovation in product and application development and responding to customer needs to keep our businesses competitive and sustainable.



# economic responsible GROWTH

## US\$37m

expenditure to support R&T services



In 2021, we continued to spend on our R&T activities supporting research and the development of new products and applications. This money is also used to provide ongoing technical support. These services are the foundation for our Fuel Specialties, Performance Chemicals and Oilfield Services businesses.

### What you will find in this section of the report

- > Financial performance summary for 2021
- > Innovation, research and technology
- > Our review of Performance Chemicals in 2021
- > Our review of Fuel Specialties in 2021
- > Our review of Oilfield Services in 2021

innospec

## Our economic focus areas are:

### Financial performance

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

### Innovation

Encouraging innovation in product and application development and responding to customer needs to keep our businesses competitive and sustainable.



## What's next?

Accelerating our investment in organic growth and actively assessing potential strategic acquisitions will help further drive our sustainable business.

See what we hope to achieve in 2022 on page 95.

**Eleanor Cunningham**  
Apprentice Technical Service Chemist,  
Ellesmere Port, UK.



# financial performance

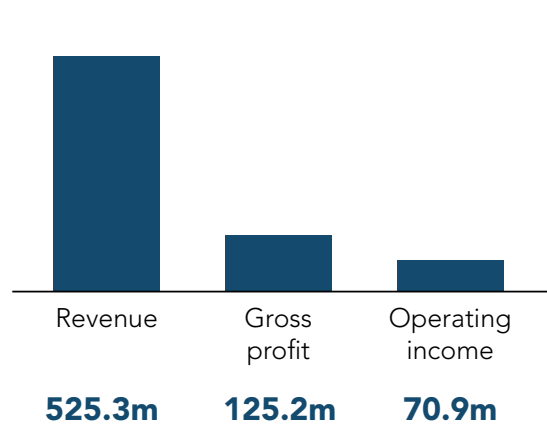
# SUMMARY

All our core businesses performed well in 2021 with annual sales reaching US\$1.5 billion for the first time. Our business teams navigated tight supply-chain, labor and inflationary challenges delivering an excellent sales performance. With strong cash generation, we ended the year with net cash on our balance sheet and our business in a good financial position.



## Performance Chemicals

Performance Chemicals delivered excellent sales with interest in our high-performance, sustainable technologies showing no signs of slowing down. We are investing approximately US\$70 million in the organic growth of this business over the next few years to meet customer demand.

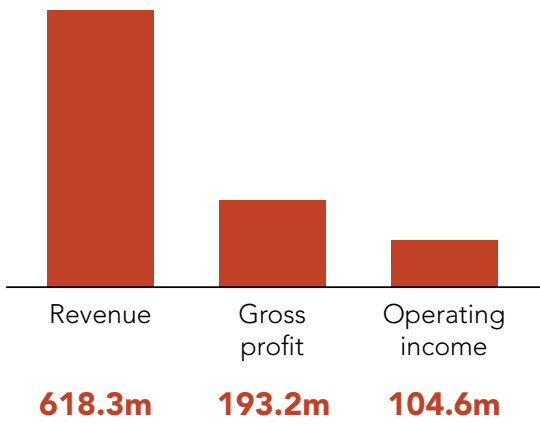


Our full year revenues were up 23% to US\$525.3 million with our gross profit rising to US\$125.2 million. Operating income increased to US\$70.9 million.



## Fuel Specialties

Sales in Fuel Specialties grew as global fuel consumption recovered. The majority of our current sales and future growth opportunities in Fuel Specialties are directly tied to sustainability. The global drive to find cost-effective ways to reduce emissions, burn cleaner fuels and increase operational efficiency plays directly to our technology leadership.

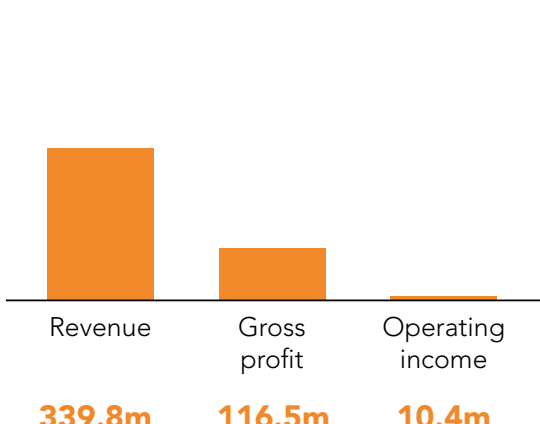


Our full year revenues rose to US\$618.3 million with our gross profit increasing to US\$193.2 million. Operating income was up 23% at US\$104.6 million.



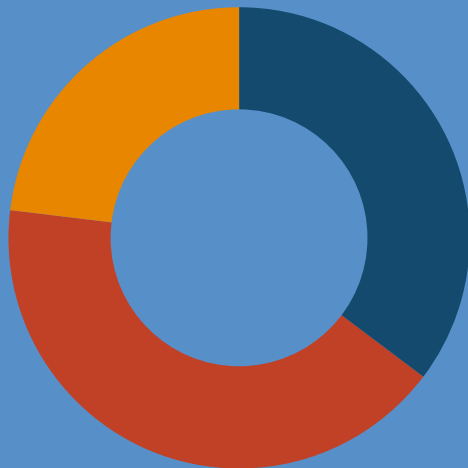
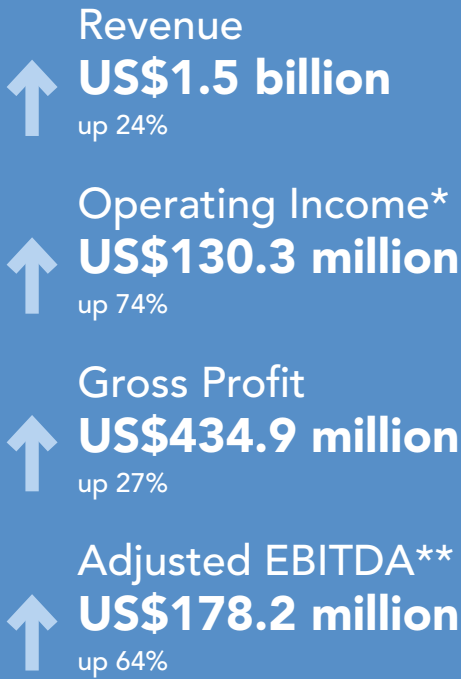
## Oilfield Services

Oilfield Services managed to grow its sales throughout 2021 and finished the year with revenues up 33%. We anticipate opportunities for further growth in operating income and margins going forward.

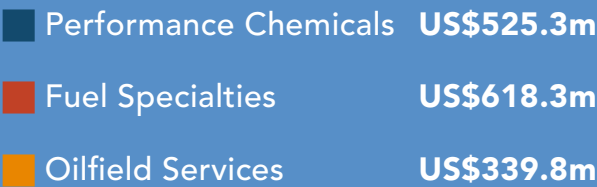


Our full year revenues increased to US\$339.8 million with our gross profit rising to US\$116.5 million. Operating income was up at US\$10.4million.

## Overview



## Net sales revenue



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





Over **US\$37.4 million** spend in Research and Technology in 2021 - up 21%



**224 people working globally** in R&T and Technical Support



**Global Research Center** based at our UK site, Ellesmere Port



**Global Center of Excellence** based at Millbrook, UK



Global network of **10 Technology Centers**



**4 Regional R&T/Technology Centers**

**Peter Rignall**  
Product Manager,  
Ellesmere Port, UK.



# innovation, research and **TECHNOLOGY**

In 2021, we spent US\$37.4 million in R&T and employed 224 people in our global R&T and technical support teams. We invested in our sites, our laboratory facilities, our skilled workforce and our systems and processes. This is fueling our innovation by enabling us to work more efficiently and effectively with colleagues and customers.

This spend level is important because our customers rely on us to develop products that help them keep in step with changing consumer trends, optimize efficiency, reduce energy and resource use and minimize their own environmental footprint. Our innovation is helping customers all around the world to build a more sustainable future.

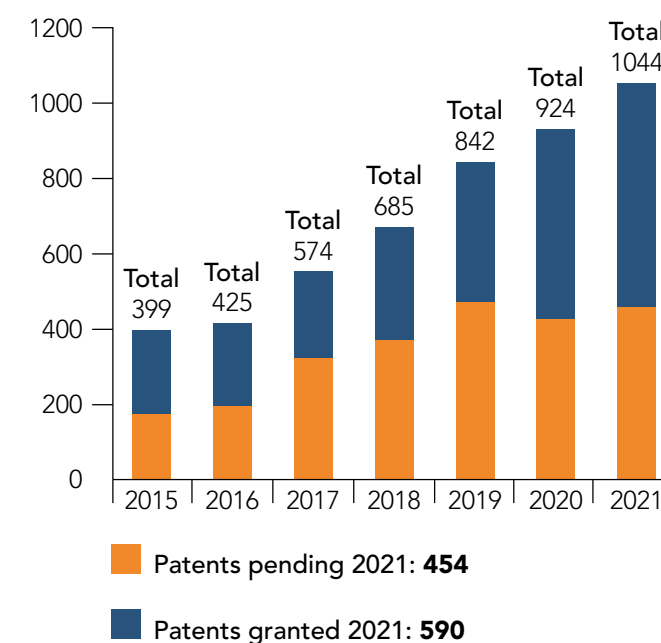
In 2021, we strengthened and broadened our analytical capabilities, ensuring our teams are at the forefront of technology in all three of our core businesses. Our Performance Chemicals business is supporting the industry with the development of new, innovative products for use in personal and home care, agriculture, metal extraction, construction and other industrial applications. In Fuel Specialties, our analytical capabilities are fine tuning fuel additive technology that delivers measurable greenhouse gas reductions. In Oilfield Services, we are developing new advanced friction reducers and hydrogen sulfide scavengers.

Alongside our investment in R&T infrastructure, we continued to develop our people and education programs. Our Apprentice Lab Tech initiative provides an exciting opportunity for high school recruits. The program allows them to study for a degree while gaining work experience at the same time. Our Science Ladder is now over 15 years old and continues to drive the development of our teams, rewarding and encouraging our best performers. Dr Jim Barker, based at our Ellesmere Port, UK site, was recently promoted to Senior Research Fellow. He is recognized internationally as an expert in his field of analytical techniques for measuring fuel deposit control.

In 2021, we created a Disruptive Technology group, led by Dr Ian McRobbie, Innospec's Chief Technology Officer. The group is focused on identifying new technologies and products that support our sustainability strategy. As part of this team, we created two new roles: VP Strategic Technology and Innovation, and Director of Innovation for Sustainability.

## Protecting our 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. At the end of 2021, we had 590 patents granted and 454 patents pending.







Global Technology Center,  
Salisbury, US.



New high-pressure polymerization reactor,  
Leuna, Germany.



New Fuels Technology Center,  
Ellesmere Port, UK.



Demolishing redundant manufacturing buildings,  
Ellesmere Port, UK.

## Expanding our infrastructure

Throughout 2021, work continued at our Salisbury, US site on a new 20,000 sq ft Global Technology Center for our Performance Chemicals business. This features eleven new laboratories housed in a new dedicated building which is due to open in 2022. Significant investment was also made at the site with the installation of additional production capacity for our key surfactant products. This will be supported by a new rail car handling facility that enables the site to receive raw materials and deliver the finished products via rail instead of road. This reduces our reliance on trucks and helps to cut supply chain costs, while also reducing the carbon footprint of our supply chain operations.

At our Leuna site in Germany, we commissioned our new replacement high-pressure polymerization reactor. This project was one of the largest manufacturing investments we have made to date, with a total investment of over US\$5 million. The plant is now one of the world's most modern facilities and has been designed to meet the latest industry standards. It gives us a strong base to continue to grow our global wax and diesel additive businesses.

After three years in planning, construction work began at our site in Ellesmere Port, UK on a new Fuels Technology Center for our Fuel Specialties business. It will transform an existing building into an open plan laboratory. With this facility, we can maintain our high-level customer support by identifying and addressing any future issues with fuel performance. The Center also houses a new purpose-built laboratory for our Oilfield Services business to support its growing presence in EMEA.

As part of our commitment to ongoing site improvements at our site in Ellesmere Port, UK we further invested US\$1.4 million to demolish a redundant manufacturing building. The production facility, originally built in the early 1950s, was used until the turn of the century when it was subsequently decommissioned. Given the building's age, the demolition work required a great deal of planning and preparation by our decommissioning team to safely remove and decontaminate the structure. These efforts resulted in 99% of the 5,600 tonnes of concrete and steel being suitable to be sent for recycling in lieu of disposal by landfill. Approximately 20,000 square feet of site footprint was also reclaimed.



Fuels Technology Center, UK.



# our review of **PERFORMANCE CHEMICALS** in 2021



*"These are exciting times for our Performance Chemicals business. Over the last 12 to 18 months, we have been working on our long-term strategy to drive growth and innovation across our business. Our plan is focused on organic growth, and we have identified a significant number of opportunities to leverage our technical expertise and market knowledge to grow our sales in all regions. Innovation and sustainability remain at the heart of everything we do."*

**Bruce McDonald**  
President Performance Chemicals

## Natural sustainable product formulations are driving our Performance Chemicals business forward

2021 was a very successful year for our Performance Chemicals business. In terms of our financial performance, we posted strong sales with revenues up 23%. At the same time, we moved forward with our plans to expand production to meet the growing customer demand for our high-performance, sustainable technologies.

The construction of our new Global Technology Center at our site in Salisbury, US is nearing completion. The new Technology Center's expanded laboratory space, under the careful management of Steve O'Connor, Director of Technology, will support our commitment to best-in-class chemistry and customer technical service. In anticipation of the completion and opening of the research facility, we have already begun to expand our technical team with a number of key recruitments to the group. An additional US\$70 million investment has been set aside to further expand our production capacity over the next two years.

### Combining sustainability with performance

Our customers want products that offer mild, natural and sustainable product formulations that do not compromise on performance, look or feel. They are also turning to dry or concentrated formulations that are more environmentally sustainable because they use less water and reduce or eliminate the need for plastic packaging. Our challenge is to keep pace with these changing expectations. In 2021, we continued to formulate our products around these important sustainability themes.

### Eliminating the requirement for animal testing

During the year we worked closely with Unilever to remove the need for animal testing on ingredients. Our shared aim is to show that no new animal data needs to be generated to enable the safe use of the ingredients we supply to their manufacturing factories. This is being achieved through the investment in next generation testing capabilities, applying the concept of 'exposure first'<sup>1</sup> and opening up our results to the wider scientific community for peer assessment. Innospec's Global Regulatory Compliance team is playing a key role in this project.

### Innovation for sustainability

To further enhance the sustainability of our product range and reaffirm our commitment to developing 100% naturally derived products, our new Innovation for Sustainability team will review our current chemistries and processes to identify areas where we can enhance our sustainability efforts. The aim is to make any products which contain virgin fossil or petrochemical derived components 'fossil-free' by using 100% naturally derived ingredients or ingredients derived from 'circular' feedstocks. Identifying new technologies and products that support our sustainability strategy will drive our future growth.

### Responding to consumer trends

Sustainability is now fundamental to the conversations we have with our customers, and it is driving the majority of current sales and future growth opportunities. This reflects the wider trends we see among consumers. From the outset we talk about our products in terms of how they can address changing consumer demands.

For example, in the personal care market our research has identified a preference for 'sensorial textures', 'zero waste', 'certified natural' and 'conditioning and care' benefits. From single use solid shampoo discs to men's grooming bars for cleansing and shaving, our solutions are meeting these consumer expectations.

The same approach is being taken in the home care market where we offer a diverse range of solid and concentrated surfactants, additives and patented high-performance formulations for use in everyday cleaning products like laundry, dish and toilet cleaners and car care products.

<sup>1</sup>the length of time that a worker is initially exposed to a hazard.



Sustainability is also increasingly important to our customers in the agrochemical and construction markets. There is a greater focus on the use of natural and biodegradable ingredients in fertilizers. In construction, the focus is on technologies that produce thinner plasterboard, reducing raw material usage and the associated transportation emissions resulting from lighter loads. Our scientists are responding to these challenges and future needs.

Our product range is ideally positioned for today's markets. Whether the requirement is for dried, flaked or concentrated products, mild surfactants, sulfate free products, a 1,4-dioxane free product range or NATRUE (The International Natural and Organic Cosmetic Association) and COSMOS (Cosmetic Organic and Natural Standard) certified products, we can offer our customers effective solutions. A number of our personal care products are now approved by NATRUE. The certified products are made up of only 100% natural derived, natural or <sup>2</sup>nature identical ingredients. A nature identical ingredient is a substance that has been prepared synthetically but which is chemically identical to a natural substance.

### Henkel awards

We received the prestigious Best Innovation Contributor Beauty Care Award at the Henkel Beauty Care 2021 event. It was presented for outstanding and creative support in enabling Henkel to launch a shampoo powder

formula in record time using our Pureact surfactant technology. This is a versatile range of mild, sulfate-free surfactants which deliver high foaming properties in liquid and solid hair and body care formulations. We were also awarded the Best Supply Performance Award for our support in securing a supply of raw materials for their toilet rim blocks during a critical production changeover period. We were praised for our excellent operational performance and best in class service levels.

### Working efficiently in a digital world

Building strong relationships with colleagues, customers and suppliers has always been fundamental to the success of our business. This was never more apparent than in 2021 as our supply chain, logistics and customer service teams around the world worked tirelessly through the pressures of a world reopening. We are proud of the teamwork and the results we achieved.

