

INNOVATIVE - POSITIVE - RESPONSIVE

Sustainability report 2023



Contents

1 Our year

- 3 Message from our CEO 2023
- 4 Our stories from 2023: Innovative - Positive - Responsive
- 6 Inside Innospec: A brief profile of Innospec
- 7 Our worldwide locations and our employees
- 8 Environmental, Social and Governance (ESG) structure
- 9 How we engage with our stakeholders
- 11 The issues that matter most to our stakeholders
- 13 Our sustainability strategy
- 14 Financial performance summary for 2023
- 15 Innovation, investment, research and technology
- 16 Our review of Performance Chemicals in 2023
- 19 Our review of Fuel Specialties in 2023
- 22 Our review of Oilfield Services in 2023

2 Environment

- 26 Our environmental dashboard
- 27 Minimizing our environmental impact
- 31 Independent verification

3 Social

- 34 Our commitment to health, safety and well-being
- 35 Process safety
- 35 Our Journey To Zero Harm (JTZH)
- 36 Safety performance
- 37 Employee well-being
- 38 Product safety and consumer well-being
- 41 Investing in our employees
- 44 Community engagement
- 46 Innospec Cares

4 Governance

- 52 Legal compliance
- 54 Managing third parties responsibly
- 55 Managing information securely

5 Looking forward

- 56 Our objectives and targets for 2024 and beyond

Assurance summary statement 2023



Innovating our way to success



2023 was an excellent year for Innospec. We ended the year financially stronger, and each of our businesses made an important contribution to our overall performance. Fuel Specialties held steady as our Performance Chemicals business recovered from softer demand conditions which



begins to give us a meaningful manufacturing, customer service and product development base in South America. Having a presence in one of the largest and most important global markets for all our technologies will support growth across all our businesses. QGP also adds new surfactant and other specialty chemistries to our global footprint.

began late in the prior year. Our Oilfield Services business delivered excellent results on higher demand for production chemicals and improving performance in other sectors.

Growth through acquisition

Our business took another step forward at the end of 2022 with the important acquisition of QGP Química Geral S.A (QGP), a specialty chemicals company based in Brazil. QGP is an excellent fit with Performance Chemicals and

Partners in innovation

Innovation is fundamental to our success, especially in today's ever-changing environment. We have a strong global R&T team focused on new product development as well as a specialist team looking at disruptive technology. We consider global market trends and the challenges our customers face, working with them to develop effective solutions. Our innovation pipeline continued to strengthen in 2023, and there are many examples highlighted in this report.

People are the priority

The safety and well-being of people always remains our number one priority, whether it's our employees, suppliers, customers or the communities where we operate. We continue to invest in the growth, diversity and development of our employees to help us attract and retain talent. Innospec benefits from a workforce of over 2,100 people in 22 countries with active policies to promote Diversity, Equity and Inclusion (DEI). Supporting all employees to reach their potential is a key component of our success. It drives employee satisfaction and commitment to our goals. It also underpins our actions to continually prepare future leaders at all levels of our organization and make sure they have the knowledge and skills required to take our organization forward.

Charitable giving

Innospec made significant charitable contributions in 2023 which included funds raised for the PenFed Foundation Military Heroes Program. Since 2007 we have raised over US\$2.0m to support the foundation. Helping our veterans and their families is very personal to me and our donations go directly to the service members and their families.

It was another great year for our Innospec Cares program which supports our fundraising and volunteering activities for charitable organizations that will make an impact on our local communities. We have now raised over US\$1.4m and volunteered 2,590 hours since the program's inception in 2016.

Our environmental record

We continue to advance our environmental actions and performance not only in our internal operations, but also through the innovative products that we provide to our global customers. As the world transitions towards lower emissions and governments continually pursue stricter targets on climate change we are extremely optimistic about the role that Innospec technologies can play. From products that improve performance in clean transportation fuels to our natural, environmentally friendly, home and personal care solutions, this report includes many examples of how our actions and industry-leading innovations are making a positive environmental impact.

Sustainability at Innospec

We have been reporting on our sustainability strategy for over 25 years. Our 2023 report highlights some of the year's success stories around our approach to sustainability and the hard work, energy and enthusiasm of our people in these pursuits.

Sustainability is a priority for everyone at Innospec, whether it is through our environmental actions, the safety and well-being of our people, the communities we support or our corporate responsibility and governance. Thanks to the strong foundations that we have put in place, we can continue to deliver on our goals in the years ahead and in so doing, make a valuable contribution to creating a more sustainable world.

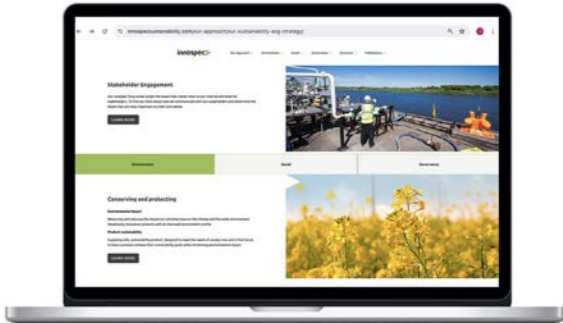


Patrick S. Williams

President and CEO

Innovative - Positive - Responsive

In 2023, we continued to demonstrate our commitment to sustainability across every area of our business. We have selected some of the highlights from the year to share with you.



For more stories go to innospecsustainability.com

INNOVATIVE - POSITIVE - RESPONSIVE

Solving the OEM emission challenge

Ever more stringent global emission legislation presents an ongoing challenge to OEMs (Original Equipment Manufacturers). They must comply with new national standards while continuing to satisfy the driving expectations of their customers. More engine and vehicle manufacturers are turning to Gasoline Direct Injection (GDI) technology to ensure these global environmental targets are met. GDI engines operate to very tight tolerances and are capable of delivering lower emissions.

While high-pressure, high-performance GDI engines offer scope to lower CO₂ emissions, as well as improve performance and fuel consumption, the downside is a significant increase in the mass and number of particulates released into the air. We developed **Dynamico®** to solve this problem. By keeping an engine clean and removing injector deposits, it always runs 'as new', and there is a dramatic reduction in particle emissions alongside lower CO₂ emissions. Fuel economy is increased, engine power maintained, and the vehicle runs reliably. This achieves a true balance between reducing emissions and performance.

Industry tests show just how effective **Dynamico®** is in real life applications. Within one tank of fuel, **Dynamico®** removes deposits and protects the whole fuel injection system from further fouling. What is more, the use of **Dynamico®** benefits all types of gasoline engines, including older Port Fuel Injection (PFI) gasoline engines, by removing and then preventing the build of deposits and reducing particulate emissions.

Visit dynamico-complete.info and see for yourself how **Dynamico®** works inside the engine.

reducing our impacts through greater
innovation

Inside Innospec

a global business

1

What you will find in this section of the report

- A brief profile of Innospec
- Our three businesses
- Our worldwide locations and employees
- Environmental, social and governance structure
- How we engage with our stakeholders
- The issues that matter most to our stakeholders
- Our sustainability strategy
- Financial performance summary for 2023
- Innovation, investment, research and technology
- Our review of Performance Chemicals in 2023
- Our review of Fuel Specialties in 2023
- Our review of Oilfield Services in 2023

We are a NASDAQ-listed (IOSP) global specialty chemical company that focuses on bringing new, innovative technologies to our chosen markets and customers. With 2,130 employees in 22 countries, we manufacture and supply a wide range of products through our three business units: Performance Chemicals, Fuel Specialties and Oilfield Services. Our products are developed, manufactured and distributed from our operational locations in the Americas, Europe, the Middle East, Africa and Asia Pacific.

Our strength lies in our proven technology, continual innovation, broad regional coverage and strong customer relationships. We prioritize excellent customer service and technical support. Our diverse customer base spans a wide range of markets and applications, including personal care, fuel additives, home care, agrochemical, mining, industrial, oilfield and midstream chemicals. As a responsible business we have committed ourselves to a journey of continual progress and improvement towards our sustainability goals.

Our three businesses

Performance Chemicals

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

Fuel Specialties

Fuel Specialties specializes in manufacturing and supplying fuel additives that improve fuel efficiency, boost engine performance and reduce harmful emissions. Our products are used in diesel, jet, marine, fuel oil and other fuels. They are also used in commercial trucking, marine and aviation engines, power station generators, heating oil and other industrial machinery applications. More recently, these technologies are also being utilized in an increasing number of non-fuel applications.

Oilfield Services

Oilfield Services business supplies production, midstream, completion and drilling chemicals which make oil and gas exploration and production more cost-efficient and environmentally friendly. Our focus is to provide innovative products alongside technical and field operational support to enable our customers to operate as economically and efficiently as possible. We supply customers operating principally in the Americas and the Middle East.

Our worldwide locations and employees

Innospec employs 2,130 people in 22 countries. Customers benefit from the strength of our worldwide manufacturing capabilities, our global distribution facilities and our world-class technology centers. We have operational locations in the Americas, Europe, the Middle East, Africa and Asia Pacific.