We are applying new digital tools to complement our efforts to build on these personal relationships and work even more efficiently. In 2021, we hosted 13 webinars to keep our customers and distributors updated and provide a frequent flow of communication. We increased our social media presence on LinkedIn, Facebook and Instagram and used eblasts and mail shots more frequently. Our customers are now able to use QR codes to download product literature at trade shows around the world.



<sup>2</sup> A nature identical ingredient is a substance that has been prepared synthetically but which is chemically identical to a natural substance.

## Taking Iselux® to China

In 2021, we were pleased to announce that the National Medical Products Administration (NMPA) of China approved ISELUX® for use in cosmetic and personal care products. This is a significant achievement for our flagship ultra-mild, sulfate-free surfactant. ISELUX® is only the sixth ingredient to receive NMPA approval under the country's new cosmetics regulations which came into force in January 2021. The approval offers significant growth opportunities going forward and supports our decision to invest in expanding our production capacity for surfactants.



# our review of **FUEL SPECIALTIES** in 2021



*"As we move towards cleaner fuels, tighter emissions standards and higher efficiency engines, the market for our fuel additives will only get stronger. Our technologies make an important contribution towards building a sustainable future by making it possible to use cleaner fuels, reduce emissions and improve fuel economy. Our five-year business plan has identified how we intend to grow our existing markets while taking advantage of important opportunities to expand into new areas. The plan is one of reinvigoration and it is an exciting time to be in Fuel Specialties."*

**Phil Boon**  
Executive Vice President  
& Chief Operating Officer

## Our Fuel Specialties business is helping to lower the carbon footprint of the global transportation sector

Our business operates in a world of tightening global emissions regulations, a desire to cut costs and reduce carbon emissions. The growth in renewable fuels, low sulfur fuels and more fuel-efficient engines reflect this rapidly changing landscape. Although 2021 was a tough year for our industry, we continued to play our part in helping customers reduce emissions, boost fuel economy and improve engine performance.

The impact of the pandemic was felt in different ways, with lockdown restrictions affecting many parts of our business at different times. We faced the challenge of our laboratories and manufacturing employees working on site while our administration and sales teams were still home-based. With many raw materials in short supply, the logistics of managing our supply chain was no easy task. Our customer service teams were flexible and nimble. They found innovative solutions to the challenges faced and demonstrated great teamwork while keeping our customers informed every step of the way.

This year saw a number of major investment projects come to fruition. At Leuna, Germany, we delivered our new replacement state-of-the-art high-pressure polymerization reactor both on time and on budget. The project required careful planning and great attention to detail, all of which was accomplished by the team, headed up by the site's Manufacturing Manager, Mirko Graf. We now operate one of the world's most modern high-pressure polymerization plants. A new STADIS® manufacturing facility was commissioned at our Ellesmere Port, UK site, while work also started on a new Fuels Technology Center at Ellesmere Port and new laboratory facilities at our locations in Newark, US and Vernon, France.

The development and training of our employees continued to be fundamental to the sustainability of our business. In 2021, our extensive training program reached employees all over the world. It included specialized sales training, sustainability webinars, new product and technical training, and a leadership training course.

Following a second year of limited face-to-face meetings we kept in touch with our customers using a LinkedIn

campaign to inform, educate and showcase our people and products. Using narratives, animations, diagrams and videos we covered product technologies and field trial results from around the world.

### **New products and initiatives fuel growth**

We are committed to growing the specialized technologies that have come through our R&T pipeline. In 2021, we announced several new products and initiatives that are helping us expand existing markets and develop new areas of opportunity. For example, our new product Polysafe™ prevents the build-up of static and stops plant fouling, sheeting and fines in the production of polyolefins. This results in better plant utilization and less downtime. Polysafe™ is safe to use in specific polymers that come into contact with food, so it offers our customers a significant competitive advantage.

Our ground-breaking range of deposit control additives for GDi engines, has been developed for use with a wider range of gasoline engines. The latest generation engines are sophisticated machines that operate to very tight tolerances. To deliver improved fuel economy and lower emissions, the engine technology uses precision components in a high-pressure environment. Our fuel additive technology helps keep the injector system clean which is critical to engine performance and emission reduction.

Our Canadian Director, Laura Dewar, and her team launched our Clean Fuel Canada initiative ahead of the country implementing its Clean Fuel Standards in 2023. The new standards aim to reduce the lifecycle carbon intensity of fuels and energy. The project will demonstrate how our products enhance fuel stability, fuel quality and engine



performance. This results in reduced emissions, enabling our customers to comply with the standards.

We introduced our new cold flow program Enviro Flo™ in 2021 which offers a comprehensive solution to renewable fuel companies using biodiesel in extreme winter conditions. Some of the challenges include winter operability, infrastructure, logistics, performance verification and field assessment. Through our Enviro Flo™ program we can provide the support our customers require by extending our long-standing cold flow technology expertise into the renewable fuels market.

### Supporting the marine industry

It was a busy year for our marine teams around the world. We continued to support fleets dealing with fuel compatibility and stability concerns around the use of Very Low Sulfur Fuel Oil (VLSFO). Our Octamar™ range of products have been successful in stabilizing fuel on board ships and maintaining engines at peak performance. Octamar™ HF-10 Plus received a Statement of Fact from Nippon Kaiji Kyokai (ClassNK) independently verifying its performance in maintaining VLSFO stability.

Our range of Trident additives help bunker fuel producers comply with lower sulfur regulations and overcome several operational problems experienced with the use of these new fuel blends. Using Trident additives also allows blenders to select more sustainable blend components such as biodiesel, renewable diesel and pyrolysis oils made from recycled plastic. In the US, we hosted a customer webinar to explore how alternative blending strategies can be used to lower sulfur and reduce GHG emissions.

From 2023, the International Maritime Organization's (IMO) Carbon Intensity Indicator (CII) will take effect for the global marine industry. These mandatory measures require all ships to calculate their energy efficiency with the aim of reducing a ship's carbon intensity. Our Marine team and range of products are helping to support fleets around the world prepare for the new standards.



### Reducing carbon emissions, boosting fuel economy and increasing engine performance around the world

The mining, agriculture, construction, transport, rail and freight industries all use heavy duty diesel engines. Our focus in these sectors is to help keep these large engines clean and running efficiently. This helps to lower their carbon footprint and reduce particulate emissions.

The US Environmental Protection Agency's Renewable Volume Obligations (RVOs) are increasing the demand for lower carbon fuels such as biodiesel and renewable diesel. Lower carbon-intensive fuels typically come from more problematic and less desirable feedstocks such as tallow, used cooking oil or distillers corn oil. Renewable diesel has a worse lubricity score than Ultra Low Sulfur Diesel and performs poorly in cold temperature environments. Our lubricity improvers, cold-flow improvers and conductivity additives are helping to address these problems.

In the Philippines and Malaysia, our team worked with customers to improve gasoline performance using detergent additives. One customer benefited from a 45% reduction in treat rates when using our product, when compared with their standard product, with no loss of performance.

In Brazil, we started to explore and develop packages for use with ethanol fuels. A new range of additives was introduced in the country in 2021. These additive packages will help medium and small fuel distributors improve ethanol fuel consumption efficiency and reduce emissions.



### 60% reduction in particulate matter

With the marine industry facing increasingly stringent emissions targets, enhancing fuel performance is more important than ever. A container ship using Innospec's range of Octamar™ fuel additive technology reduced its Particulate Matter (PM) emissions by 60% and unburnt fuel in the ship's exhaust by 73%. Unburnt fuel is a major contributor to polycyclic aromatic hydrocarbon (PAH) and carbon emissions. All this was possible through improved fuel performance which enables cleaner combustion.



# our review of **OILFIELD SERVICES** in 2021



*"2021 was a tough year but the fact that we increased our sales is testament to the strong determination our people showed in meeting the challenges of the oil shock followed by the pandemic. I am proud of the commitment we showed to our customers and the way we worked together as one team. Looking forward, we will continue to focus on opportunities to make our products more sustainable. It has been a good year for our water-based chemistries, and we have more technologies to explore that will lower costs and increase efficiency for customers without compromising performance."*

**Tom Entwistle**  
President Oilfield Services

## Our Oilfield Services business is lowering production costs while increasing efficiency

Following the challenges of the oil price shock and the pandemic we were pleased our Oilfield Services business managed to grow its sales throughout 2021, continuing the turnaround that began at the end of 2020. We finished the year with revenues up 33%. The business is now ideally placed to maximize opportunities for growth as activity levels and market conditions continue to improve.

The recovery and production of oil and gas is essential to our way of life, but we want to support this process in the most ethically responsible, economical, and efficient way. That is why we are focused on developing novel and sustainable chemical solutions, which are in tune with modern engineering practices, to access and recover these resources. We now have a dedicated Oilfield Services ESG team focused on finding sustainable opportunities that promote and improve our business.

We are developing water-based additives for high-volume oilfield chemistries as viable alternatives to hydrocarbon oil-based materials. At the same time, our midstream operations are expanding our customer base with plant-based drag reducing agents. Our TORRENT® DRA solution, along with our proprietary in-house modeling assessment software, is helping customers improve throughput in their pipelines.

Our work in friction reducers, drag reducers, and flow assurance is at the cutting edge of research and development in the industry. In partnership with our customers, we help to lower site costs while increasing both capacity and operational efficiencies of oil recovery.

### **New products designed to minimize environmental impact**

When developing new products, we evaluate the viability of their base materials for performance, environmental impact and any options to use non-fossil-based chemistries, along with availability and cost.

Based on this screening process, we were able to launch HiRate™ MAXX 3200G in 2021 in response to the formation of an undesirable 'goo' which plagues

operators working in iron-rich mineral basins. The 'goo' is a rubbery-like substance that adheres to surface treating equipment and is responsible for impaired fluid flow and production. HiRate™ MAXX 3200G is a high efficiency friction reducer suspension that was specifically designed to provide ultra-fast hydration in fresh, moderate brine or high TDS (total dissolved solids) waters. Our scientists played a central role in discovering the cause of 'goo' formation for the industry.

During the year we also launched a new high-performance water-based mud solution called MaxWell™. This is a biodegradable mud system which offers the same performance benefits as any oil-based mud fluid system. The new mud system offers an effective alternative to drilling operators looking for more environmentally conscious solutions without sacrificing performance or increasing costs.

AquaBourne™ is a new high efficiency, water-based, friction reducer suspension that is fast acting and offers superior performance. It is a first for the oil industry because most high-performance friction reducers contain oil and surfactants. In a recent field trial using AquaBourne™, the operator used 16% less friction reducer while maintaining the same pressure and rates as the competing oil-based friction reducer.

Over many years we have developed a range of products to prolong the life of a well. We supply inhibitors and biocides to reduce fouling, solvents to remove any existing deposits, corrosion inhibitors to maintain asset integrity and chemistries for environmental compliance. Our TORRENT® static mixers are 100% effective at removing the dangerous hydrogen sulfide from producing gas fields and pipelines.



### Products to reduce water usage

The oil and gas industry uses a significant amount of water in the production of hydrocarbons and natural gas. Recycling is the obvious way to minimize water usage and to keep costs down, while also protecting equipment and meeting rigorous safety regulations. Our TruClean™ water management services and CSW™ Tri-Combination products enable the recovered water to be reused. They are specifically formulated to help prevent corrosion issues and inhibit carbonate and sulfate scales in producing oil and gas wells.

### Providing critical technical field support

Throughout 2021, our field operations and technical services group continued to provide comprehensive support to solve complex challenges for customers. For example, our Drilling team supported customers in lost circulation issues and our Completions teams provided 24-hour onsite fluid support, total inventory management and quality assurance and quality control for our products and services. Our Production Services Customer Technical Services team supported and resolved production or pipeline field problems.


### Building strong relationships

Our business suffered major disruption during the pandemic with both our customers and employees often having to work from home. Despite this we found new ways to stay connected using virtual technology. We also made use of social media to keep customers up to date with posts on LinkedIn and Facebook.

Teamwork within the business was reinforced by participating in the US employee fitness challenge 'Here's to Health'. The program encouraged teams of employees to log their hours of activity each week with prizes given to the individuals and teams with the greatest number of activity hours. Oilfield Services employees contributed 46% of the total hours of fitness activities logged by the US region.

## 75% drag reduction

When a Middle Eastern company was looking to increase throughput in one of their pipelines, our Midstream team advised them to use our high performing plant-based drag reducing agent to help increase flowrate. Our Technical team performed initial testing and modeling of the pipeline using our in-house, proprietary modeling software. We then set up a field trial on the customers 56" pipeline transporting Arabian light crude across a length segment of 44-miles. Introducing TORRENT® IDR 7100 drag reducer, we were able to meet the customers operational needs, while achieving a drag reduction by nearly 75%. This resulted in an increase in efficiency and a drop in operational costs. The operator was extremely happy with these results and additional applications are already being discussed for other segments.



**Travis Wofford**  
Production Service Field Technician,  
South Texas, US.



# social caring for PEOPLE

## Over US\$1m raised



### Innospec Cares

In 2021, our total social value and community contribution was US\$663,000. We also celebrated reaching over US\$1 million raised through our Innospec Cares program since its launch in 2016. In this time, we have received just over 700 employee applications for Innospec Cares funding from 26 of our global locations and provided 1,020 volunteering hours. All this has helped to support 346 community groups and charities around the world.

#### What you will find in this section of the report

- > Our commitment to health, safety and wellbeing
- > How we invest in our employees
- > Support given to local communities

### Our focus areas for social are:

#### Health, safety and wellbeing

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

#### Community engagement

Supporting local communities through education, fundraising and sponsorship opportunities.

#### Employees

Investing in the growth, diversity and development of our employees helps us to attract and retain talent and achieve long-term success.

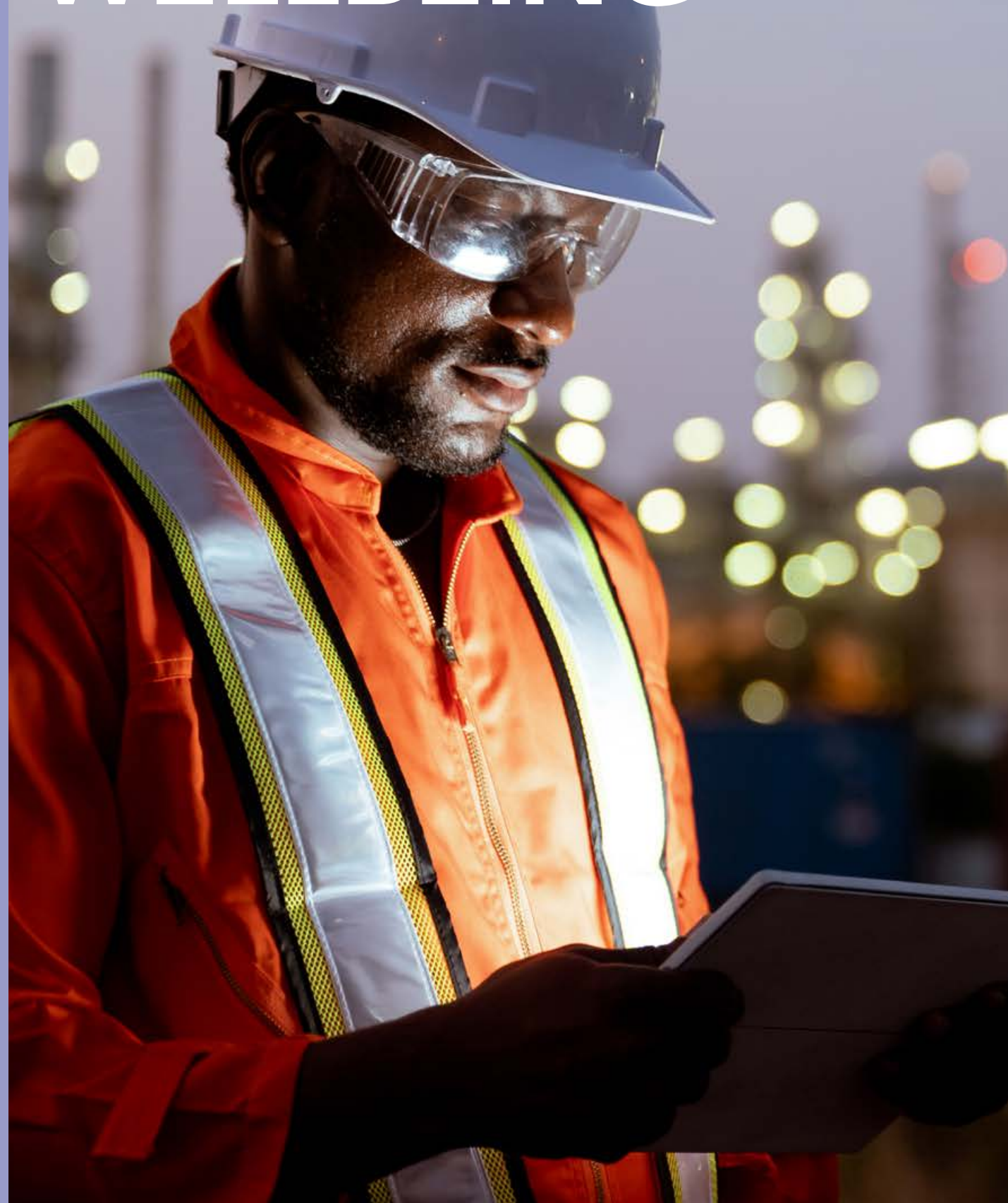


### What's next?

Our continued success depends on keeping people safe, promoting healthy lifestyles, protecting human rights, improving education, training and maintaining good relations with our neighbors. See what we hope to achieve in 2022 on page 95.



# health, safety and **WELLBEING**



## Our commitment to health, safety and wellbeing

Looking after the health, safety and wellbeing of our 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. Our three core SHE objectives are that no-one gets hurt, we do not negatively impact our neighbors and we leave only the gentlest footprint on the environment.

### RESPECT Committee

At Innospec SHE leadership comes from the top. Our Responsible Care Executive Committee (known internally as RESPECT) is led by our CEO, Patrick S. Williams, and comprises of members of the Senior Leadership team. In 2021, RESPECT was responsible for reviewing our global SHE and sustainability policies, setting objectives and monitoring ongoing performance throughout the year. Through the workings of this committee, which reports to our Board of Directors, we can confirm we have the right resources and approach as our business grows and develops.

## SUSTAINABLE DEVELOPMENT GOALS



### Decent Work & Economic Growth

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

## Health, safety and wellbeing highlights



**13% increase** in the number of near misses raised<sup>1</sup>.



**Over 14,500 hours** of health, safety and environmental training delivered.



**100%** of manufacturing sites maintained the Controlling rating on the UK Chemical Association's (CIA) health metrics indicator tool, with 85% of sites reaching Best Practice and 70% reaching Advanced in some areas.



**0.08** reportable lost time accident (IRLTA) frequency rate (below industry average of 0.11).



## Journey To Zero Harm highlights

**2021** was the fifth year of Journey To Zero Harm (JTZH).

**4,196** JTZH training modules completed by employees globally in 2021.

60 second checks completed increased 25% to **131,305**.

**9,817** safety interactions, a 10% increase.

<sup>1</sup>Defined as a learning event that did not cause harm but had the potential to cause injury or loss. The more near misses reported and addressed, the lower the risk of a future accident or incident.



# process SAFETY

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

Our management system comprises of:

## Our process safety standards

We have developed a comprehensive set of standards that are focused fundamentally on the control of critical hazards. These standards are regularly reviewed 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.

In 2021, enhancements were made to the Risk Assessment, Management of Change, Accident, Incidents, Near Miss Investigation and Training and Competency standards.

## Our process safety audits

Compliance with the process safety standards is monitored through process safety audits, carried out by our Corporate SHE team. These audits measure a site's compliance against the corporate standards to establish the degree of implementation and operational employee awareness. The outcomes of the audits are discussed during the quarterly RESPECT meetings.

The pandemic travel restrictions in 2021 again prevented face-to-face audits. Instead, all sites were audited remotely using a virtual audit protocol that focuses on the implementation of the standards. With the lifting of travel restrictions, face-to-face audits will return in 2022.

## Our 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. All sites' PSPIs are reviewed at the quarterly RESPECT meetings and the information is used to identify any areas that need further focus or support.

To develop a consistent approach and understanding of how we report PSPIs throughout the business, a new PSPI Corporate Guidance Note was issued in 2021. Training and one-to-one coaching, where applicable, was provided to our manufacturing SHE teams in its practical application. The scope of our process safety audits was also extended to include a review of how the new guidance note was being applied at site level.

## Our process safety leadership

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 local level, our Executive Team's commitment to prevention of incidents and accidents. In 2021, pandemic travel restrictions once again impacted the number of sites that we were able to visit. However, our Executive Team based in the US, were able to make visits to Midland, Texas and High Point and Salisbury, North Carolina manufacturing locations. Leadership visits to the remaining Innospec locations have been scheduled for 2022.

## Start-up Authorization (SuA) procedure

We launched Innospec's SuA in 2019 to assess and confirm that process safety is not compromised following the introduction of new products, processes or major modifications. The SuA procedure uses a customized electronic platform to enable all appropriate safety and design issues to be considered, collated, reviewed, approved and documented prior to commissioning.

As part of our ongoing strategy review in 2021, we further expanded the SuA process to capture key safety and design information for existing products. This allows sites to securely upload existing product dossiers so that they can be accessed and reviewed centrally. There are now 147 approved product dossiers registered on the SuA compared to 51 in 2018.

## Process safety enhancements

In 2020, we developed an enhanced protocol for Fire Protection Risk Assessments. This new protocol further strengthens our existing approach to minimizing risk to both our personal and business from fire. The application of this protocol across all our manufacturing sites began in late 2020 and continued through 2021. It is expected to be completed in 2023 after which time the assessments will be reviewed on an agreed frequency commensurate with the evaluated risk.

During the year we introduced a new Root Cause Analysis software platform at all our manufacturing locations. The tool provides a structured approach to the investigation of serious events and reportable lost time accidents. It is particularly useful for addressing human factors and system failures, helping us to get the most learning from our investigations to minimize the risk of repeat events. The system has also been adopted by our quality department.

## Preparing for emergencies

All manufacturing sites need to be prepared and able to provide a safe and competent response to an onsite emergency. Each manufacturing facility has identified the potential emergency scenarios for the activities carried out at the site and has a documented site emergency response plan for each of these scenarios. All employees are trained in the contents of the plan and take part in practical exercises relevant to their role in the event of an emergency.

Innospec have partnered with Chemtrec in the US and Carechem 24 for all other global locations to provide emergency response support in the event of an incident involving one of our products, either during transportation to or at our customers premises. They offer multilingual, 24/7 emergency response helplines, staffed by trained chemists to provide initial support in dealing with incidents.



## Health, safety and environment training

To minimize the risk of accident or injury, we provide our employees with 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 at the forefront of people's minds and that we continually raise standards. Environmental awareness training is also provided to operational employees to help manage and reduce negative environmental impact.

Each year, teams across our sites take part in a variety of site-specific training courses to enable employees to be competent and safe in their roles. We recorded over 14,500 hours of health, safety and environmental training in 2021. The courses included risk assessment, emergency response, firefighting, first aid, dangerous goods transport, process safety management, confined space, personal and respiratory protection, hearing conservation, working at height, fall protection, environment (ISO14001) and waste management.



# JOURNEY TO ZERO HARM

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



In 2021, we formally documented our overarching company strategy on JTZH, which included defining the expectations and responsibilities of our corporate, business, regional and local management teams in the implementation of the program. The monitoring program, initially trialed in 2020, was completed in 2021 for all remaining manufacturing sites. This assesses how well the program is being embedded at each site and into its culture. We also appointed JTZH coordinators at all non-manufacturing locations globally, to support the roll out of training packages and collate engagement data. To help drive leadership and increase the number of interactions taking place within our site management teams, we also introduced a new Managers Team Review process at our European manufacturing sites. The process aims to build ownership of the program at all levels of leadership at a site and involves the discussion and review of the program cascaded to all levels of management including, team and supervisor leads. Our Hazard Awareness Training modules are designed to target the most common causes of accidents occurring at Innospec. The modules are translated into our five core languages and supported with a range of promotional materials to aid communication on site. In 2021, we completed the global roll out of the new Slips, Trips and Falls Hazard Awareness module to all employees. We also developed a new Working at Height Hazard Awareness module, which will be rolled out in 2022. Other training packages developed and rolled out in 2021 included a new JTZH Manufacturing Refresher course designed to help manufacturing sites further embed the program locally. A new JTZH Office Refresher course and a General Office SHE Awareness course were also created to help promote the engagement and understanding of the program in office-based locations.

## OUR JOURNEY TO ZERO HARM



**4,196**  
JTZH training modules completed.



**9,817**  
interactions completed  
(increase of 13% on 2020).



**131,305**  
60-second checks completed  
(increase of 25% on 2020).

### Site initiatives to help improve safety

Each year our sites also maintain existing programs or introduce new initiatives to help improve safety at a local level. A number of our locations operate a 'near miss of the month or quarter' scheme to encourage employees to report near misses. Our site in Castiglione, Italy rewards the employee reporting the 'near miss of the quarter' with a JTZH backpack. Our sites in North Carolina, US and Ellesmere Port in the UK all make a financial donation to a charity as nominated by the 'Near Miss of the Month' reporting employee. In 2021, our site in Vernon, France, introduced a new e-learning system to improve employee access to training materials and records. In the US our Midland, Oklahoma City and Pleasanton sites carried out a targeted awareness campaign for employees on safe driving to help reduce driver safety risks.



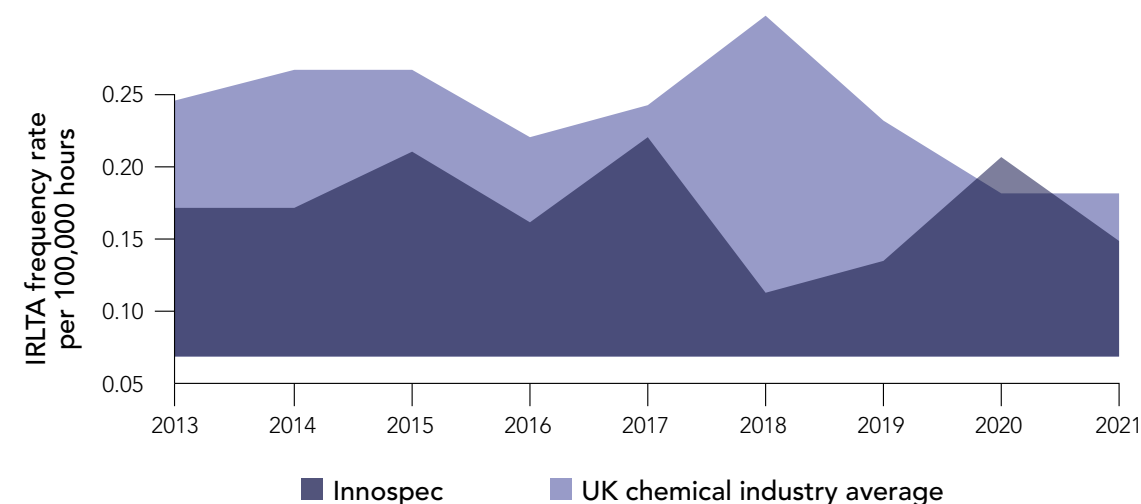


# safety PERFORMANCE

At the start of each year, we set a group safety target of achieving zero fatalities or major, work-related injury accidents to employees or third parties in the reporting year. We are pleased to report that we had no fatalities in 2021.

Unfortunately, in 2021 one of our operators slipped and fell resulting in a fracture to their shoulder which was classed as a major work-related injury accident. Each year we also set a group safety target of achieving a zero Innospec employee reportable lost time accident (IRLTA) frequency rate but as a minimum acceptable standard, to continue to perform better than the industry average for the UK Chemical sector. Unfortunately, in 2021, there were three employee IRLTAs. Our IRLTA frequency rate as a result of these accidents ended the year at 0.08 per 100,000 hours. While disappointing to have any lost time accidents, this rate is below the UK Chemical sector average of 0.11 and is a 38% reduction on our 2020 rate of 0.13. Measures have been put in place to prevent similar accidents from happening again.

Employee reportable lost time accident frequency rate Innospec vs industry average



## Addressing Loss of Containment (LOC) events

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

We have set up regional review teams and dedicated LOC improvement teams at all our sites to help identify LOC trends, discuss any challenges and share best practice in LOC prevention. Across all our sites we took numerous actions in 2021 to prevent LOC events. This included site trend analysis, more robust engineering solutions, improved plant labeling, employee training, improved communications, regular LOC audits and routine review meetings.



**Andy Price**  
Estates Operator,  
Ellesmere Port, UK.

## Loss of Containment prevention initiatives

Some examples of our site-led initiatives include:

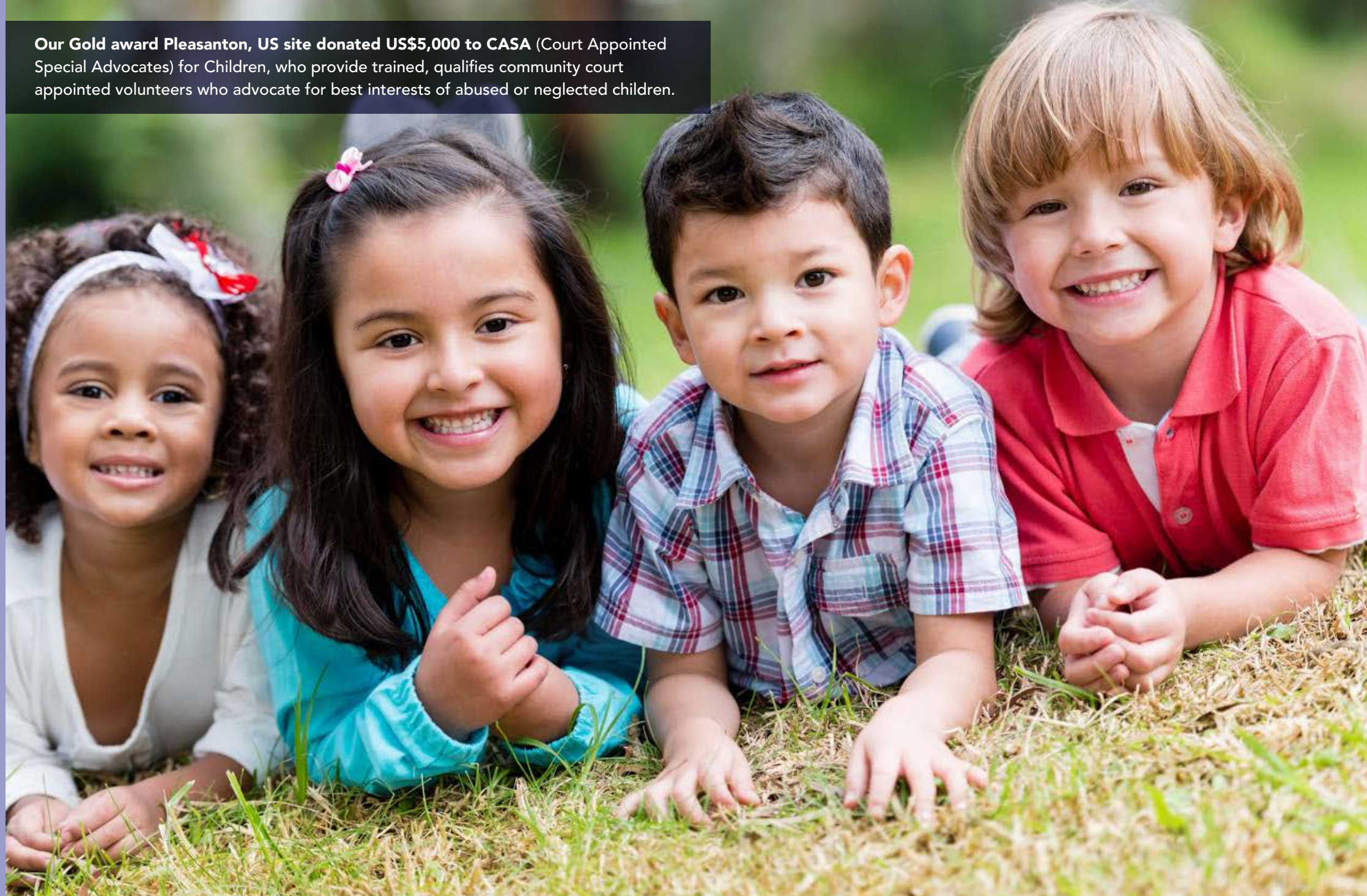
- **Barcelona, Spain:** Improved their preventive maintenance program for rotating equipment and hoses and introduced task observations and interactions targeting transfer operations.
- **Leuna, Germany:** Made improvements to process transfer lines by removing redundant sections of line and equipment, introduced a new pipe standard for future pipework installation and replaced sections of carbon steel pipework with stainless steel, reducing the risk of LOC due to corrosion.
- **Herne, Germany:** Implemented double valve sampling systems to reduce the risk of loss of containment when taking process samples.
- **Castiglione, Italy:** Implemented a range of administrative controls such as the introduction of new operator checklists and regular quality review of their correct use.
- **Oklahoma City, US:** Investigated the cause of any LOC due to tote failure with the supplier to improve the quality of the totes supplied reducing the risk of failure.
- **Midland and Pleasanton, US:** Reduced the tote inventories stored on site through a combination of consolidation and reprocessing of suitable materials after testing and third-party disposal where deemed unsuitable for re-use as an alternative to virgin raw materials.
- **Vernon and St Mihiel, France and Chatsworth, US:** Improvements to LOC training, communication of performance and sharing of best practice to operational teams.



**Marcello Salvatori and Andrea Adragna**  
Castiglione, Italy.



Our Gold award Pleasanton, US site donated US\$5,000 to CASA (Court Appointed Special Advocates) for Children, who provide trained, qualified community court appointed volunteers who advocate for best interests of abused or neglected children.



## Safety performance recognition

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

### Corporate safety awards

These awards recognize manufacturing sites and associated operations that reach a calendar year or more without an Innospec employee reportable lost time accident (IRLTA). Each site achieving a milestone period is presented with a corresponding plaque and donation to a charity of their choice. In 2021, we donated a total of US\$11,000.

### Corporate safety certificates

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

### External Recognition - RoSPA Order of Distinction



Ellesmere Port, UK received their fifth Order of Distinction Award from the Royal Society for the Prevention of Accidents (RoSPA) for their excellent safety performance in 2021. The award recognizes 20 consecutive years of achieving RoSPA Gold.