The geographical and cultural spread of our operations means we can draw on a wide range of creative and practical skills in the workplace. Investing in our people has helped create an environment where employees are encouraged to fulfill their potential and make a positive contribution to our business. We want to inspire them through leadership and provide opportunities for personal growth and development. Our workforce is highly engaged and motivated. Over a third of our employees have been with us for more than 10 years.

We also benefit from having a diverse workforce. Our diversity and equal opportunities policy requires current and prospective employees receive equal opportunities irrespective of gender, sexual orientation, race, color, ethnic or national origin, marital status, age, disability, religion or belief.

From our scientists and sales teams to our manufacturing engineers and technicians, supply chain and logistics, finance, legal, administration and safety, health and environmental (SHE) professionals, our experienced and dedicated workforce is driving our business forward across the globe.

KEY FACTS

2,130 employees operating across 22 countries

Male: 75% (1592), Female: 25% (538)

Length of service: 5 years +: 56% (1190)
10 years +: 34% (734)

Employees in senior role



Board members



Female Male



Sustainability structure



Since we first reported on our sustainability activities over 25 years ago, a huge amount of hard work has gone into building the



strong foundations necessary to operate as a responsible business. We continue to develop our measurement and evaluation processes across our business so that we can effectively compare our performance to industry standards, our peers and our own sustainability goals.

Moving forward we will continue to explore innovative technologies and fresh opportunities to improve our operations

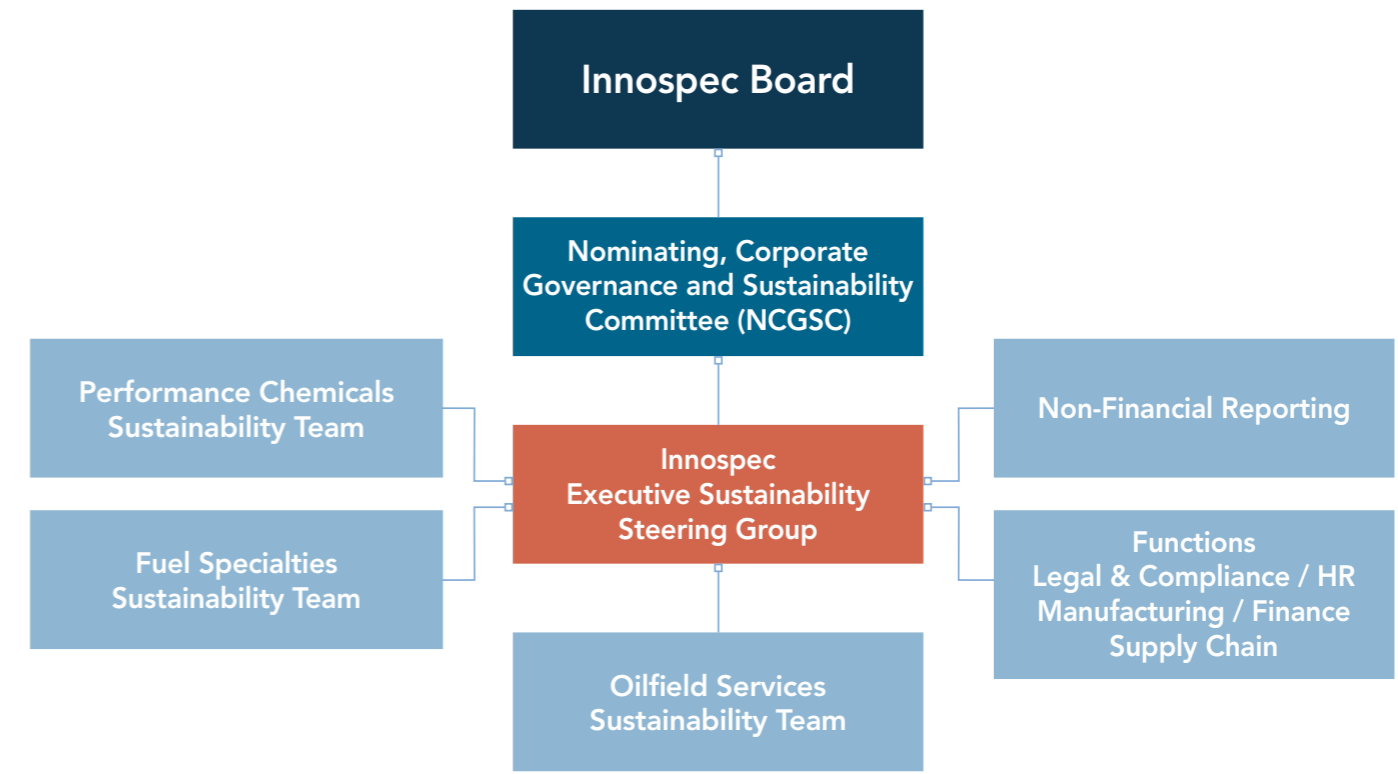
and the value we deliver to our customers. Our collective success is ensured through working closely with our customers and suppliers.



Ian Callan
VP Global Regulatory Compliance and Sustainability

For 25 years we have prepared detailed, open and transparent reports on our sustainability efforts and activities. As a responsible business, we take this task very seriously. Our Executive Sustainability Steering Group drives sustainability at Innospec. The group comprises of our CEO and senior business leaders and is responsible for developing, resourcing and making decisions on Innospec’s sustainability strategy, targets and objectives. The group meets and reports quarterly, directly to our Board’s Nominating, Corporate Governance and Sustainability Committee who have full oversight of our strategy, objectives and progress. In addition to this, the full Board is briefed annually on our progress, strategy, and future direction.

Given the fundamentally different sustainability demands of each of our three businesses, we have dedicated teams to focus on specific issues relevant to their customers and markets. These standalone sustainability teams also report into the Innospec Executive Sustainability Steering Group. They consist of senior commercial people with various roles within each business who help steer the messages that are important for that business unit.



How we engage with our stakeholders

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

Here is an overview of our stakeholders and our approach to engaging with them.

For details of these activities visit innospecsustainability.com



INNOVATIVE - POSITIVE - RESPONSIVE

Our new base in South America

The acquisition of QGP Química Geral S.A (QGP), a specialty chemicals company in Brazil, represents a major development for our Performance Chemical business.

The purchase has expanded our manufacturing, customer service and product development base in South America, one of the largest and most important global markets for our technologies. QGP enhances our knowledge, chemistries, capacity and market presence in the region.

In 2024, our focus will be on integrating QGP's business and 300+ employees into our global operations. With a shared commitment to excellent customer service, innovation and technical support, there is a great fit between our two companies. Founded in 1992, QGP has established itself in several important markets, thanks to the vision and efforts of its founders.

QGP's product offerings align well with our existing Performance Chemicals business, enhancing our global portfolio with new surfactant and other specialty chemistries. The acquisition will not only strengthen our product range offerings for customers in Brazil but also in key global markets such as agriculture.

<<

QGP is an important acquisition for us, and we are very pleased to welcome everyone at QGP into the Innospec community. We are looking forward to working closely with our new colleagues as we continue to build a strong and sustainable future for our global Performance Chemicals business.