## 2021 corporate safety awards and certificates



### Gold award

(US\$5,000 donation to charity)  
7 years without IRLTA  
Pleasanton, US

### Silver award

(US\$3,000 donation to charity)  
3 years without IRLTA  
High Point, US

### Bronze award

(US\$1,000 donation to charity)  
1 year without IRLTA  
Castiglione, Italy  
Leuna, Germany  
St Mihiel, France



### Gold certificate

3 million employee-hours worked  
Herne, Germany

### Silver certificate

1/2 million employee-hours worked  
High Point, US

### Bronze certificate

1/4 million employee-hours worked  
Leuna, Germany

*"Maintaining the safety and wellbeing of our employees is a commitment that the Pleasanton team takes seriously. To be recognized for this commitment through the Gold Award along with a bonus for one of our local charities is very special to the team. We will continue our Journey To Zero Harm by striving to build on this accomplishment in the coming years."*

#### Bob Witten

VP of Manufacturing, Oilfield Services  
Gold award, 7 years without IRLTA  
Pleasanton, US



# WELLBEING

Everyday our employees bring experience, professionalism, problem-solving, dedication and creativity to their roles within Innospec. Looking after their wellbeing is at the heart of our success as a business. As well as providing annual health checks, flu and tetanus vaccinations, eyesight and hearing checks, we support our employees with health care programs, mental health support, healthy options provided in vending machines, free fruit and regular newsletters on health, lifestyle, welfare and nutrition. Globally, in 2021, our employees took part in a range of activities to help both themselves and others keep fit and improve their mental wellbeing.

## Keeping fit and encouraging good mental wellbeing

All employees in the US were invited to sign up as individuals or teams to the 2021 Wellness Be Active Challenge. Employees signing up each received a water bottle with those completing the most activity during the 30-day period receiving a health-related prize. Participants managed to log a total 5,892 hours of activity.

Our Ellesmere Port site in the UK further extended the mental health support available to employees by training 25 employees as mental health first aiders. They are a point of initial contact for employees who may be experiencing a mental health issue or emotional distress. They provide initial support and can direct employees to further help if appropriate.

24 employees from our Leuna, Germany site took part in the Running and Walking Challenge of Saxony-Anhalt. The competition is open to companies and clubs from the local area and aims to encourage increased movement and exercise in daily life. The participants log their weekly distances with the team registering the longest distance during the 10-week challenge selecting a social project to receive a donation. Innospec's team came in 10th position. 23 Leuna employees also took part in the charity run of Merseburg, running 1,078km and raising money for the event.

Following its 2020 mental health and stress assessment, in 2021, our site in Herne, Germany actioned some of the recommendations. This included improvements made to the tanker loading schedule to help spread demand across the day rather than concentrated at peak times to ease pressure on staff. They also introduced training and information on general health topics.

Our site in Barcelona, Spain undertook a psychosocial risk assessment of the workplace to reduce risk, improve working conditions and achieve a healthier organization. This assessment will be completed in 2022.

Our sites in Salisbury and Highpoint, US hosted an Innospec golf tournament to help employees' mental health and wellbeing. Innospec sponsored, and employees also took part in the Rowan County 'Into the Light Suicide and Mental Health Walk' with all proceeds raised going to local mental health programs.

A safety campaign on Work-Related Musculoskeletal Disorders & Ergonomics was launched at our Vernon, France site. Ergonomic mouse pads were given to all employees to help reduce the risk of developing carpal tunnel syndrome.

## UK Chemical Industry Association (CIA) employee health metrics tool

Every year we use the CIA health metrics indicator tool to score and compare our health programs with industry best practice. The tool measures how we are performing across a range of issues including health leadership, policies, audits, hazard control, monitoring, wellness support and rehabilitation programs, health promotion and education. Following the assessment, sites are allocated a score on a scale of A to D: A 'Advanced', B 'Best Practice', C 'Controlling' and D 'Developing'. In 2021, all our sites scored a minimum of a C, with 85% reaching 'Best Practice' levels and 70% reaching 'Advanced' levels across a number of areas.



Innospec sponsored the Rowan County 'Into the Light Suicide and Mental Health Walk'.



# product safety and **CONSUMER WELLBEING**

Innospec regulatory experts are involved in every stage of a product's lifecycle, ensuring safety and compliance throughout. Our experienced team of regulatory and safety, health and environmental professionals plays a crucial part in making sure that neither people nor the environment are harmed from using our products. This enables us to meet both our statutory and voluntary health and safety obligations.

National and regional regulations are continuously evolving and we work hard to ensure that our products comply to changes in legislation. Innospec personnel are actively involved in helping enhance and improve the safety of our products and the global regulations that govern their use. To facilitate this, we have employee specialists that sit on a number of national and international committees and scientific groups who offer guidance and advice in these matters.

Following the UK's exit from the EU in January 2021, important changes in the regulations that apply to how chemicals should be managed were made. Firstly, all EU REACH registrations held previously by our UK legal entities had to be transferred over to an EU legal entity acting as our Only Representative (OR). This was successfully completed, with our facility located in St Mihiel, France now representing Innospec as OR for the chemicals we import into the EU from all our non-EU sites, including the UK. Brexit also saw the introduction of UK REACH. Compliance to UK REACH initially entailed the "grandfathering" of existing EU REACH registrations held by our UK companies into UK REACH. Furthermore, to provide business continuity, Downstream User Import Notifications (DUIN) were submitted to ensure all products previously placed on the UK market by Innospec under EU REACH remained compliant under UK REACH.

Under EU REACH, it is also a legal requirement to pro-actively review and update registrations with any

new information and assess its impact on safety to workers, consumers and the environment. In line with this requirement, we continued with our program to review and update our existing European Union REACH registration dossiers by our ongoing participation in the European Chemical Industry Council (CEFIC) Dossier Improvement Plan. Following updates to over 50 of our registration dossiers in 2020, a further 26 were reviewed, updated and re-submitted in 2021. We remain on schedule to complete reviews and resubmissions of all registration dossiers by the end of the 2026 target date set by CEFIC for industry to complete the Dossier Improvement Plan.

Responding quickly to requests from the European Chemical Agency (ECHA) for more information on our REACH registered substances is also an integral part of the ongoing compliance checking and evaluation processes embodied within REACH. We take these obligations seriously and work closely with our Consortia and registration partners to develop and submit the required information to ECHA by any relevant deadlines. Rather than the standard test methods outlined in REACH, in responding to these ECHA requests Innospec, along with key strategic partners and customers, are leading the way in seeking to use non-animal methods and therefore avoid vertebrate animal testing unless it is absolutely necessary.

In 2021, Turkey and South Korea continued with their introduction of country specific chemical management regimes. Our regulatory team further progressed with the registration of applicable substances falling under KKDIK, the Turkish REACH Program ahead of the end of 2023 deadline. They also successfully completed the first registration phase of the Korean REACH Program (K-REACH) for all applicable substances and will start the next registration phase in 2022 ahead of the deadline of the end of 2024.

## **Product stewardship**

Paramount to our product stewardship activities is providing our customers with the information needed for the safe use of our products. This includes additional product handling documentation for certain more hazardous products where required. In the event of further questions, our regulatory team are always available to help.

Our expert software system Intelligent Authoring® supplied by Sphera™ is used to support our regulatory function. The system supports a number of aspects of our product stewardship. It facilitates the publishing of safety data sheets (SDS) in over 40 languages for our 4,000 plus products. Additionally, it generates labels for multiple destination countries. The software is used to cross-check global chemical inventory compliance, such as the Toxic Substance Control Act (TSCA) in the USA. Most importantly, Intelligent Authoring® holds the toxicology and classification data for over 20,000 individual substances that we use and/or monitor. The database enables us to classify our products correctly for human health and the environment and provide the correct handling and use advice.

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







### Responsible Care®

The global chemical industry has been driving continuous improvement in health, safety and environmental performance for the last 31 years through its Responsible Care® initiative. Today it is practiced in nearly 70 economies in six continents around the world. We are a long-term participant and 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 in 1988. Our Innospec Fuel Specialties LLC operations in the US have held their Responsible Care® management system certification since 2007.

Going forward Responsible Care® will continue to provide a roadmap to help make the chemical industry safe, transparent and sustainable. People around the world want to understand what is in the products they buy and that they are produced safely.

### Responsible Care® in practice

We demonstrate our commitment to Responsible Care® in many different ways. For example, we chaired an industry working group of the Petroleum Additive Manufacturers in Europe (ATC), which is an affiliate member of the European Chemical Industry Council (CEFIC). The working group, made up of representatives of manufacturers and customers, created a Best Practice Manual for the safe handling of the cetane number improver (CNI) 2- ethylhexyl nitrate.

Based on this best practice we developed our own Innospec CNI Product Safety Manual for our supply chain distributors and customers, alongside an online training awareness package. To further strengthen our product stewardship in this area, we introduced the requirement for all distributors and customers to review the manual and complete the training package as a condition of sale. Our commitment to helping customers apply these safety guidelines continues after the product has been supplied.



**Toby Walmsley**  
Technical Service Chemist,  
Ellesmere Port, UK.

# investing in our EMPLOYEES

Our business is built on the hard work, skills and expertise of our people. In 2021, we were challenged once more by the impact of the Covid-19 pandemic as we worked around multiple country lockdowns. We continued to adapt to new ways of working and utilized innovative solutions for collaborating with colleagues, customers, partners and local communities.

There is no doubt that investing in the growth and development of our employees helps us achieve long-term success. We want them to have the skills, commitment and enthusiasm to grow our business and add value for our shareholders. We also want our workforce to be sustainable. We are keen to bring people in at all stages of their careers and we are committed to supporting career development and continued education.

As a company, we are proud of our high levels of employee retention. Over 57% of employees have been with us for over five years and 39% have worked with us for over 10 years. Our senior management team is also well established. This helps to create a business culture built around strong relationships. It benefits both our employees and our customers.

We want Innospec to be an attractive career choice for both new recruits and long-term employees. The ability to attract and retain a skilled and diverse workforce is essential to create a culture of innovation and creativity. We recognize that operating as a responsible business is a minimum expectation for people when looking for potential career opportunities. Prospective employees consider a wide range of issues before applying for a job with Innospec such as our commitment to environmental programs, supporting local communities and employee training and development opportunities.

### Diversity

The geographical and cultural spread of our business enables Innospec to benefit from a diverse range of skills and creativity. People are employed based on merit and ability. We welcome individuals from all backgrounds and

aim to treat them with dignity and respect. Current and prospective employees are accorded equal opportunities irrespective of gender, marital status, sexual orientation, race, color, ethnic or national origin, age or disability, religion or belief. Only by encouraging such diversity can we succeed in creating a progressive and culturally aware global company that makes effective use of everyone's talents and experience.

### Human Rights

In 2021, Innospec issued a new Human Rights Policy statement. The policy outlines Innospec's commitment to respect internationally recognized human rights standards, including the principles of the United Nations' Universal Declaration of Human Rights, the United Nations' Guiding Principles on Business and Human Rights, the International Labor Organization (ILO) Principles and the UN Global Compact. All these principles help us prevent adverse impacts on human rights. The policy provides a summary of the human rights (including labor rights and others) that we recognize as likely to be the salient for our operations, how we will implement our commitment and our expectations of employees, business partners and other relevant parties.

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



## Development and training

The training and development of our employees enables us to have a competent and experienced workforce, which is essential for building a sustainable business.

We offer both internal and external training across our global business to support the continual development of our employees. Where required we develop specific, bespoke training at group level, for example our Leadership program. This two-stage program is offered through professional leadership training partnerships who provide instructor-led training sessions and post-training coaching to our leaders that is specifically tailored towards upskilling our front-line management.

In 2021, a number of US employees took part in our Leadership program. The program covered a range of topics including 'The skills necessary for being a manager', 'Leadership vs. management', 'Do's and don'ts for managers', 'Setting goals for your direct reports', 'The R.A.N. model of performance management' and 'Tips for conducting effective performance conversations'. Unfortunately, our 2021 program planned for European employees was not able to take place due to pandemic travel restrictions. This program has been rescheduled for 2022.

A key part of a sustainable business is preparing for future leaders to take our organization to the next level. This is why we have developed our succession planning program for strategic roles to enable our business continues to thrive even when the individuals change positions. We invest a great deal of time finding the right people to fulfil key functions within the organization, ensuring that we are preparing the future leaders of the company. We look for potential within our existing workforce and continue to educate and support individuals, so they develop and excel within our structure.

We believe it is important to help all our employees reach their true potential, which is why we support people studying for higher level qualifications across a wide variety of functions. For example, we funded Catherine Orange, our Safety, Health and Environment (SHE) Manager based at our Vernon, France site, to successfully complete her Quality & SHE Master degree at CESI (Campus d'enseignement supérieur et de formation professionnelle). Innospec also funded Lauren Kavanagh, Regulatory Toxicologist based at our Ellesmere Port, UK site, to complete her M.Sc. (Taught) Toxicology at the University of Birmingham, gaining a Distinction. Constantin Holtkamp, a buyer in the procurement team based at our Herne site in Germany, was supported to complete his 'Bachelor Professional in Procurement' at the IHK Nord Westfalen (Chamber of Commerce and Industry). These professional qualifications help employees to further develop as individuals and enables us to maintain a competent workforce.

### Science Ladder

As a company, we drive innovation through investment in research, technology and people. We recognize that attracting, challenging and retaining scientists and technical personnel of the highest caliber is essential to our existing and future business.

Our Science Ladder is a research associate program designed to provide employees in technical roles with the opportunity to advance their careers in science and technology. Through the program, exceptional scientists are encouraged to continue their scientific work and so enable both the employee and the company to continue to benefit from the development of technology. The program provides opportunities for personal development, recognition and status for those who participate in it, providing technical guidance to their colleagues and taking a key role in projects requiring a high level of technical expertise. At the end of 2021, we had one Senior Research Fellow (Dr. Jim Barker), two Research Fellows (Steve Cook and Clive Waterson) and one Principal Scientist (Matt Giles).



### Senior Research Fellow Dr. Jim Barker

The most senior level on our Science Ladder is that of Senior Research Fellow. This is a prestigious level, reserved for those individuals who have outstanding technical expertise and are recognized internationally as an expert in their field. Achieving this level takes significant time and requires continued personal commitment from individuals.

In 2021, Dr. Jim Barker was promoted to Senior Research Fellow, only the second person in our company's history to achieve this prestigious level. He is recognized internationally as an expert in his field. Jim has published nearly 100 scientific papers and is seen by the scientific community as the father of new analytical techniques for measuring fuel deposit control. He is Chair of numerous international industry scientific bodies, including the Heavy Fuel Oil Work Group and the Energy Institute TMS Group and receives numerous invitations to lecture to other scientists from across the world.

Jim's scientific achievements mark him out as one of the best industrial chemists in the world and this reflects positively on Innospec and our technical credibility with our customers.



## Regulatory Progression Ladder

Our Regulatory Progression Ladder is designed to recognize employees working in our Regulatory Toxicology team. Employees are rewarded for their experience and academic achievements. There are five levels of progression. At the end of 2021 we had three employees on the ladder. Lauren McAnally has gained a Diploma in (eco) Toxicity as well as the required professional experience to reach Level 2. Lauren Kavanagh has gained a Diploma in (eco) Toxicity as well as the required professional experience to reach Level 3. James Dawick has a master's degree in (eco) Toxicology as well as the required professional experience to reach Level 4.

*"The Regulatory Progression Ladder provides us all with an incentive to further develop our careers with Innospec in the knowledge that we will be rewarded in terms of salary and position. The Ladder provides a clearly defined path forward. Studying for the Diploma in (eco) Toxicity took me two years. The modules were interesting and covered everything from database theory to statistical analysis. After passing the Diploma, I was promoted which certainly made all the hard work worth it."*

### Lauren McAnally

Regulatory Toxicologist, Ellesmere Port, UK

## Sharesave Program

Our global Sharesave Program is available to every employee across all businesses and countries. All those who participate save a set amount of money over a fixed period. At the end of that period, participants can choose to either buy Innospec stock at a discounted price or receive the money saved. This has proved to be a great way for employees to participate in the success of our business. In 2020, our US 2018 Sharesave Program matured with participants executing their options in November/December. The EMEA and ASPAC Sharesave program matured in 2021 with participants executing their options in November. The Board have approved the launch of our 4th global Sharesave program in 2022.

## Supporting a sustainable workforce

Building a sustainable business means providing development and training opportunities for the next generation. We are committed to the STEM (science, technology, engineering and mathematics) approach to learning and development that integrates the areas of science, technology, engineering and mathematics. We offer opportunities to young people in the form of apprenticeships, paid internships, trainee programs and work experience at a number of our locations around the world. We provide participants with tailored programs that offer comprehensive practical training and experience.

Despite the pandemic, we are pleased to report numerous successes with our student programs around the world. In 2021, 100 people benefited from our training support, student placements, apprenticeships, paid internships and work experience opportunities.

At Ellesmere Port, UK we offered eight students the opportunity to complete a year in industry at Innospec. Placements were created in customer care and logistics, chemical engineering, supply chain, R&T and finance. We have several apprentices who are currently completing either a Chemistry Degree apprenticeship or participating in offsite training with training providers TTE Training Ltd. At Herne, Germany, we offered three student placements in 2021. One joined our SHE team and the other two our production teams. In Oklahoma, we have a new graduate trainee program for Production Trainees designed to prepare graduates for future positions within Innospec. Similar opportunities, from internships to training support, were created at our other sites around the world.