>>

Bruce McDonald

President Performance Chemicals

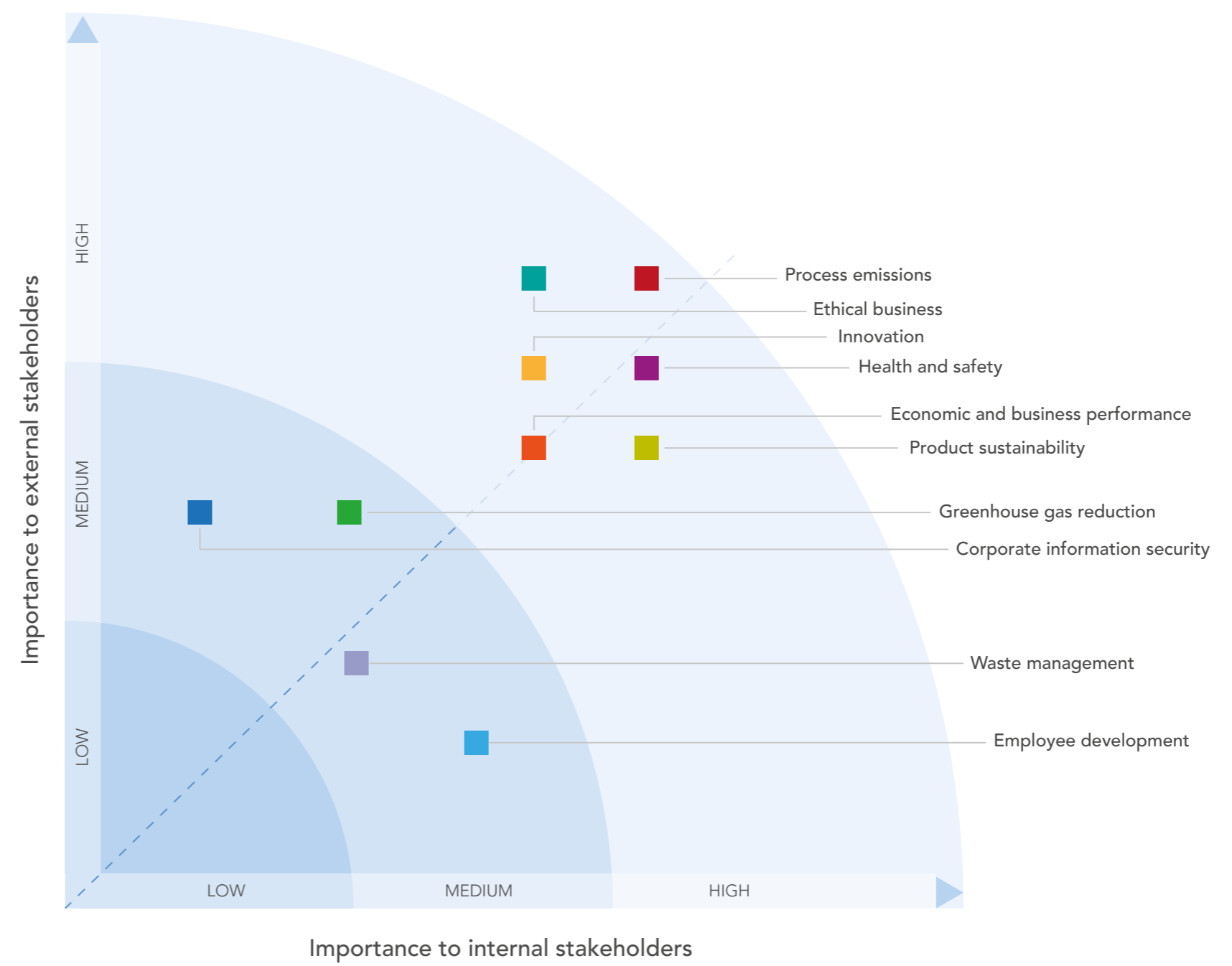
recognizing the importance of
shared culture

The issues that matter most to our stakeholders

Identifying the sustainability topics that matter most to our stakeholders helps us to understand their expectations and guides our actions and reporting processes. Our materiality assessment, last conducted in 2021, identified 10 material issues common to our internal and external stakeholders. We continue to use these issues to direct our approach alongside annual interim reviews to ensure we identify and understand any changes in the priorities and concerns of our stakeholders. These findings are fed into the periodic review of our sustainability strategy. We aim to complete a double materiality assessment within the next two years, in line with the requirements of the EU Corporate Sustainability Reporting Directive (CSRD).

KEY FACT
 The results of our materiality assessment, along with other considerations, are used to inform the annual review and update our sustainability strategy.

Importance of the 10 identified material issues



Our sustainable development

goals

It is nearly ten years since the United Nations adopted its 17 Sustainable Development Goals (SDGs) and we continue to support this framework for addressing the global economic, social and environmental challenges we face. These goals have been used to guide our materiality assessment and the evolution of our sustainability strategy.

Our business contributes directly to 13 SDGs but the five most closely aligned to our activities are Decent Work and Economic Growth, Responsible Consumption and Production, Life on Land, Clean Water and Sanitation, and Climate Action goal indicators 13.1 and 13.2. Every year we review our corporate initiatives against these goals to find new ways to maximize our contribution and improve our sustainability performance.



**SUSTAINABLE
DEVELOPMENT
GOALS**

To learn more about the UN SDGs visit sdgs.un.org/goals

Our sustainability strategy

We view our sustainability strategy through the prism of three key areas: Environmental, Social, Governance (ESG). Our efforts are then focused on actions that will have the most impact on the long-term sustainability of our business. The results of our materiality assessment, along with other considerations, are used to inform the annual review and update our sustainability strategy as set out below.

Environment

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

Health, safety and well-being

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

Employees

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

Community engagement

Supporting local communities through education, fundraising and sponsorship opportunities.

Governance

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.

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

Financial performance

summary 2023



Despite the geopolitical and global economic challenges our business faced in 2023, we ended the year financially stronger. The results reinforced the benefits of having a balanced portfolio of businesses. We saw weaker demand in Performance Chemicals being offset by significant growth in Oilfield Services, combined with steady results in Fuel Specialties. Cash generation was again excellent in the year, and our debt free, net cash position increased to over US\$200 million. This balance sheet strength provides significant flexibility for further acquisitions, dividend growth, and organic investment.

Performance Chemicals ended the year strongly and completed the acquisition of QGP Química Geral S.A, a specialty chemicals company based in Brazil. Fuel Specialties saw the return of improved margins and operating income growth in the final quarter. Our Oilfield Services business had an excellent year with sales, margins and operating income up on the previous year. As a group, we continue to generate cash to fund our capital expenditures and acquisition strategy and we ended the year with a strong balance sheet.

Overview

Revenue

US\$1.95 billion

Operating income*

US\$161.6 million

Gross profit

US\$591.1 million

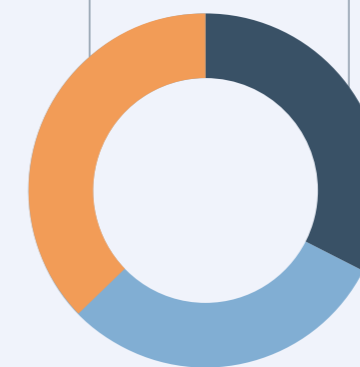
Adjusted EBITDA**

US\$210.6 million

Net sales revenue

Fuel Specialties
US\$
695.9m

Performance Chemicals
US\$
561.6m



Oilfield Specialties
US\$
691.3m

All figures rounded to one decimal place.

*Income before restructuring and impairment.

**Earnings before income tax, depreciation and amortization.

Innovation, investment, research and technology

As a business, we continually invest in our infrastructure to ensure we always have the research and technology (R&T) resources and manufacturing capacity to fulfill our customers' product and service needs. In 2023, we increased our investment in these vital areas, spending US\$41.7 million on R&T, a rise of 8% on 2022.

During the year, we were pleased to move into a completely renovated and updated customer technical services center in Newark, US - see page 20 >. Work also continued expanding production capacity for our key Performance Chemicals products in Salisbury, US. A new pastillation plant was opened in Leuna, Germany, to enhance our wax production line and manufacture new compounds for this expanding market - see page 20 >. All these projects are enabling us to work more effectively.

Protecting our intellectual property

Responsibility for maintaining our patent and trademark portfolio lies with our Corporate Technology Intellectual Property (IP) team. Based in Ellesmere Port, UK, the team provides support on all IP matters including patents, trademarks and trade secrets in many jurisdictions. At the end of 2023, we had 789 patents granted and 384 patents pending - a total of 1,173 and a 4% increase on 2022.

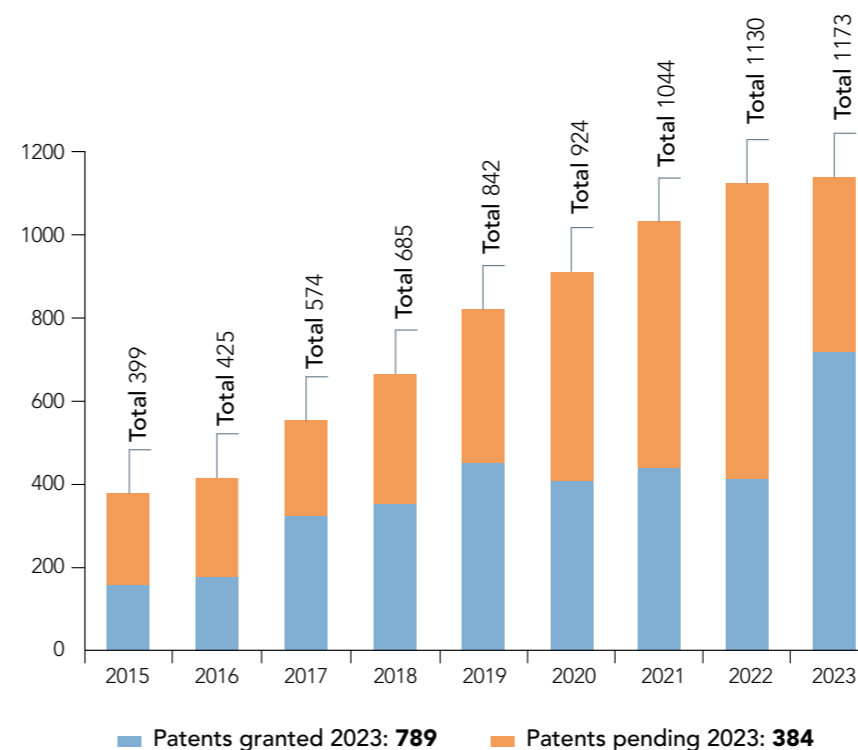


It's been an exciting and satisfying year. In 2023, we continued to invest in our infrastructure, and we made an important business acquisition in South America. We also filed a number of exciting patents and were granted some very important ones. This, coupled with a great team in R&T, will all help support our customers and their sustainability goals in the years ahead.



Ian MacMillan
Sr VP, Technology

- ↑ **US\$41.7 million** spend in R&T in 2023 up 8%
- 👥 **245 people** working globally in R&T and Technical Support
- 🌐 **Global R&T Center** Ellesmere Port, UK
- 🌐 **Global Center of Excellence** UTAC Millbrook, UK
- 🌐 **Global network of 10 Technology Centers**
- 🌐 **4 Regional R&T/Technology Centers**



KEY FACT

At the end of 2023, we had 789 patents granted and 384 patents pending. A total of 1,173 and a 4% increase on 2022.





Performance Chemicals

Our review of Performance Chemicals in 2023

Performance Chemicals ended the year strongly despite a challenging economic and business backdrop. Thanks to our industry-leading technologies and pipeline of innovative new ideas, our prospects for growth remain undiminished. Recent investment in new manufacturing and technical capabilities means we continue to be well placed to meet our growth objectives over the next five years and expand our business on a truly global scale.



It's been a year of progress for our business. We completed the acquisition of QGP Química Geral S.A (QGP) and continued to invest in our manufacturing and technical base. We made key appointments within our commercial team and laid the first stones on an exciting new social partnership with the International Justice Mission (IJM). Looking after people is what really matters and making sure we get it right guides our decision-making every day.



Bruce McDonald
President Performance Chemicals

An important acquisition

During the year we completed the strategic acquisition of QGP, a specialty chemicals company based in Brazil. This business fits perfectly into our Performance Chemicals organization and will help us expand our manufacturing, customer service and product development base in South America.

QGP adds new surfactant and other specialty chemistries to our global portfolio in important growth markets like agriculture, helping to strengthen and broaden our product offering to customers both in Brazil and globally. The integration of QGP into our operations is on track in collaboration with QGP's founders and 300+ employees who share our culture of excellent customer service, innovation and technical support.

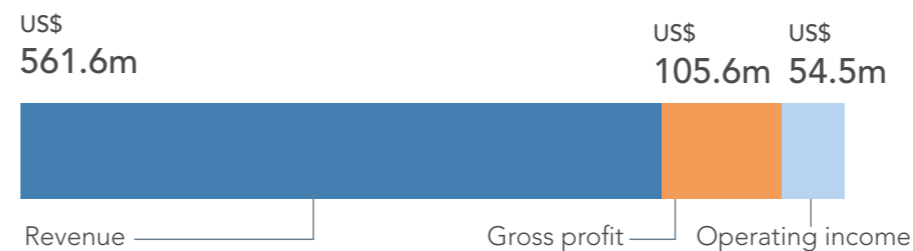
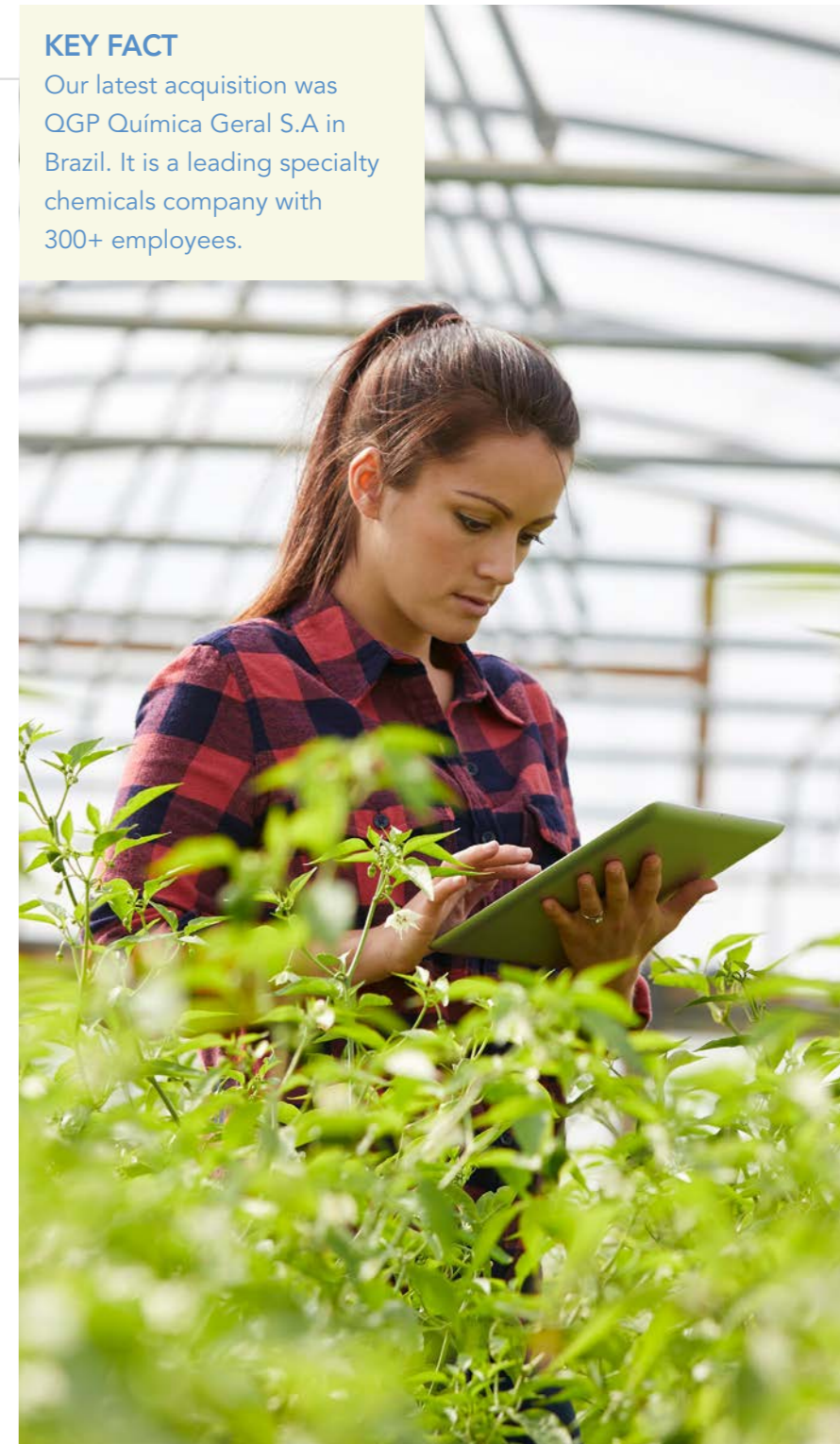
Developing our people

To make the most of our growth opportunities, we must think globally in terms of managing our business and customers. At the end of 2022, we appointed a new Global Vice President of Purchasing and Supply Chain. During the year, he put a procurement strategy in place to leverage opportunities within the business, focused on risk mitigation, cost containment, quality and service.

In 2023, we also reorganized our commercial team to deliver better service for customers globally. We appointed Global Business Directors for Home Care and I&I, Industrial & Mining and Agrochemicals to drive our strategy for growth within these key markets.

KEY FACT

Our latest acquisition was QGP Química Geral S.A in Brazil. It is a leading specialty chemicals company with 300+ employees.





My role is to work across the three regions to develop our global business of Additives for Construction, Emulsion Polymers and Mining (Metal Extraction). As industry experts in air entraining solution for the construction industry and emulsifiers to the Emulsion Polymerization segment, with a clear focus to address ever-growing needs for sustainable solutions from these industries. We supply a range of products for mineral processing, specifically froth flotation and hydrometallurgy. Our aim is to deliver a flexible, reliable and customer focused service, developing strong relationships built on trust and shared solutions to complex technical problems.



Mariangela Morelli

Global Business Director - Industrial & Mining

During the year, David Ross, our Technology Director for EMEA, was presented with the CESIO Lifetime Award. This prestigious honor is given to outstanding individuals who have made a substantial contribution during their career to surfactants and the surfactants industry.

Read more about the award on page 42 >

Social Partnership

In 2023, we began discussions with the International Justice Mission (IJM) to establish a formal partnership that addresses the pressing issue of forced labor and labor trafficking in the palm oil supply chain. IJM is a global non-profit organization working with local authorities in 33 communities to combat modern slavery and violence against women, rescuing and restoring victims, holding perpetrators accountable, and strengthening the local public justice systems. Going forward the partnership will help further our commitment to supplying palm-based products that comply with our NDPE (no Deforestation, no Peat, no Exploitation)

New products and fresh ideas

At in-cosmetics Global 2023, we launched our generational beauty campaign featuring ten new formulations targeted at different age groups or generations. These formulations ranged from facial cleansers and shampoo bars to hair serums. They are designed to meet the needs of today's consumers who are looking for concentrated formulations that transport less water, alongside shampoo bars that offer plastic-free beauty and multi-functional cleansing bars that take up less space when traveling.