-  **39 paid internships.**
-  **21 apprenticeships.**
-  **16 student placements.**
-  **18 work experience opportunities.**
-  **6 training support.**

### Hannah White

Product Specialist, Performance Chemicals,  
Ellesmere Port, UK.





# community ENGAGEMENT

Partnership with SDW, the German Association for the Protection of Forests and Woodlands.

## Supporting our local communities

We support the social and economic development of our local communities through education, volunteering, fundraising and sponsorship opportunities. Although the pandemic continued to prevent us from opening our doors to local groups as we normally would, our people worked hard throughout the year to contribute as much as possible to their local communities for worthwhile causes. In 2021, our total social value and community contribution was over US\$663,000.

## Business contributions to charity in 2021

In the US, we are long-standing supporters of the PenFed Foundation's Military Heroes Fund. The organization provides much needed support to wounded, ill and injured veterans, service members and their families to help them adapt to life back at home. In 2021, we were able to resume our annual Fuel Specialties and Oilfield Services charity golf tournaments following their cancellation in 2020 due to the pandemic. The total raised by both golfing events was just over US\$282,000. This brings the total raised since we started our annual charity golf tournaments in 2007 to US\$1.5 million.

Our Fuel Specialties business makes a donation to Schutzgemeinschaft Deutscher Wald e.V (SDW), the German Association for the Protection of Forests and Woodlands, for every liter of ecotherm® futur sold. For 2020 and 2021 sales, we donated just over €19,400, making a total of over €364,000 since the partnership began in 2008. The donation will be used to support SDW's work in forest conservation, protection and replanting projects and to support their free forest education programs for schools and communities.

♡ **US\$663,000** total social value\* delivered in 2021.

💰 **US\$527,000+** direct monetary contributions donated by Innospec.

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

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

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



Annual Fuel Specialties and Oilfield Services charity golf tournaments, 2021.



Fuel Specialties business donation to Schutzgemeinschaft Deutscher Wald e.V (SDW).





High Point and Salisbury, US sites sponsored holiday parade floats.

## Social sourcing

Our site in Vernon, France continued their engagement in 2021 of Blanchisserie A.P.E.E.R, a local workwear laundry cleaning company who create employment opportunities for local people with disabilities. They have used the company since 2017. Our Herne site in Germany has used an organization called WeWoLe, who employ physically or mentally handicapped persons, since 1999 to carry out our grounds maintenance and, since 2002 for the laundry of workwear. Similar arrangements have been set up at our Castiglione site in Italy. A local organization, Saint Lucia Social Cooperative that provides opportunities to disabled, disadvantaged and marginalized people, has been employed to clean our offices since 2018.

## Inspiring the next generation

Raising awareness of careers in the sciences and industry is an important part of our responsibility to the next generation. Many of our employees spend time engaging with schools and educational centers, providing support and advice. In October 2021, our Personal Care team at Ellesmere Port, UK took part in the ESSAR STEAM (Science, Technology, Engineering, Arts and Mathematics) Festival. The team ran eight sessions over two days for 120 pupils aged 9-11, delivering an interactive workshop



Personal Care team at Ellesmere Port, UK took part in the ESSAR STEAM Festival.



Cheshire Young Carers enjoying new skills at Ellesmere Port, UK.

entitled 'Clean up with Surfactants'. The aim was to raise awareness of careers in science and industry and encourage pupils to feel inspired and motivated towards a future career in these areas.

Unfortunately, our normal practice of hosting community Open Days at our sites and providing educational workshops at our local schools were severely hampered by the pandemic. We did however manage to arrange two separate visits to our Ellesmere Port site for the charitable organization Cheshire Young Carers. These visits each involved 10 young people aged 15-17 who care for a parent or sibling suffering from physical disability, mental health problems or substance misuse. They received a tour of the site, a fire safety demonstration and training in basic first aid skills. We are hoping to resume our normal activities at all our sites in 2022 once restrictions are lifted.

## Fundraising by Innospec's sites

Our sites around the world were involved in numerous fundraising activities during 2021. From taking part in sponsored sporting events to collecting donations for local food banks and holding coffee mornings to raise money for some great causes, we continued to support the communities where our people live and work.

The Leuna, Germany site continued its annual support of Ambulantes Kinder – und Jugendhospiz Halle, a local children's hospice, and Kulturhaus Leuna, a historical arts center. Among the many contributions we made in the US were the sponsorship of two charitable floats at the High Point and Salisbury holiday parades and the donation of 500 bars of soap from our R&T formulation activities to a local homeless shelter.

Our site in Vernon, France continued its long-standing sponsorship of a number of beehives each year. Initiated in 2014, the aim is to help improve biodiversity and pollination. They also donated food and basic necessities in 2021 to the charity Le Panier Solidaire. In Ellesmere Port, UK, activities included sponsoring a local hospice and donating Christmas jumpers to a local school. At Castiglione, Italy, the site made direct donations to the charity Centro Anziani Caravaggio, which provides assistance to the elderly, and Associazione Casa del Sole Onlus, a charity that helps children with autism.





Innospec Cares is our global charitable giving and volunteering program that encourages employees to support and engage with our local communities. In 2021, the program entered its sixth year and celebrated reaching the significant milestone of raising over US\$1 million for 346 wide ranging community groups and charities around the world since its launch in 2016. In 2021 alone, we received 167 applications from 21 Innospec locations helping to raise over US\$213,000. Our employees also took part in 53 volunteering days providing 424 hours of practical support to the communities in which we operate.



Since 2016 over **US\$1 million** raised.



Since 2016 **636** employee applications received.



Since 2016 **346** community groups and charities helped.

Aktion Lichtblicke.

Thanks to the daily care, the children in the disaster area find a little normality and joy; in addition, the offer relieves the parents.

Copyright: ASB/Fulvia Zanettini, July 2021.





# global innospec cares

# CHARITABLE

## activities in 2021



### United Way of Greater High Point, US

Each year employees at our facility in High Point, US donate money through their payroll giving deduction program. Innospec Cares match funded the money donated in 2021 which will be used by the organization to support over 26 education, health and financial stability charities in the local area.



### Cycling Without Age, Singapore

Innospec Cares match funded the money raised by a team of 13 employees from our Singapore office who provided free rickshaw rides to vulnerable groups. The charity aims to combat social isolation and loneliness across Singapore.



### Aktion Lichtblicke, Germany

Employees at our Herne site in Germany submitted a match funding application for the money they raised to support children, young people and their families who have been affected by storms and floods that occurred in 2021 in the North Rhine-Westphalia region.



### Lega Del Filodoro Onlus, Italy

Innospec Cares match funded the money raised by 11 employees at our office in Milan, Italy. This national organization provides support to blind and deaf people.



### Diabetes UK and Wirral University Teaching Hospital, UK

Innospec Cares match funded the money raised by 40 Ellesmere Port, UK employees who took part in a challenge to walk, run, cycle and swim over 1,500 miles in one month. The money raised will support Diabetes UK and Wirral University Teaching Hospital patient care program.



Each year our global charitable giving and volunteering program helps support local or national organizations whose activities fall under one of four categories: **Support of disadvantaged groups, human health and wellbeing, educational support and environmental projects.** We also provide emergency relief support when an area is affected by an unforeseen natural disaster. Some of the charities supported by Innospec cares in 2021 included:

### The Will Herndon Fund at Beyond Batten Disease Foundation, US

Four employees from our Woodlands, US office helped organize a charitable golf event called 'Hope on The Green'. The money raised was match funded and will be used to support and find a cure for juvenile Batten brain disease.



### Hospice of the Good Shepherd, UK

A team of employees based at our Ellesmere Port, UK site used their volunteering day to help run the Hospice's annual fundraising Santa Grotto. The team dressed as Santa and his elves to help raise funds that will go towards the provision of palliative care and end of life support to patients and their families.



### Open Door Ministries, US

Employees at our High Point plant spent their volunteering day re-organizing and painting the kitchen area of a local homeless shelter that provides food to those in need.



### Italian Red Cross, Italy

Employees from our Castiglione, Italy site used their volunteering day to help prepare and distribute food packs to needy families in the local area.



### Secours Populaire Français, France

An employee based at our site in Vernon, France used their volunteering day to help prepare and distribute food baskets to families in need.





# environment conserving and **PROTECTING**



## 52%

reduction in scope 1 & 2  
GHG emissions

In line with our commitment to minimize our impact on the environment we reduced our greenhouse gas (GHG) emissions, energy and water use and waste generated per metric tonne of product produced compared to 2020. We have reduced our absolute scope 1 and 2 GHG emissions by 52% since our 2006 baseline year. We have committed to evaluating options in 2022 that would deliver a net zero emissions target by 2050 consistent with the scope of the Paris Climate Agreement.

### What you will find in this section of the report

- > Our environmental dashboard
- > How we minimize our environmental impact
- > Reducing energy, saving water and handling waste
- > Independent verification

Our focus area for the environment is:

### Environmental impact

Seeking to measure and reduce the impact of our activities on the climate and wider environment, while developing innovative products with improved environmental profile.

### Product sustainability

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



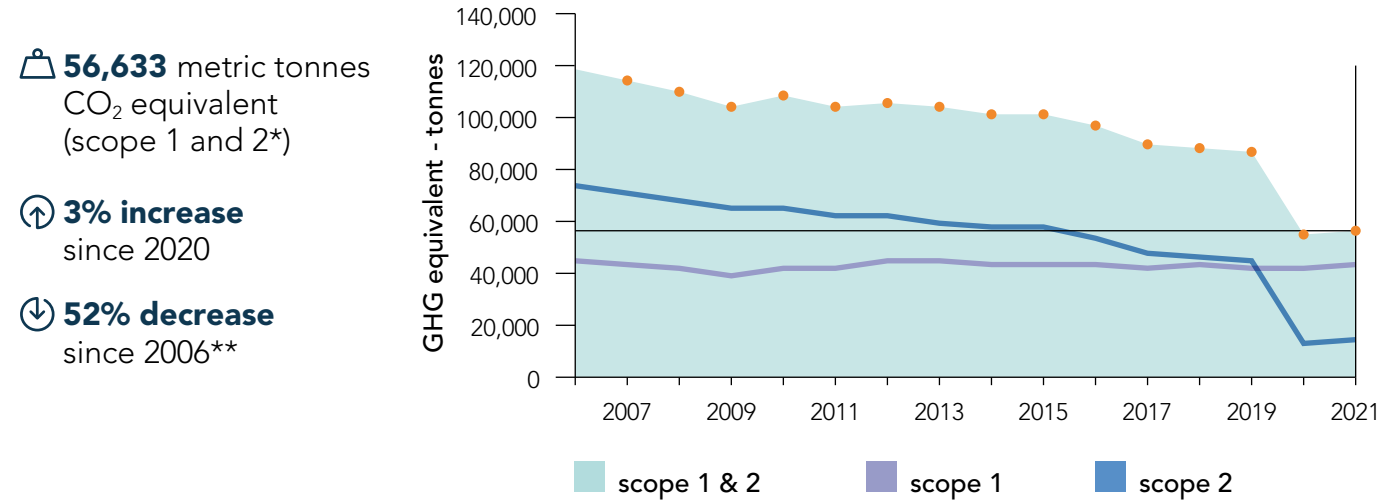
### What's next?

To further develop our strategy to reduce our impact on the environment is a priority going forward. Read more about our plans to continue to reduce greenhouse gas emissions, reduce energy and water consumption, and recover and reuse waste streams on page 95.