We also hosted our first ever formulation lab seminar to explore the flexibility, timesaving, cost-saving and sustainability benefits of our new cold process sodium methyl cocoyl taurate surfactant, Luxuriact®.

Read about our latest product in the Luxuriact® range on page 18 >



Inspirational formulations for the home care and personal care markets launched in 2023.

Later in the year, at SEPAWA 2023, we announced a new range of Blue Ocean formulations for the home care market. Spanning laundry, dishwashing and toilet cleaners through to car care products, they are based on our broad portfolio of environmentally friendly dry surfactants. These formulations create solid formulas that reduce single-use plastics and limit water transport. Our vegetable-based laundry powder is ideal for use with environmentally friendly packaging and our vegetable-based, biodegradable, manual dishwash powder, is extremely effective at soil removal.

Read more about one of our unique ingredients developed to work in a sustainable powder format on page 40. >

For more details on all our formulations and generational beauty visit innospecpersonalcare.com/trend/explore-unique

For more information on all our Blue Ocean range of formulations visit innospec.com/home-care

Industry recognition

In partnership with Chemico Philippines Inc, we received Unilab's Total Quality Achievement Award and earned the status of Unilab Preferred Supplier. Building strong relationships with our customers is integral to our success, and we were thrilled to receive this recognition.

We were also pleased that our patented Super Sustainable Shampoo Concentrate was chosen as a Laura Marshall Memorial Award 2023 finalist. Concentrated shampoos designed to be diluted at home offer great environmental benefits because they reduce the cost and impact of shipping, road transportation and plastic packaging. The Laura Marshall Award competition takes place at SCS Formulate each year. Entries are judged to ensure products live up to the innovation claimed, are science-backed and novel, and clearly demonstrate innovation to the consumer. We were thrilled to be nominated as a finalist for such a prestigious award.





expertise and innovation through
revolution

1

INNOVATIVE - POSITIVE - RESPONSIVE

A revolution in the personal care market

Our Performance Chemical business has developed Luxuriact® Plus, a revolutionary pourable taurate surfactant that directly addresses a growing demand in the personal care market for an ingredient that is easy-to-handle. It is Ecolabel compliant and there is an RSPO mass balance certified version available to formulators to offer sustainable sourcing.

Taurate surfactants are becoming increasingly popular for use in beauty and personal care applications because they are mild to the skin and offer high foaming and strong detergency. However, they can be notoriously difficult to handle.

Thanks to our expertise and track record in different taurate surfactants, we have managed to develop the ideal solution. Luxuriact® Plus is a pourable taurate that greatly improves handling, while maintaining all the benefits that taurates bring to a formulation, such as providing rich creamy foam, offering sulfate-free and salt-free claims, and a broad pH range of 3.0-11.0. The ingredient gives formulators the chance to work more freely with taurates than previously possible.

Luxuriact® Plus also offers many benefits from a sustainability point of view. Over 80% of the ingredient is naturally derived and unlike other taurate surfactants it can be cold processed. This is important. One challenge to working with taurate surfactants is the necessity to heat the surfactant to enable transfer from storage into a compounding vessel. If an ingredient does not require heating or cooling during the manufacturing process, it is much more flexible to work with and offers cost-saving and energy-saving benefits.

[Stories](#)

[Contents](#)



Fuel Specialties

Our review of Fuel Specialties in 2023

Throughout the year, our Fuel Specialties teams worked hard to maintain business momentum and build the solid foundations for future growth. In 2024, we will continue providing our customers with best-in-class technical solutions and customer service, while growing our sales in target markets.

Our focus going forward remains on helping customers reduce their carbon footprint, whether we are talking about road, rail, marine and aviation transportation sectors or in industrial applications. We monitor changes in emissions legislation across all our end-user markets and work closely with customers to develop new technologies and offer technical support on specific issues. By investing in our facilities, our people and our technology, we have become a leader in additives for diesel, marine, jet and renewable fuels. We are now extending this knowledge and expertise to non-fuel applications in adjacent markets.



The tightening of emissions’ regulations and the growth of renewable fuels are setting the direction of travel for our industry. With our expertise in both these areas we are well placed to support our customers as they adapt to this ever-changing landscape. During the year we have spent time on building our global teams and expanding our manufacturing facilities, so we are ready to serve our customers for many years to come. Our unmatched chemistries and excellent customer service is helping customers reduce emissions, improve fuel economy and use increased renewable feedstocks. Our ability to provide specialized technical and logistics support, as well as formulation solutions, is giving our business a clear competitive advantage.



Vali Jerome
President Fuel Specialties

KEY FACT
Engine and vehicle manufacturers are turning to Gasoline Direct Injection (GDI) technology to ensure global environmental targets are met.

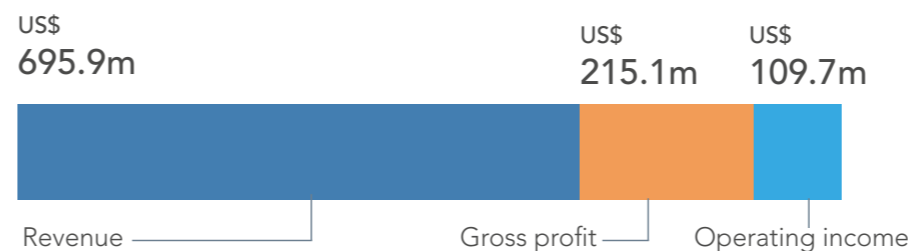


New products to support reduced emissions

Our expertise in fuel additive technology helped to bring a number of new products to market in 2023. We announced a major launch in the gasoline market with the introduction of our **Dynamico®** gasoline detergent. This ground-breaking range of deposit control additives will ensure all gasoline engines operate at maximum efficiency and produce less emissions. We combined the knowledge of our scientists and production teams with the formulation and engineering expertise of our technical teams, to create a range of products as well as unique solutions for our customers in Europe, the Middle East, Africa and Asia Pacific. Read about the technology behind **Dynamico®** on page 5 >

Visit dynamico-complete.info and see how **Dynamico®** works inside the engine.

In South Africa, we launched a new range of **ECOCLEAN®** products specifically for the mining industry. In line with the Intergovernmental Panel on Climate Change (IPCC), the global mining industry has ambitious GHG emission reduction targets. Individual businesses have set short, medium and post 2035 – 2050 targets. **ECOCLEAN®** will help mining operations meet their emissions targets. These high-performance diesel fuel additives reduce emissions, improve fuel economy and minimize equipment downtime. They have been specifically designed to meet the demands of diesel engines used in heavy-duty mining equipment. By cleaning an engine’s fuel system and enhancing fuel stability, the technology ensures smooth reliable running which in turn reduces harmful emissions. Field trials with customers have demonstrated this performance in both above and below ground applications.



At the start of the year, we saw the implementation of the International Maritime Organization's (IMO) Carbon Intensity Indicator (CII) legislation. Customers are now using our Octamar™ fuel technology to maintain their CII rating for longer by reducing emissions. Our additives stabilize VLSFO (Very Low Sulfur Fuel Oil) and deal with known fuel compatibility issues. This enhances the performance of the engine and ensures it uses less fuel, which in turn delivers emission reductions. The performance of our fuel additive technology is the result of decades of at sea fleet trials, test bed data and laboratory analysis in the marine industry.

Reaping the rewards of our infrastructure investment

In 2023, we realized the benefit of recent major investments in both our laboratory and manufacturing facilities.

A new Customer Technical Service facility was officially opened in Newark, Delaware. This investment created dedicated laboratories for formulating and testing our products, along with a large training and conference facility. It also expanded our shipping and receiving area to support the high volume of fuel samples we receive for testing and analysis from our North American customers each year. This facility complements our EMEA Customer Technical Service laboratories opened in 2022.

In Leuna, Germany we opened a new pastillation plant to expand our wax production capabilities and enable us to deliver products in tablet format. Many of our customers cannot handle powders and require waxes delivered as pastilles over 3mm in size. Our sophisticated pastillation technology gives us this flexibility and also opens up significant new possibilities for product characteristics. Novel products with different viscosities or melting points are impossible without pastillation technology. This new manufacturing capability sits alongside our high-pressure polymerization reactor, which was commissioned in 2022.

Specialized support for our customers

We have a dedicated team of formulators focused on supporting our customers all over the world. During the year we carried out numerous tests and field trials of our products to ensure our recommendations met customer specifications.

For example, ensuring that the diesel particulate filters (DPF) fitted to the exhaust systems of commercial vans are working efficiently, is critical to reducing harmful emissions. If a DPF cannot be regenerated the vehicle will stop working. We carried out tests on a chassis dynamometer using a 2019 Mercedes® Sprinter 314CDI van equipped with a 2.1 liter direct-injection



Our dedicated team of engineers travel all over the world to support our customers. Whether it is new projects, field trials, solving problems on site or developing unique additive injection systems, our team understands what is required and how to manage a project smoothly and efficiently.

OM651 DE 22 LA engine. This is typical engine technology found in millions of delivery vans in use all over the world. With our fuel additive technology, DPF regeneration issues were addressed, and fuel economy improved. The test demonstrated a 13% improvement in DPF regeneration and a 77% improvement in DPF loading time.

Another customer needed to reduce the physical volume of an additive they were using without compromising its overall performance. Our solution was to reformulate the product to produce a concentrated version. This helped to reduce the volume being shipped by 35% and consequently cut 23,640 shipping miles per year and associated emissions. Having our sales and technical services teams working seamlessly together meant we could meet the customers' needs exactly.

Field trials were also conducted on heavy equipment used in the agriculture industry. Our customer wanted to evaluate the effect our latest additive technology POWERGUARD® 4300 would have on base fuel. We were able to measure decreased Diesel Exhaust Fluid (DEF) consumption, emissions output, and engine performance. Tests were carried out on a tractor installed with a PTO (power take-off) dynamometer.

Read more about the field trial on page 21 >

Putting people and communities first

During the year we got involved with Rockwood Summit High School students in Fenton, MO, US who wanted to produce biodiesel from waste cooking oil for use in their community. The non-profit Rockwood Summit Renewable Fuel Project is the idea of ten students aged 14 to 18. When the group were having issues with the stability of their biodiesel, we provided fuel testing and sampling and supplied advice on how to solve the stability issues they were facing. Our team continues to support and advise these young scientists and engineers of the future.

In 2023, our business in Canada became a member of the Canadian Council for Aboriginal Business (CCAB). The organization builds bridges between indigenous and non-indigenous peoples, businesses, and communities. It runs programs, provides tools, training and network building opportunities.

More details on the initiative can be found at www.ccab.com



Public opinion and movement on Indigenous rights has become an important issue for people across Canada. Many of our customers operate on Indigenous land with Indigenous employees. Our discussions within the industry led us to the CCAB as a respected forum where we could get involved and lend our support. By building relationships between Indigenous and non-Indigenous businesses and communities, CCAB helps to foster an equitable and sustainable economy across Canada.



Laura Dewar

Managing Director Innospec Canada

INNOVATIVE - POSITIVE - RESPONSIVE

Reducing emissions from agricultural equipment

The global agricultural industry is under increasing pressure to reduce emissions. Our team supported a key customer by conducting field trials with one of our most advanced diesel fuel additives POWERGUARD®.

Designed to clean dirty injectors and restore power, it was evaluated for its impact on fuel and decreased Diesel Exhaust Fluid (DEF) consumption, emissions output, and engine performance.

The controlled test involved using a John Deere 5100E tractor coupled to a state-of-the-art PTO (power take-off) dynamometer. The test gathered performance data using a baseline diesel fuel and compared it against the same fuel treated with our additive technology.

During the test, fuel was supplied to the vehicle from a mass flow meter which ensured accurate fuel consumption could be measured. Advanced monitoring equipment was used to measure tailpipe emissions. Prior to starting the test, injectors were pulled from the tractor and fuel flow rates were measured.

The test stand was set up following a 100-hour duty cycle that was validated by an independent council of farmers. The cycle consisted of a high-powered mowing period followed by a variable duty period to simulate real-life farming activities.

After 100 hours of operation, notable differences in emissions, DEF and fuel consumption were observed. Particulate emissions were reduced by 21% - 34% and DEF consumption improved 5%. Fuel economy improved 1.3% while harmful CO and NOx emissions were cut significantly. Additionally, injector flow rates increased as did the maximum power output of the tractor.



helping the agricultural industry to reduce
emissions



Oilfield Services

Our review of Oilfield Services in 2023

Oilfield Services turned in a very strong performance in 2023. Customers value how our products make energy production more cost-efficient and environmentally friendly. Through our continued focus on customer service, technology and innovation we were able to deliver unprecedented organic growth. We concluded the year with a remarkable 16% increase in sales and 26% increase in profits compared to 2022.

Our industry is changing quickly in response to climate change and the need for greener chemistries and more sustainable approaches to drilling and extraction. Our response has been to enhance our product and service offering across all energy segments while prioritizing a safe working environment. We also reinvigorated our sales and support teams to ensure our strategy, products and field services remain closely aligned to our customers' needs.



Each of our product and support groups did a phenomenal job listening to customers' needs and adapting accordingly. From strategically shifting away from some commodity sales to introducing more efficient product solutions, fostering collaborations, diversifying our customer mix, and expanding into new markets, it was truly inspiring to witness the evolution of our business throughout the year.



Thomas C. Entwistle
President Oilfield Services

Increased demand for water-based technologies

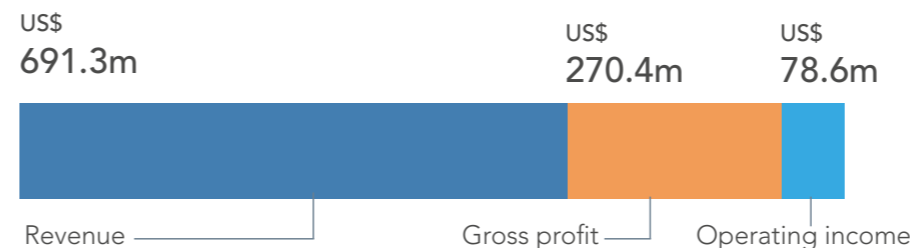
It was a good year for our Drilling and Stimulation Chemicals. Demand for our water-based technologies continues to grow. This includes the MaxWell™ water-based mud system for drilling and AquaBourne™, the industry's first-ever water-based friction reducer. In 2023, our BioSuite group unveiled three new combination biocides and several innovative winterized biocide formulations, designed to withstand extreme -40° F/-40° C temperatures without freezing.

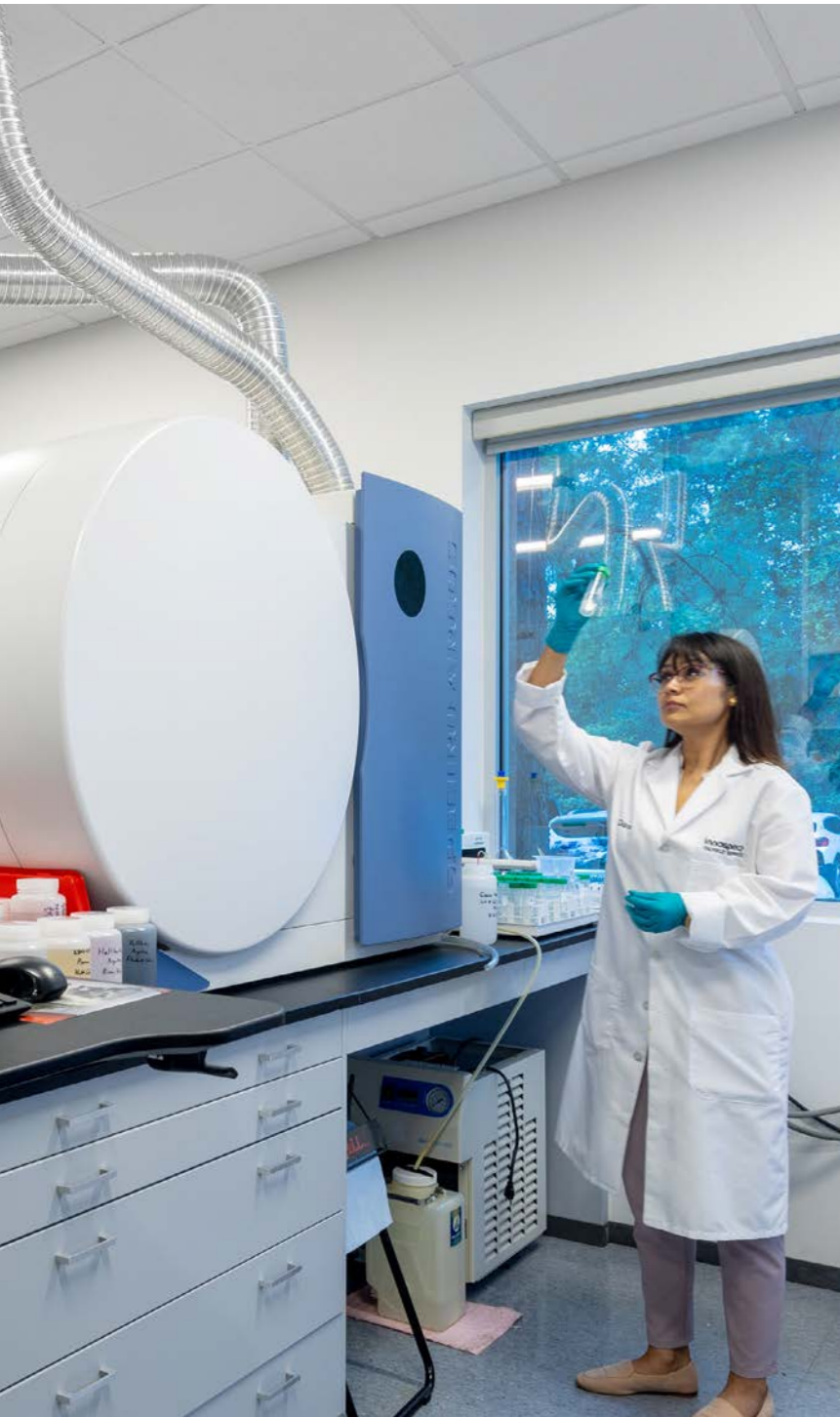
New contracts for Production Chemicals

During the year we also secured several key contracts in our Production Chemicals business for our water-based production chemicals TruClean™ and TruSolve™. Focusing on these greener technologies, rather than traditional commodity-based chemicals, plays to our strengths. Providing excellent customer service is also key. We completed over 50 field surveys and 29,000 product and performance tests in 2023.