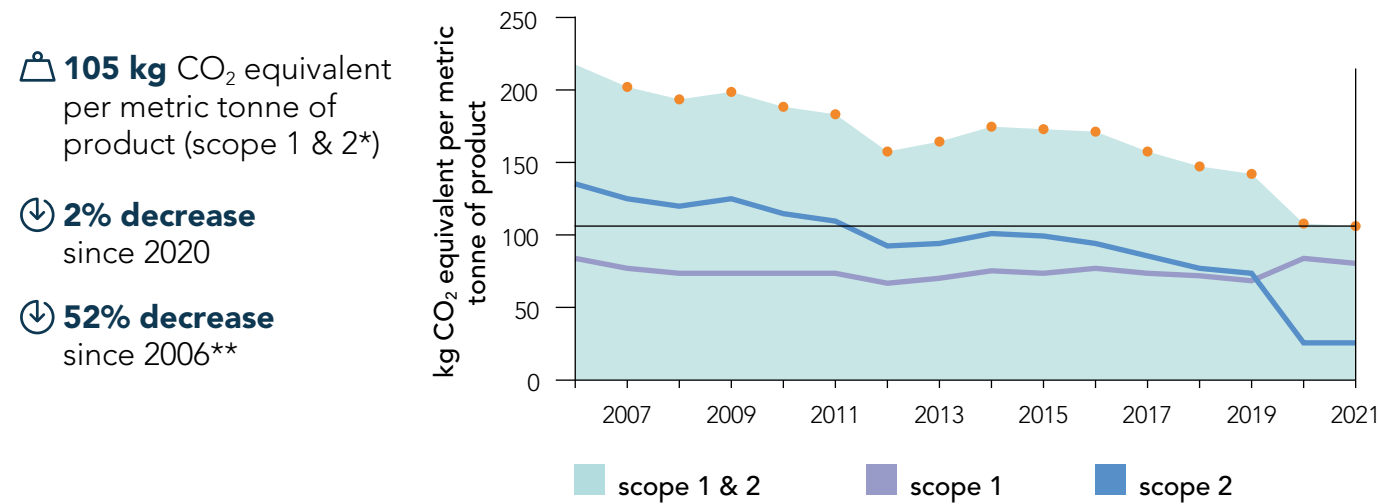


# environmental DASHBOARD

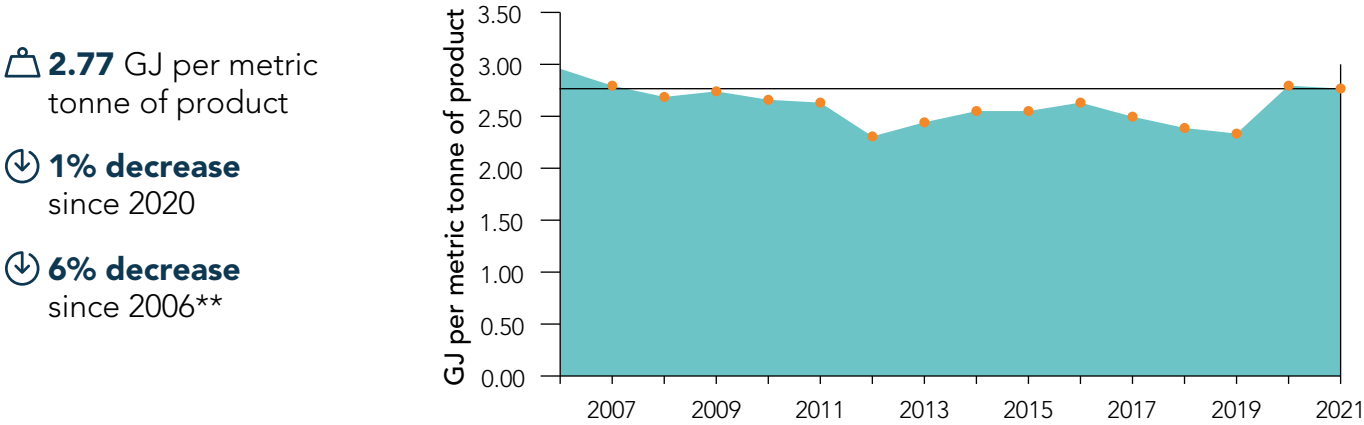
## Absolute GHG emissions



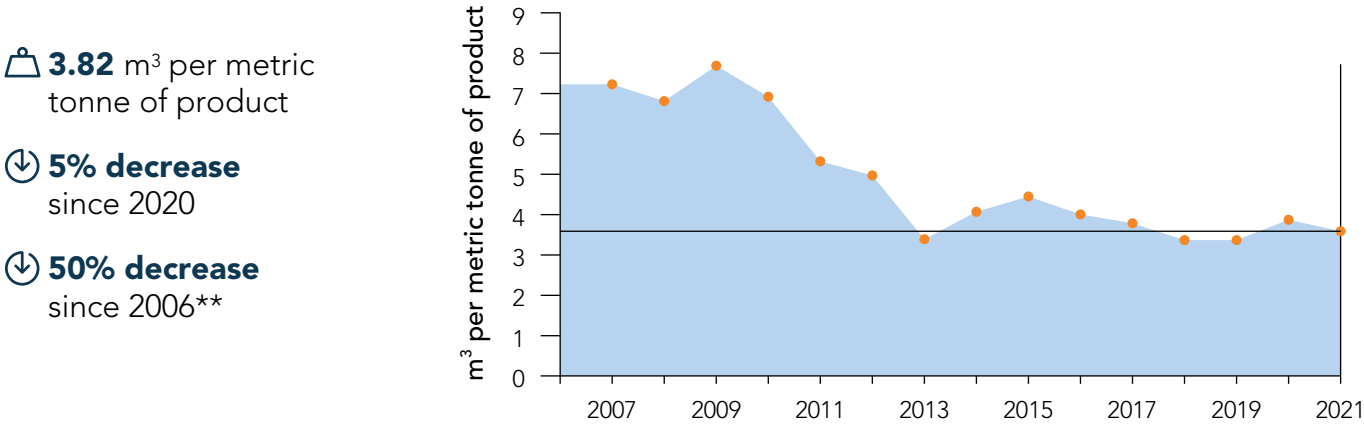
## GHG emissions



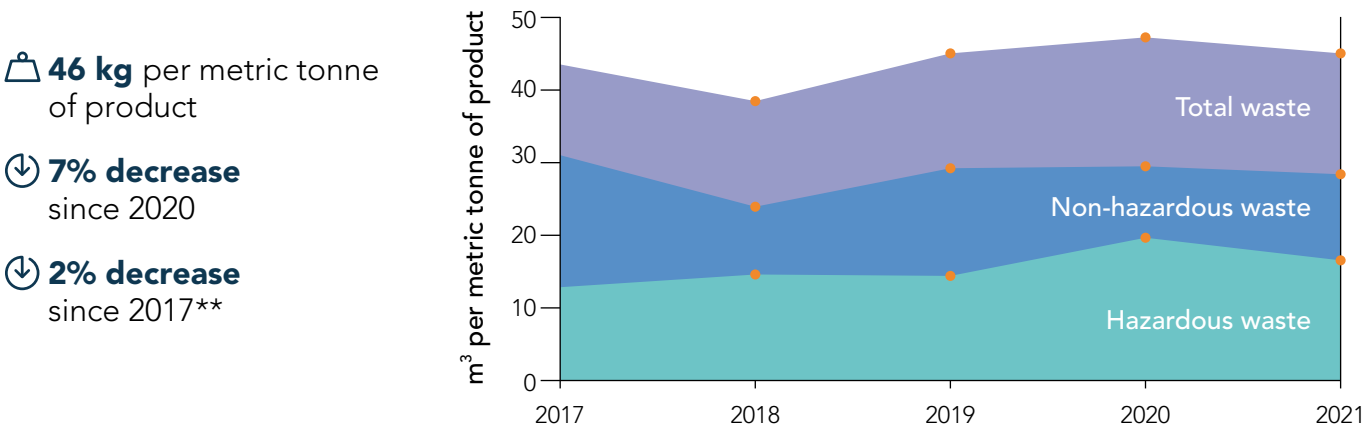
## Energy use



## Water use



## Total waste



\*Our emissions are calculated using the reporting year's UK DEFRA and IEA emission conversion factors for greenhouse gas (GHG) reporting. The reporting of scope 1 and 2 emissions is in line with the GHG Protocol Standard including the use of scope 2 emission factors for Market Based reporting. Through our process of continual improvement, we have reevaluated how we account for steam usage at those sites that effectively import steam, including where imported steam is generated on site by third-party owned assets. Under the GHG Protocol this results in some GHG previously reported as scope 1 now being reported as scope 2 emissions. For reporting consistency, this change has been backdated for each year from 2021 to the baseline year of 2006.

\*\*Base line reporting year.





# minimizing our **IMPACT**

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 customers respond to environmental challenges through innovation and improved product performance.

We have been monitoring and publicly reporting on our environmental performance since 2006. Each year we report on our impact across the four key areas of greenhouse gas (GHG) emissions, energy use, water use and hazardous waste. Since this time, significant reductions have been made in our GHG emissions and water usage.

In 2021, we are pleased to report continued improvement across several of our reported environmental metrics. Our reported intensity data for GHG emissions, energy usage, water usage and waste generated has decreased when compared to 2020. This reduction has occurred even though our production volumes have increased.

## **Energy use and greenhouse gas emissions**

We recognize the important contribution that businesses can make in helping to reduce global GHG emissions and reduce the risk of climate change. Our climate change position statement is available on our website and sets out our commitment to reducing GHGs. We have made significant reductions in our carbon emissions since our 2006 baseline year.

In 2021, we reduced the energy intensity of production (GJ consumption per metric tonne of product) by 1% compared to 2020 and by 6% against our baseline year in 2006. This reduction in intensity is also reflected in our scope 1 and 2 GHG emissions per metric tonne of product which have reduced by 2% since 2020 and 52% since 2006.

The upturn in production following a rebound from the pandemic, when compared to 2020, resulted in our absolute scope 1 and 2 GHG emissions\* increasing by

3% year on year. However, our absolute scope 1 and 2 GHG emissions have also decreased by 52% since 2006. In 2021, we continued to deliver a range of activities and investments to further improve our energy efficiency and reduce our GHG emissions.

As in the previous year, we procured 100% renewable electricity at all our manufacturing sites resulting in zero scope 2 emissions linked to electricity. Renewable energy accounts for 25% of Innospec's total energy mix.

Our global Resource Reduction Group (RRG) is responsible for maintaining a pipeline of energy, water and waste reduction projects and the sharing of ideas and best practice across the sites. This includes capital investment projects and local initiatives. A dedicated energy reduction fund is made available each year for capital investment projects that support energy reduction where the payback period is accepted as being longer than would normally be required. The fund targets projects that could help deliver our 2021 objective of achieving a 10% reduction in our scope 1 emissions, based on a 2020 baseline, by the end of 2030.

Going forward, our energy reduction projects and activities implemented during 2021, are forecast to reduce annual energy consumption by over 6,758 MWh and reduce our total group scope 1 emissions by 1,255 metric tonnes CO<sub>2</sub> equivalent. Projects introduced in 2021 included improvements made to the Catox (Catalytical Oxidizer) direct burner at our Leuna, Germany site. Optimizing the burner will save 634 MWh of gas per year. The site also joined the German Energy Efficiency Network.

**SUSTAINABLE  
DEVELOPMENT  
GOALS**



## **Responsible Consumption and Production**

Monitoring and measuring the impact we have on the environment has been a long-standing core element of our sustainability strategy. We are committed to using resources as efficiently as possible, promoting sustainable consumption and minimizing the impact of our operations on the climate and wider environment. We also look to improve the sustainability profile of our products and help our customers respond to environmental challenges through innovation and improved product performance.

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



## Ellesmere Port, UK electrical infrastructure upgrade 2021



Before



After

Our site in Ellesmere Port, UK completed a long-standing project to rationalize and replace the site's aging electrical infrastructure with the upgrade of the final substation in 2021. The site was built in the 1950s and since this time the production profile of the site has changed considerably, resulting in a lower energy demand. The project started in 2008 with the HV (high voltage) rationalization program focusing on the removal of redundant capacity. In 2014, the first of a series of major capital projects, totaling £4 million, was approved to replace obsolete and poor performing switchgear. Overall, the project has provided an energy saving of over 408 MWh per year and permanently removed over 60 metric tonnes of electrical insulating oil from site. The site also changed seven of its on-site diesel vehicles for 100% renewable electric equivalent vehicles, saving 47 MWh of gasoil per year.

*"Such investment in key infrastructure demonstrates Innospec's commitment to the Ellesmere Port site. The site's main electrical network is now unrecognizable from that in 2008. It is less complex and safer, while being cheaper to operate and maintain with scope to expand if required in the future. In addition, I am pleased to report that all the network upgrades were completed on time, in budget, without unscheduled outage and most importantly without a Lost Time Accident."*

**Chris Gould**

E&I Maintenance Manager, Ellesmere Port, UK



This regional network comprises of ten companies each setting a target to improve energy efficiency. They meet quarterly with the aim of sharing best practice and ideas for energy reduction and optimization.

- At our Herne, Germany site, an upgrade to the heated storage tanks insulation systems will save 496 MWh of gas per year. Process improvements were also made to the manufacturing wash stage of a key new fuel additive. These improvements not only resulted in savings in water and waste but will also provide annual savings of 19 MWh per year of the gas previously used to heat this water.
- The recovered steam from the introduction of a new flash steam recovery system at our site in St Mihiel, France is now being used to heat a storage building on site saving 289 MWh of gas per year. The site's 2021 steam trap survey identified several leaking steam traps and lines which have since been replaced and upgraded, saving 1,000 MWh gas per year. The site also completed a heat loss survey which highlighted energy losses from a number of uninsulated steam lines, valves and flanges. A program to install insulation started in 2021 which, once completed, is expected to provide gas savings of 2,100 MWh per year.
- Replacement of an old steam fed hot water system, previously used to provide hot water for an amenity block at our Castiglione, Italy site, with a new more efficient electrical heat pump will save 289 MWh of gas per year. The site also optimized an existing process heating system by removing redundant pipes and steam traps saving 360 MWh of gas per year. Optimization improvements made to the process drier cooling tower fans, along with the installation of new LED lighting in a process area on site, will provide combined savings of 18 MWh per year.
- In Barcelona, Spain, we carried out a steam trap survey using ultrasonic and infrared measuring equipment. This identified several leaking steam traps, which have since been replaced and upgraded, saving 1,114 MWh of gas per year. We also switched 83% of our diesel forklift trucks for electric trucks that use electricity procured from renewable sources. This is saving 112 MWh of gasoil per year. The site's program to replace old florescent lighting in process areas with more efficient LED lighting continued in 2021, saving 3,880 kWh of electricity.
- Emissions from the flaker equipment used at our Salisbury site in North Carolina, US have been reduced following the installation of three new electrostatic precipitators. The aging freshwater steam heated system, previously used to feed the precipitators, has also been replaced and is instead now fed from an existing recirculated tempered water system. This negates the need to use and heat the fresh water, saving 86 MWh per year in gas.
- In Vernon, France, we installed a new automated temperature control system on the office building's electrical heating system which will save 2.9 MWh of electricity per year. A 4% reduction in gas has also been achieved following implementation of process efficiency improvements on site, such as increased use of the boiler's economy operational mode and isolation of process heat transfer lines that are not in use.
- Our Oklahoma City, US plant replaced standard florescent lights in their process warehouses and offices with energy efficient LED lighting. This has saved 71,927 kWh of electricity per year.



# SUSTAINABLE DEVELOPMENT GOALS



## Climate Action

Climate change is one of the greatest challenges facing the world today. We understand the impact of GHG emissions on the environment and the

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



## Clean Water & Sanitation

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

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

## ecotherm® futur donation

For every liter of ecotherm® futur sold, our Fuel Specialties business donates to the Schutzgemeinschaft Deutscher Wald e.V (SDW), the German Association for the Protection of Forests and Woodlands. For 2020 and 2021 sales, we donated just over €19,400 making a total of over €364,000 since the partnership began in 2008. The donation supports forest conservation, protection and replanting projects as well as free forest education and information programs for schools and communities.

## Carbon offsetting

As part of our objective to secure renewable energy sources, we purchased Hydro Renewable Energy Certificates (RECs) to offset the 2021 electricity usage at all our US manufacturing facilities.

Our manufacturing facility in Herne, Germany maintained its carbon neutral status in 2021, through the purchase of 6,450 carbon certificates to offset their 2021 energy usage. The certificates are supporting a renewable energy hydropower project in Uganda.

For the eighth consecutive year, our Vernon manufacturing facility in France countered the greenhouse gas (GHG) emissions associated with its production energy usage by supporting the planting of trees as part of the TOGO program. The program not only helps to restore areas affected by deforestation, but it also supports the local population through the provision of access to water, nutritional food programs and the creation of local jobs.

ecotherm®pro natur is a fuel additive that improves the stability and gives cleaner combustion of light heating oil. Innospec has committed to offsetting the carbon emissions from every liter of treated fuel sold, enabling our customers to offer carbon neutral premium heating oil in turn to their customers. To offset our 2021 sales, we purchased 12,000 carbon certificates that are supporting a hydro energy project in India.

## Water

We recognize the importance of responsible water management in a world that faces increasing drought conditions and water stress. We are committed to using this valuable resource as carefully and efficiently as possible.

In 2021, our total water consumption continued to decrease. We recorded a 5% reduction of water use per metric tonne of product compared to 2020. We are now using 50% less water per metric tonne of product in our manufacturing processes than we did in our 2006 baseline year.

Below are some examples of 2021 activities that helped to reduce our water consumption and improve the quality of wastewater discharge from our sites.

- In Herne, Germany, improvements made to the washing stage of a key fuel additive's manufacturing process have not only reduced energy and waste usage but have also saved water. By reusing the waste aqueous distillate instead of fresh water, the site has reduced water usage by 140 m³ per year.
- Replacement of four aging condensate coolers at our facility in Leuna, Germany, with two more efficient coolers in a new closed-loop cooling water distribution system, has reduced the consumption of condensate, saving 1,534 m³ of water per year.
- In Ellesmere Port, UK, work continued to upgrade the aging underground water main and distribution pipelines. This addressed two significant water leaks on the potable water system and the closed-loop cooling water distribution system. In total the site has saved 78,000 m³ of water which was being lost to ground in a year.
- An annual water saving of 13,000 m³ was achieved at our Castiglione site in Italy, by changing the water treatment additives used. This resulted in a reduction in the water make-up needed to operate the site's cooling towers.
- Our Midland, Pleasanton and Oklahoma City sites in the US are reusing wash water rather than fresh water in compatible product batches to help reduce water consumption. This also eliminates the need to dispose of the wastewater.
- At our High Point, US site, the gravel surface on stormwater runoff routes was replaced with concrete. This has improved the water quality of stormwater discharged to the city outfall by reducing the amount of total suspended solids.
- In Vernon, France, the site has reduced water consumption by 14% in its iron soap process and 10% in the magnesium soap process, following the installation of new agitators. This has improved the efficiency of the cooling stage of both processes resulting in less fresh cold water being needed. The site has also improved the quality of the wastewater produced during the manufacture of a key fuel additive by reducing the Total Organic Carbon (TOC) content by 85%. As a result, wastewater previously sent for offsite disposal is now suitable to be treated through the site's wastewater treatment facility on site and ultimately reused.





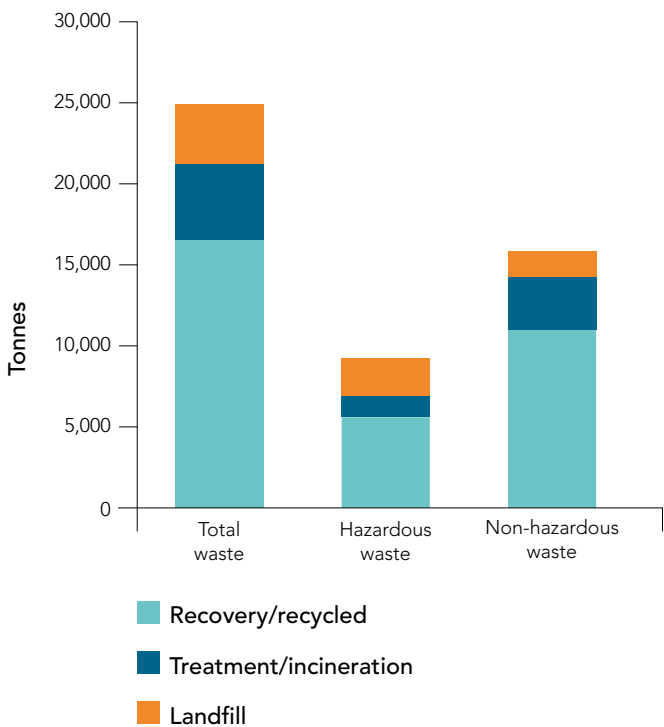
Waste

Across all our facilities we look for innovative ways of handling waste to reduce our impact on the environment. We apply the waste management hierarchy when dealing with the production waste that we generate. Our first consideration is to avoid or minimize waste. Where this is not possible, we seek to handle the waste in a manner that reduces the impact on the environment through recycling, recovery or reuse.

Overall, compared to 2020, we saw a 7% decrease in total waste intensity, a 13% reduction in hazardous waste intensity and a 3% reduction in non-hazardous waste intensity.

In 2021, 66% of all waste generated was sent for recovery, recycling or reuse, 19% for treatment or incineration and 15% to landfill.

Waste handling route



The 2021 activities that helped to reduce waste across our sites and prioritize recovery and reuse, with the aim of contributing to the development of a circular economy, included the following:

Our Ellesmere Port manufacturing facility in the UK was able to identify a new treatment method for one of their larger volume hazardous waste streams. Each year the site produces approximately 5,410 metric tonnes of the waste which was previously being sent for direct disposal. Following treatment, the waste is now suitable for reuse in various restoration and construction projects as an alternative to virgin materials. The site, originally built in 1950's, has continued with their ongoing site improvement program to remove redundant structures and improve the visual appearance of the site. In 2021, the last remaining redundant manufacturing building was safely demolished, with 99.65% of the waste materials being recovered and sent for recycling. A total of 4,920 metric tonnes of concrete and 763 metric tonnes of steel was recycled, with only 0.35% of total waste going to landfill. Two large mothballed Total Containment vessels, each measuring 30m high and 4m in diameter, were also removed from the site in 2021. 100% of the steel and concrete was sent for recycling.

In Herne, Germany, the improvements made to the washing stage of a key fuel additive's manufacturing process will save 140 metric tonnes of hazardous waste each year. Instead of sending the waste offsite for disposal, the site is now reusing it in the process instead of fresh water.

At our Barcelona site in Spain, waste distillate solvent is now being reused in the production of one of our key fuel additives. The site is also reusing waste solvents, used to clean vessels and equipment in between the manufacture of different products, rather than disposing of them after one single cleaning operation. These changes have reduced both the amount of virgin solvent used by the site and the quantity of hazardous waste sent for offsite disposal. Upgrades made to bulk storage tanks on site have enabled a key raw material

previously delivered in drums to be transported in bulk. This has saved 1,380 steel drums, 735 plastic drums and 345 wooden pallets previously sent for waste recycling.