A growing presence in DRA manufacturing

Our Midstream Operations team has become an important strategic manufacturer in the drag reducing agent (DRA) market. Last year our plant in Pleasanton, Texas was awarded the internationally recognized quality management system, ISO 9001:2015. In 2023, Joe Dupree, our Vice President Midstream Operations participated in a live 20-minute Q&A interview with the Society of Petroleum Engineers (SPE) International Tech Talk. The key topic was how DRAs enable operators to reduce operational and capital costs effectively. More than 150 guests attended the online event.





KEY FACT

In 2023, Oilfield Services teams recorded almost 25,000 hours of SHE training. This represents a 65% increase on the previous year.

Connecting with our industry

We attended numerous industry tradeshows in 2023 including the Abu Dhabi International Petroleum Exhibition and Conference (ADIPEC), the Hydraulic Fracturing Conference in the Woodlands, the Southwest Petroleum Short Course in Lubbock, and for the first time SPE OKC Oil & Gas Symposium in Oklahoma City. These events were invaluable for promoting our business, sharing our knowledge, connecting with customers and reaching out to other industry professionals. Our sales and technical teams demonstrated our commitment to innovation, expertise and sustainable technologies.

Support for our community

Supporting the communities where we work is very important to us. In 2023, our people logged many hours of volunteering, and we contributed to numerous charities and good causes. We were involved in everything from bagging food for senior citizens to helping out at a women’s shelter resale store. We hosted eight employee blood drives at our sites, beating our blood donation goal by 12%.

A team of eleven Midland, US, employees worked with Keep Midland Beautiful to restore and enhance the local natural green space for the community. They planted trees along the walking trail of Wadley-Barron Park to provide shade and promote biodiversity.

For more information on this initiative see page 30 >

Once again, we raised funds for the PenFed Foundation Military Heroes Program by hosting an Oilfield Services golf day at the Woodlands Tournament Country Club in Texas. This was our most successful fundraising event to-date. We raised US\$225,000 on the day.

Read more about PenFed Foundation Military Heroes Program and our fundraising on page 45 >

Safety is non-negotiable

Working in the oil and gas industry can be dangerous, so our focus is always on how to keep employees, their families and our local communities safe. During the year, we recorded almost 25,000 hours of SHE training. The company-wide ‘Journey to Zero Harm’ safety program has helped us embed a positive safety culture, and it encourages employees to proactively identify hazards and any opportunities to improve safety. This year we recorded a 128% increase in manager safety interactions and a 51% increase in 60-second checks compared to 2019.

Safe driving

In support of our customers’ needs, Oilfield Services operates a large fleet of vehicles. In 2023, our employees drove nearly ten million miles. As a company, we are dedicated to fostering a culture of safety, which includes providing comprehensive driver training. The training features a behind-the-wheel assessment prior to certification. By promoting these safe driving practices, we are enhancing driving skills and ensuring the safety of our employees and the communities we serve.



INNOVATIVE - POSITIVE - RESPONSIVE

A new high-performance water-based mud system

MaxWell™ is one of our next generation high-performance water-based mud (HPWBM) systems. Offering major cost and performance advantages over both oil and standard HPWBM systems, MaxWell™ resists oilfield contaminants and is superior to oil-based systems in safety and environmental impact. It can be used in a wide variety of drilling and completion applications. By using the latest drilling fluid technology, it is possible to reduce damage to the rock formation, while providing improved pressure management and significant cost savings.

As operators drill deeper, pressure is lost through the drill and drill pipe, so pump pressure must be increased to maintain a consistent flow. As this occurs, equivalent circulating density (ECD) increases and applies additional pressure on the formation. To keep ECD down, pressure management must be optimized to minimize the risk of lost circulation. This requires optimal hole cleaning while keeping ECD at a minimum. To complicate matters, many of the polymers and additives used in standard high-performance water-based mud systems cannot resist typical oilfield contaminants such as calcium influxes, magnesium influxes, hyalites and carbonates, so expensive and complicated treatments are required.

MaxWell™ works by building its own solids-free filter cake, forming a tight, effective micro membrane across the formation which acts like a screen to prevent drilled solids from being deposited into the formation. It effectively stabilizes and protects the formation. Drilling performance is enhanced along with significantly improved hole cleaning, ECD management and borehole stability. At the same time, it optimizes reservoir protection.

MaxWell™ is designed to be easily mixed and maintained onsite. It improves overall well stability and offers significant cost advantages over traditional mud systems by using less product without sacrificing performance.

water-based innovation for a
positive future

Environment

conserving and protecting



What you will find in this section of the report

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

Our focus areas for the environment are:

Environmental impact

We want to measure and reduce the impact our activities have on the climate and the wider environment. We will develop innovative products that have an improved environmental profile.