Our Vernon site in France has also increased the reuse of waste distillate solvent in production to more than 80%. This significantly reduces the amount of waste solvent sent for disposal and quantity of virgin solvent purchased. Process improvements were also made to the iron soap process, resulting in the avoidance of waste sludge being generated at all.

In Leuna, Germany, the site has started to participate in the PRS (Pallet Return System) circular pallet pooling initiative, which provides a service to the polymer industry. Certified sustainable wooden pallets supplied by PRS are used to ship our products. Used pallets are then collected directly from our customers, repaired if required, and then re-supplied back to the polymer manufacturers by PRS. In 2021, our Leuna site received a 'Green Label Certificate of Appreciation' for participating in the scheme.

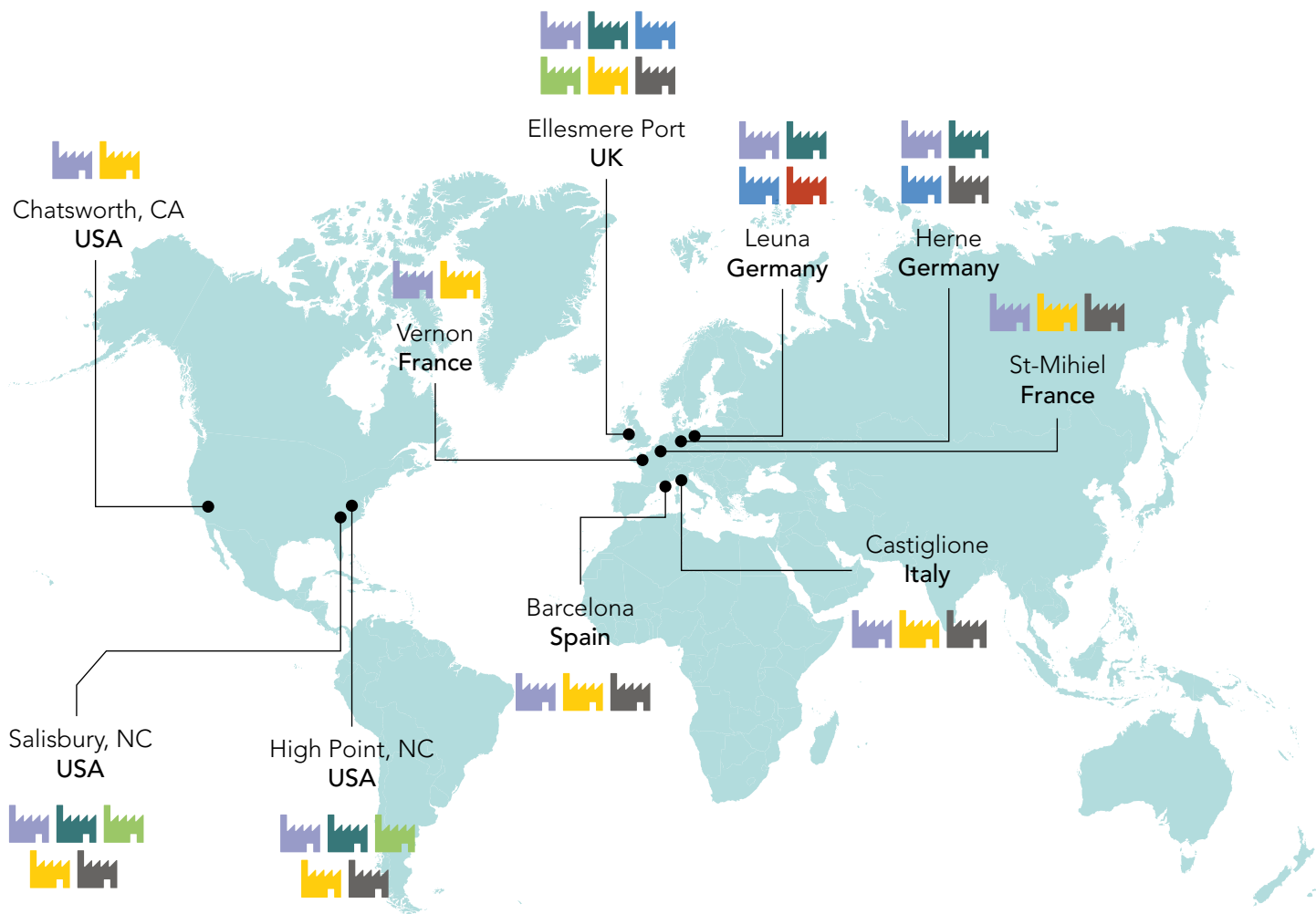
At Midland, US, the site was able to reprocess almost 200 metric tonnes of solvent-based waste materials. This has reduced the amount of waste solvent sent off site for disposal and the virgin solvent needed to be purchased.

Our Fuel Specialties business in the US was pleased to receive the American Chemistry Council (ACC) 2021 Waste Minimization, Reuse and Recycling Award, for achievements in areas of waste minimization and reuse. Following the completion of successful trials and quality testing, the team were able to approve the reuse of an intermediate waste stream from the manufacture of one of our key finished fuel additives, instead of using virgin raw material. The project is estimated to provide savings of over 327 tonnes of hazardous waste per year.



independent  
**VERIFICATION**

Our sites are independently certified to comply with national and international standards on quality, safety, the environment, energy, good manufacturing practice and sustainable sourcing. The map shows which of our sites have received the relevant certifications.



**Certification key**



**EcoVadis**

In 2020, we were awarded an EcoVadis Gold Rating for our sustainability management system and performance. Achieving Gold puts us in the top 5% of all companies rated globally. During 2021 we worked hard to further improve our management systems, policies and practices ahead of our next assessment in 2022.

EcoVadis is a Corporate Social Responsibility (CSR) platform for business sustainability assessment. It independently evaluates and benchmarks the sustainability performance of over 85,000 companies in 160 countries for their environmental, labor, fair business practices and sustainable procurement. For more information on the platform, visit [ecovadis.com](https://www.ecovadis.com)

**CDP**

In 2021, we again took part in the CDP Supply Chain Disclosure Program on a voluntary basis. CDP is the largest global collection of self-reported climate change and water risk data. Through CDP, customers and investors are better able to mitigate risk and make investment and procurement decisions that drive action towards a more sustainable world. Following our voluntary submission, we are pleased to report a CDP climate score of B, water security score of B and supplier engagement score of B-. This places us at the Management level for all three assessments. Our solid performance reflects the year-on-year targeted actions we are taking on the management of climate and water issues.

All three assessments confirm that we are operating at the chemical industry, European regional and global averages. In addition, our climate score of B was better than the global average of B-. We were pleased to score an 'A: Leadership' for Governance and for the first time, for our Scope 1 and 2 emissions in the climate assessment. We also scored 'A: Leadership' for Business Impacts and an 'A-: Leadership' for Governance in the water assessment.





# governance leading by **EXAMPLE**



## 94%

### Palm mill transparency

In 2021, we completed our fourth annual palm transparency and risk mapping exercise to evaluate the sourcing of the palm raw

materials used in our products. Despite the introduction of new suppliers, we were able to maintain the transparency of our palm supply chain at mill level of 94% and were pleased to see improvements in transparency at the refinery level, which increased to 99%, and the plantation level, which increased to 36%.

#### What you will find in this section of the report

- > Compliance policies and procedures
- > An effective governance structure
- > Compliance training for employees
- > Managing third parties responsibly
- > Managing procurement responsibly
- > Managing information securely in a digital world
- > Audit and risk assessment
- > Knowledge management

## Our focus areas for governance are:

### Legal compliance

Understanding that honest, ethical and transparent conduct is vital to our success and reputation. Every employee plays an essential part in complying with local and national laws, rules and regulations. Implementation of robust operating systems and processes that protect the security of the company, its employees, information and intellectual property.

### Third-party management

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



## What's next?

We will be increasing the number of non-raw material suppliers completing an EcoVadis assessment and encouraging any low scoring suppliers to commit to an action plan to address any high priority areas identified for improvement. Read more on page 95.



# legal COMPLIANCE

We take compliance very seriously. It is non-negotiable. Over many years we have worked hard to put robust systems and procedures in place to endeavor to ensure that our employees, third-party representatives (including agents, distributors and consultants), suppliers and other stakeholders act legally, responsibly and ethically. At the same time, we have established a clear and effective governance structure to oversee, monitor and report on our activities.

## Compliance policies and procedures

In 2021, we reviewed and updated a number of our compliance policies and procedures including our Document Retention and Destruction Policy; Conflict Minerals Policy; Nominating and Corporate Governance Committee (NCGC) Charter; Export Controls and Trade Sanctions Policy; Mergers and Acquisitions, Joint Ventures and Consortia Compliance Protocol; Compliance Risk Assessment Protocol; and Reporting Corporate Governance Concerns Policy. We also issued a new Reporting Corporate Governance Concerns Third-Party Notice and a Compliance Investigation Protocol.

## Internal business assurance auditing

To support the existing rigorous external and internal business assurance audits, our Legal Compliance team conducts several compliance related audits each year. The objectives of these audits are to monitor compliance with various policies and procedures, assess related risks and mitigate any identified.

Despite the continuing travel restrictions caused by the pandemic, we were able to conduct a number of legal compliance related audits of our business operations in Canada, Cyprus, the US and our site in Herne, Germany. An independent external counsel also completed an anti-corruption audit of an existing agent and distributor in Ukraine, whose appointment was confirmed accordingly.

## An effective governance structure

Our Legal Compliance team comprises highly experienced experts who advise on a wide range of issues, from anti-corruption measures to export controls and trade sanctions.

We also have a team of external advisors that provide additional support on specific issues where required.

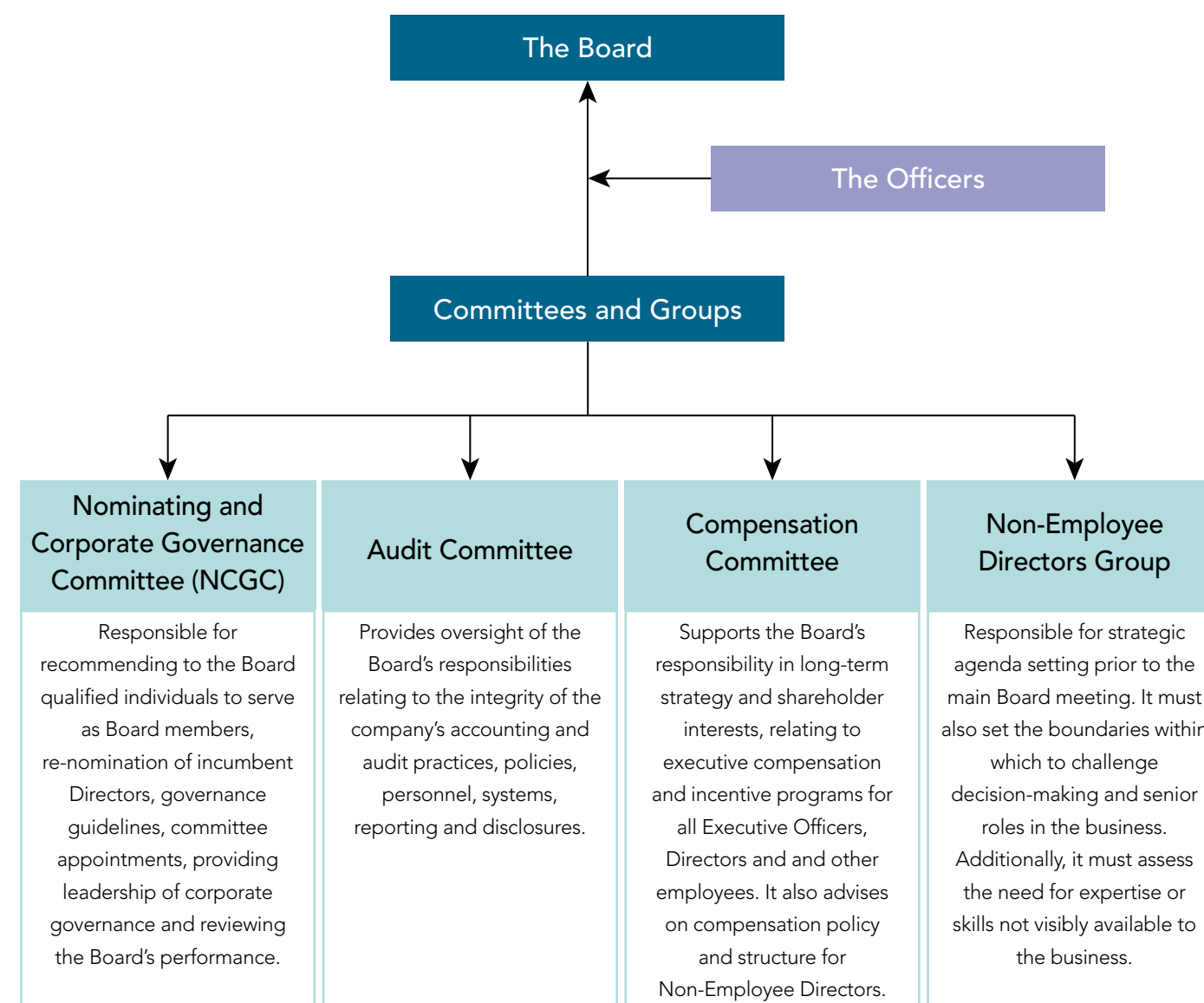
Every quarter our Nominating and Corporate Governance Committee (NCGC), a sub-committee of the Innospec Board, meets with the legal compliance team to review our compliance program and performance. Key compliance issues are then shared and discussed with our Compliance Steering Group (CSG) which is comprised of the heads of key business units and function. This enables NCGC feedback to be promptly fed back into the business and improvements implemented.

## Compliance training for employees

We develop and deliver online training on various aspects of legal compliance including ethics, data protection, anti-bribery and anti-corruption and protecting confidential information. This enables our employees to have a good understanding of the rules and related risks that apply to our business. We also deliver training on other relevant areas including export controls and trade sanctions, fraud awareness, anti-money laundering and competition law.

In 2020, we appointed SAI Global as our online compliance training provider. Legal compliance courses released to Innospec employees in 2021 included:

- Code of Conduct
- Effective Trade Compliance
- Data Protection
- Gifts and Hospitalities
- Competition Law
- Preventing Bribery and Corruption
- Preventing Global Modern Slavery



## New Non-Employee Director appointed to the Board

In 2021, we appointed Leslie Parrette as Non-Employee Director to our Board of Directors. Les has 14 years' experience as a corporate lawyer in a private practice and 20 years subsequently serving as General Counsel for both public and private companies. He brings valuable skills in corporate law, governance and strategic planning which will be an asset as Innospec advances its growth strategy.



*"I was drawn to Innospec because of the energetic manner with which it is delivering on consumer, employee and investor demands for more sustainable operations and products, community engagement, and responsible corporate action. It's a privilege to serve on the board of a company that takes the United Nations blueprint for a sustainable future to heart, and I look forward to supporting enthusiastically each of its ongoing commitments."*

**Leslie Parrette** Non-Employee Director, Innospec Board



## Compliance training for employees

While there were no changes to the mode of delivery for our online or in-person training during the year, we did make the decision to centralize the co-ordination of all regional mandatory in-person induction training with our legal compliance team based in the UK. The team now schedules weekly induction sessions, alternating between our geographical regions. This new format has improved the efficiency of delivery and monitoring of this training.

Our Legal Compliance teams also delivered bespoke in-person compliance training to employees in our sales and marketing, supply chain and logistics teams. This included a general compliance update, fraud prevention, anti-boycott compliance, end-user certificates and gifts and hospitality.

In 2021, we recorded a completion rate of 100% for our annual employee compliance certification program with 2,888 certifications being completed. Three employee disclosures against certification were made in the year, all of which were investigated and appropriate action taken where required. These reports are now closed.

For the full year we recorded a completion rate of 99.7% for our employee compliance training program. This equates to 5,986 courses delivered to 1,980 employees.

## Whistleblowing procedure

Employees with concerns about illegal, fraudulent, or unethical actions can report them to management of the Legal Compliance, HR or business assurance teams or use our confidential reporting hotline EthicsPoint. This is available 24 hours a day, 7 days a week. Where local laws allow, the service is also anonymous. It is operated by an independent third party using local call numbers and online access. In 2021, we received one (HR-related) report to EthicsPoint. The report was investigated, appropriate action taken and is now deemed closed.

## Treating everyone with dignity and respect

We firmly believe that all people should be treated with dignity and respect. It is one of our core values and we are committed to providing a workplace environment where every employee is treated appropriately. Any acts of unfair treatment will not be tolerated.

We do not tolerate disrespectful or inappropriate behavior, unfair treatment, or retaliation of any kind. Discrimination and harassment, including sexual harassment and bullying, are not tolerated in the workplace or in any work-related circumstance outside the workplace. We treat all complaints of harassment, discrimination and bullying seriously, investigate promptly and, where appropriate, take action.

# managing third parties RESPONSIBLY

## Third-party compliance

We are committed to ethical business practices. Ensuring our supply chain complies with legal, ethical, environmental and social requirements is a focus area of our sustainability program.

All potential customers and suppliers are subject to compliance screening to check that they are not currently on any global sanctions or debarred lists. We also undertake compliance due diligence on our agents, distributors and certain consultants (third-party representatives). The level and frequency of due diligence conducted depends on risk factors such as the nature of the relationship with the third-party representative, territory of operation and business division. We routinely put accounts on hold where there are any compliance related concerns and only release them when the issues are resolved. We will also terminate contracts for compliance-related reasons where necessary.

In 2021, a small number of third-party representative accounts were placed on legal hold for delays in completion of due diligence checks. The holds were lifted once the requirements had been met. We also received compliance reports concerning two of our third-party representatives. The reports were investigated and found to be unsubstantiated.

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

At the end of the 2021, our third-party compliance training completion rate was 96%. Three third-party accounts were placed on hold during the year for failure to complete the annual certification. This was lifted once the certification was completed. At the end of the year our third-party compliance certification completion rate was 100% with no disclosures being made.

## Managing procurement responsibly

### Supplier Code of Conduct

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

### Conflict minerals

We are committed to the responsible sourcing of materials, which includes any conflict minerals that are 'necessary to the functionality or production' of our products, as defined under Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. In 2021, we updated our Conflict Minerals Policy in anticipation of the forthcoming EU Conflict Minerals Regulation (2017/821). Our Conflict Minerals Disclosure for the calendar year ending 31 December 2021 is published on our website.



# ecovadis

## Supplier assessment

We have used EcoVadis, a supplier sustainability evaluation rating platform, to assess our global suppliers since 2016. The platform enables us to assess the relative risk of suppliers compared to their databases of over 85,000 global companies in over 160 countries. It uses a methodology aligned to international sustainability standards, such as the Global Reporting Initiative, UN Global Compact and ISO 2600. Our supplier evaluation process incorporates EcoVadis assessment scores into our purchasing and procurement systems and procedures and has been a requirement for all our raw material suppliers since 2018.

As EcoVadis is now firmly embedded within our global supplier sustainability evaluation of raw material suppliers, in 2021 we extended the scope of the program to include 'indirect' procurement suppliers. This covers additional categories ranging from warehousing and logistics, through to maintenance, marketing and recruitment. Throughout 2021 we continued to promote the EcoVadis platform to our supply base, with 95% of our global spend now made through suppliers who are in scope of the initiative. At the end of 2021, 228 suppliers had either been assessed or were in the process of completing an assessment on the platform.

Now that the requirement for suppliers to complete an EcoVadis assessment is embedded in our purchasing processes, we have shifted our primary focus to targeting the lowest scoring/higher risk suppliers. We are helping them to understand the results of their evaluation. This process involves liaising with both EcoVadis and the supplier to better understand areas of poor performance and the development of a corrective action plan to help improve their performance. Of the 13 accounts identified as higher risk at the start of 2021, six have since renewed their scorecard with an average 22% improvement on their previous rating. The impact of this is that our average supplier score has now increased to 58.9% which remains significantly higher than the EcoVadis average of 44%.

## Our commitment to sourcing sustainable palm oil

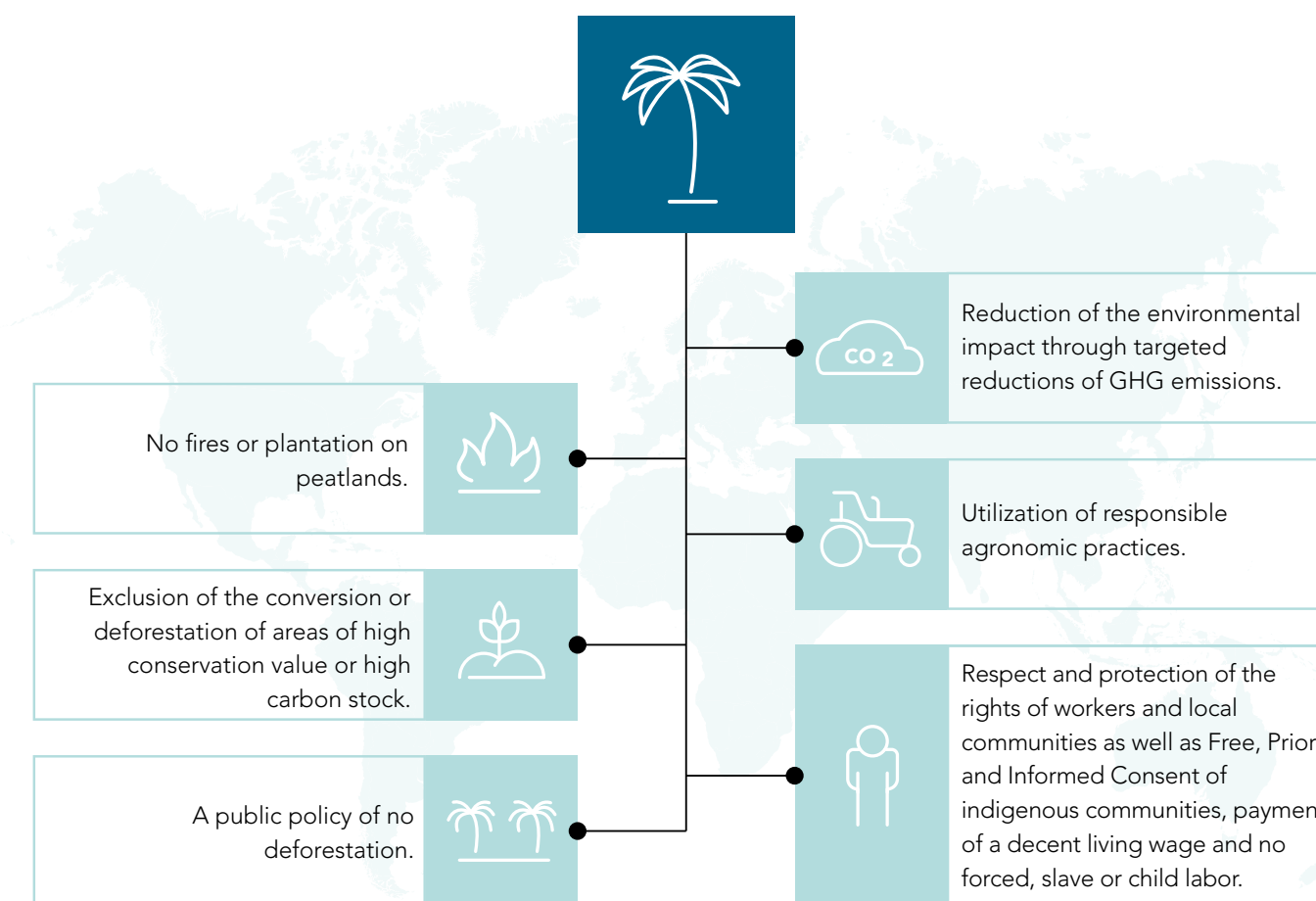
At Innospec we use relatively small volumes of palm oil and palm kernel oil derivatives in a number of our performance chemicals products. Palm products are a valuable, natural resource, derived from high-yielding and land-efficient plantations. However, we recognize that increasing demand for palm oil and palm kernel oil has led to the rapid expansion of palm oil plantations, which in turn has had an adverse effect on the environment and local communities living in these areas.

As a member of the Roundtable on Sustainable Palm Oil (RSPO) since 2013, we have a long-term commitment to the responsible sourcing of palm-based raw materials.

To demonstrate this, all our facilities that handle

palm-based materials are RSPO mass balance (MB) supply chain certified. We therefore can supply our customers with RSPO MB certified products on request. We continue to do everything we can to support and encourage the sale of RSPO certified products to our customers.

Our Sustainable Sourcing of Palm Oil and Palm Kernel Oil Derivatives Policy was reviewed and updated in 2021. The policy defines our commitments and the steps we are taking towards ensuring that our products are produced only from sustainable palm sources that comply with the NDPE (no Deforestation, no Peat, no Exploitation) Compliance based on the following:



We continue to engage with our suppliers to work towards all palm-based material we procure being sourced from sustainable sources that comply with NDPE principles. Our Palm Supply Grievance Procedure details the process to be followed and the timescales for any palm grievance or concern received to be investigated and resolved in a timely, transparent and effective manner. In 2021, we added a new palm grievance tracker to our website which provides a summary of the alleged palm related grievances that we have received from third parties along with the status and outcome of our investigation. Our policy, implementation action plan, and palm grievance procedure and tracker are available online at [www.innospecsustainability.com/environment/sustainable-sourcing](http://www.innospecsustainability.com/environment/sustainable-sourcing)



## Palm supply chain transparency



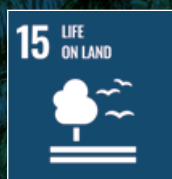
Increasing the transparency of our palm supply chain helps us to highlight any differences and potential opportunities for improvement between our commitments and those of our suppliers. In 2021, we completed our fourth annual palm transparency and risk mapping exercise that uses an established methodology endorsed by external stakeholders, rating agencies and coalitions. Working with our direct and indirect suppliers we evaluated our 2020 palm volumes. Despite increasing the number of suppliers used, we maintained our transparency at the mill level to 94% and improved at the refinery level to 99% and the plantation level to 36%, when compared to 2019 palm volume results. We also updated our risk assessment at geographical level. Overall, the transparency results achieved for 2020 volumes indicated a high level of transparency and are higher than the Action for Sustainable Derivatives (ASD) Oleochemical manufacturers member averages of 93% at refinery level, 88% at mill level and 35% at the plantation level. We are committed to undertaking the analysis of our supply chain annually and in 2022 we will be engaging with our suppliers to work towards our target of full transparency at mill level.



In 2020, we joined the collaborative initiative Action for Sustainable Derivatives (ASD) which aims to develop a harmonized approach to supply chain transparency, risk monitoring and evaluation. The initiative is co-facilitated by BSR™ (Business for Social Responsibility) and Transitions, two organizations with expertise in the field of supply chain sustainability.

ASD brings together likeminded companies to collectively standardize the tools and methodologies used to accelerate the compliance of their supply chain with deforestation-free and responsible sourcing principles. The initiative aims to create global, transparent mapping of the palm derivatives supply chain, and to harmonize approaches on transparency, risk monitoring and evaluation.

## SUSTAINABLE DEVELOPMENT GOALS



### Life on Land

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

# managing information securely in a DIGITAL WORLD

The digital transformation of our world is helping us make better and more timely decisions, while also giving us the tools to work more efficiently across all areas of our business. Our global team recognizes the value of information and the importance of maintaining high standards of security to avoid loss or corruption of data.

We are a member of the BCS, The Chartered institute for IT and uphold the BCS Code of Conduct. This sets out important standards governing a member's actions in relation to public interest, competence, integrity and professional responsibilities.

The governance of our information security is overseen by our Board, but policy actions are the responsibility of our IT Steering Group. The Group reviews our information security strategy, objectives and key performance indicators. It also agrees on standards and processes and develops any information security related capital programs.

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

Our legal compliance team also reports into the IT Steering Group. They review our global information security policies and procedures to confirm they are aligned with international data protection requirements.

### Cyber security

Cyber security is a subset of our wider information security practices. It focuses on defending our IT systems and electronic information. New threats and vulnerabilities materialize daily, and maintenance of cyber security

continues to be a challenge for all businesses globally. To ensure sustainability, it is vital for organizations to combat these threats by creating a risk-aware culture and protecting themselves from cyber risks.

We are committed to continually improving cyber security through investment in our people, processes and IT infrastructure. In 2020, we launched our new cyber security strategy, which continues to mature as we further align ourselves with the NIST (National Institute of Standards and Technology) Cyber Security Framework (Identify, Protect, Detect, Respond, Recover).

We first engaged NCC Group in 2019 to conduct an independent assessment of our cyber security maturity and risk against over 108 control areas, as specified in the framework. There are five levels of maturity:

1. 'Non-Existent', 2. 'Repeatable but intuitive', 3. 'Defined', 4. 'Managed and Measurable' and 5. 'Optimized'.

Following our first assessment in 2019, we set a target to reach level 3. 'Defined' maturity. Since this time, we have significantly improved our Endpoint Detection & Response capabilities across the group and are focused on continuing to embed IT security at the heart of all day to-day and project activities.

Following our 2021 assessment, it was confirmed that we have reached our target maturity Level 3: Defined. We also benchmarked ourselves against levels reached by other chemical companies operating in similar geographies. As the threat landscape in the wider environment has



shifted, we have committed to a new target to further increase our maturity rating by the end of 2022.

Our IT management team, in liaison with internal and external stakeholders, monitor best practice to confirm our solutions comply with the relevant legislative and regulatory standards on cyber security. This team is responsible for increasing awareness and developing our security training.

### Information security training

Regular communications are issued to raise awareness of key issues covering areas such as how to stay safe online, how to protect against online fraudsters and prevent organized cyber-attacks on our businesses. These communications are backed up by an extensive program of cyber security and phishing training courses through our "KnowBe4" global training platform.

The KnowBe4 platform provides regular, mandatory, internal training for all employees based around quarterly campaigns. They cover a range of information security topics including access control, acceptable use and cyber security threats, like phishing. Compliance with successful completion of issued training courses is tracked on an individual employee basis.

Across our global IT team, we continue to embed a culture of information security best practice in all areas of IT service delivery. This approach is backed up by periodic training courses and discussions in global monthly meetings.

Internal phishing tests are also sent out each year to see how alert we are to attempts to gather sensitive information through fake emails. Two phishing campaigns were completed in 2021

### Audit and risk assessment

We recognize the importance of continually validating the security of the applications and services that we have in place to keep its information secure. The following checks are performed on a periodic basis with results presented to the IT Steering Group and, when required, to the Board.

- Staff information security assessments
- Penetration tests
- Vulnerability scans
- RED Team tests (internally stimulated network compromise security tests)
- Independent external security reviews and audits

### Knowledge management

Our Knowledge Management program aims to share, organize and collate vital information in sanctioned secure systems so that everyone in our business can maximize the potential of our collective knowledge. To do this we use advanced software tools and work to a common strategy. In 2021, we further expanded our Start-up Authorization (SuA) system to capture key safety and design information for existing products. This allows sites to securely upload existing product dossiers so they can be accessed for central review and approval. There are now 147 approved product dossiers registered on the SuA, an increase from 51 in 2018. The SuA is improving the accessibility, approval process efficiency and security of our product process information. The Quality Management System (QMS) e-platform, first introduced in 2020, is now in use at all our Fuel Specialties and Performance Chemicals locations. In 2021, a new automatic workflow was established to facilitate the regular review and update of all controlled documents. There are now over 4,400 controlled documents from across the company on the system which is used regularly by authorized employees with around 700 views per week. The QMS e-platform has improved document management including controlled editing, archiving, authorization, and review of controlled documents.

In 2021 **1,287** employees completed our Global IT Acceptable Use Policy module.

In 2021 **1,413** employees completed the Cyber Security 'Be Cyber Smart' module.

In 2021 **1,134** employees completed the Social Media Awareness module.

**Robert Siggee**  
Customer Service Representative,  
Ellesmere Port, UK.





# looking FORWARD

## environment



Our objectives and targets for 2022 and beyond.

- All manufacturing sites to deliver a 10% reduction in Group scope 1 greenhouse gas (GHG) emissions by the end of 2030.
- Deliver the procurement of renewable electricity for our 2022 usage while exploring opportunities to use physical sources of renewable energy at our manufacturing facilities.
- Evaluate options, consistent with the Paris Climate Agreement, to enable us to deliver a net zero emissions target by 2050.
- Manufacturing facilities to identify and implement, where appropriate, new initiatives in 2022 to reduce water use and improve water quality, maximize the recycling of waste and minimize the amount sent direct to landfill.

## social



- Target zero fatalities and major work-related injury accidents to employees or third parties in 2022.
- Target a zero 2022 Global LTAFR (lost time accident frequency rate) but as a minimum to exceed the industry average performance.
- Reduce the number of loss of containment events in 2022 by 5% on 2020 performance.
- Implement the strategic plan to further advance the JTZH (Journey To Zero Harm) program in 2022 and beyond.
- Maintain the focus on the implementation of the corporate process safety standards, targeting 95% compliance by the end of 2022.
- Introduce new measures in 2022 to support the mental health and wellbeing of our employees with specific focus on the benefits of healthy lifestyles.
- All manufacturing sites to take part in at least one team volunteering event and submit one team match-funding application in 2022.

## governance



- Conduct an annual transparency and risk mapping exercise for our 2021 palm volumes, targeting 100% transparency to the mill level by 2025.
- Increase the number of non-raw material suppliers assessed by EcoVadis by a minimum of 40 suppliers. Engage with low scoring suppliers to complete a corrective action plan that addresses identified high priority improvement areas targeting a 10% increase in their score.
- Review and benchmark the Innospec Code of Conduct and Annual Modern Slavery Statement in 2022 to affirm that they continue to meet best practice.





## Assurance Summary Statement 2021

Jacobs has conducted an independent assurance review of Innospec's 2021 Responsible Business Report in accordance with AccountAbility's AA1000 Assurance Standard 2018. This involved assessing Innospec's adherence to the AA1000 AccountAbility Principles of Inclusivity, Materiality, Responsiveness and Impact, as well as assessing the reliability and quality of the sustainability information contained within the report. 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 seventh year assurance has been undertaken in accordance with the AA1000 Standard, and the second in accordance with the 2018 version. Our approach has built upon our previous assurance processes, taking a sample approach based on consideration of previous years' sampling, materiality and risk.

Our Assurance Statement plus our recommendations for further development can be found on Innospec's website [www.innospec.com](http://www.innospec.com)

JACOBS, BIRMINGHAM, SEPTEMBER 2022



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

To contact any other Innospec site, please visit the link below and click on the location of your choice.  
[www.innospec.com/get-in-touch](http://www.innospec.com/get-in-touch)

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