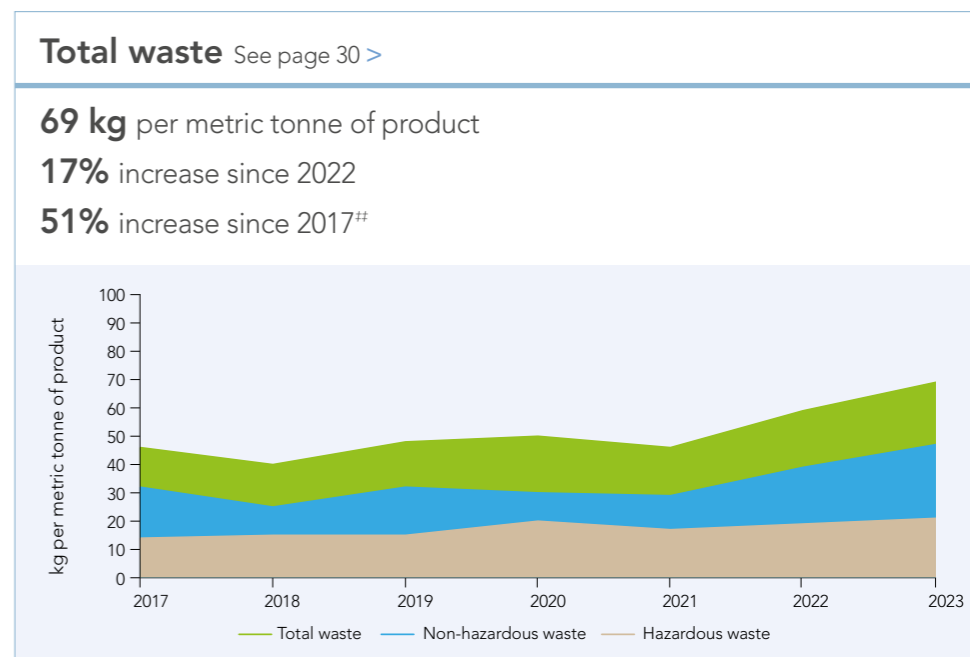
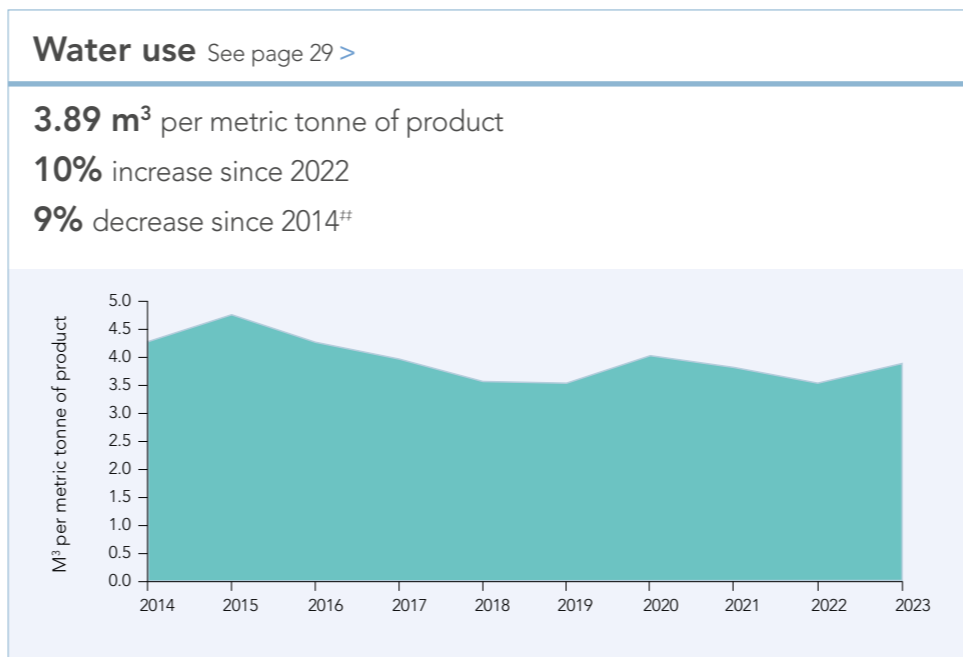
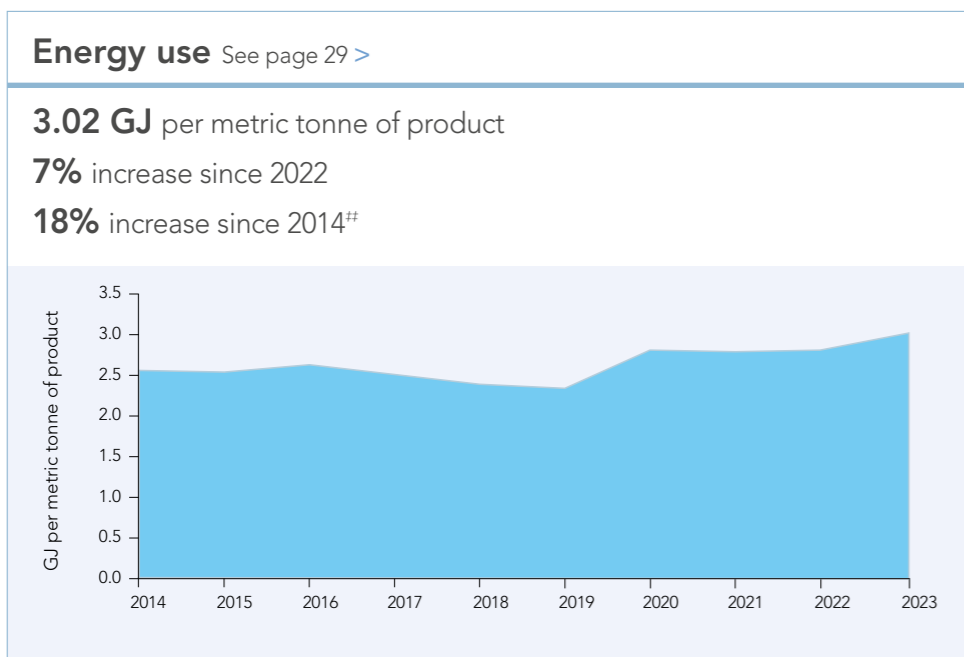
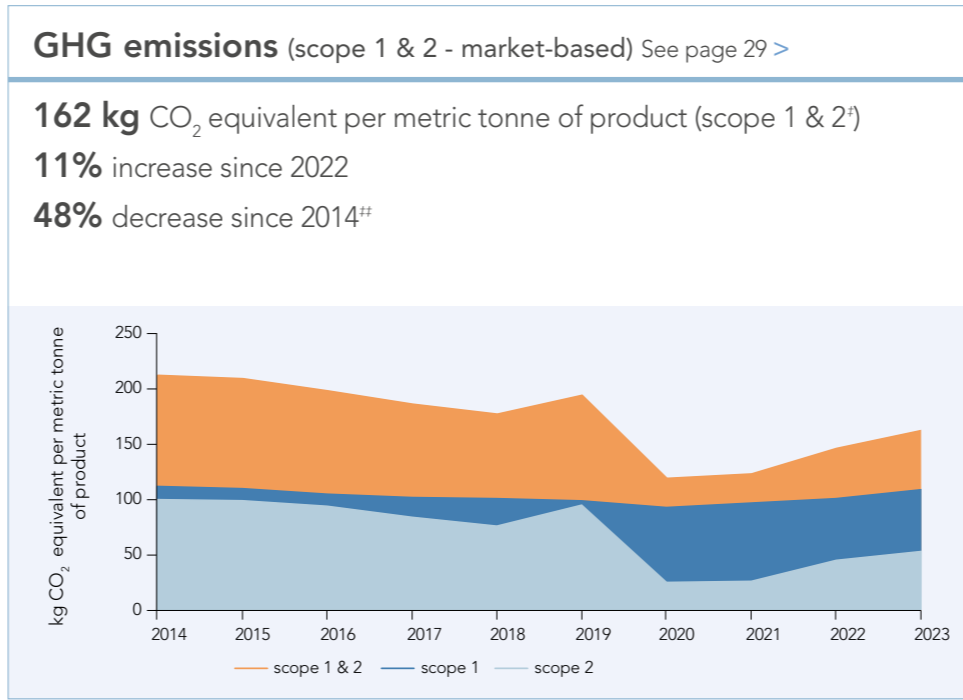
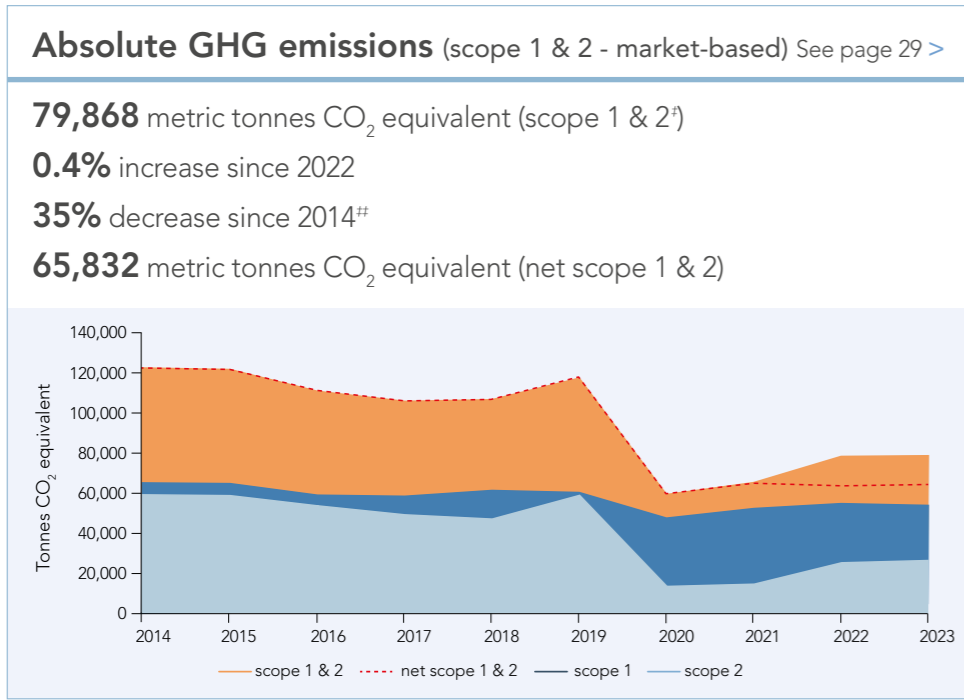
Product sustainability

We want to supply safe, sustainable products, designed to meet the needs of society both now and in the future. We are committed to helping customers achieve their sustainability goals and minimizing environmental impact.

What's next?

We will continue to reduce our impact on the environment in 2024. Find out more about our plans for further reductions in greenhouse gas emissions, energy and water consumption as well as our actions for recovering and reusing waste streams. Go to page 56 >

Our environmental dashboard



[†]Emissions are calculated using the 2023 UK DEFRA and IEA emission conversion factors for GHG reporting. 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. Scope 2 emissions include procured electricity and steam generated on site by third party owned assets. [#]Base line reporting year.

Minimizing our environmental

impact

Each year, we strive to maximize the efficiency of our use of Earth’s resources, aiming to minimize our operational footprint on the environment. This involves assessing cutting-edge technologies and methodologies to identify emerging opportunities for reducing our impact in the upcoming year. Additionally, we explore new ways to enhance the sustainability of our products and empower our customers to address environmental challenges through innovative solutions and superior product performance.

As a responsible business we have been monitoring and publicly reporting on our environmental impact since 2006. Specifically, we have been providing annual data across the four key areas of greenhouse gas (GHG) emissions, energy use, water use and hazardous waste generation.

Prior to 2023, our scope 1 and 2 data, related only to our manufacturing operations. In 2023, we further advanced our data collection methodology and extended the scope of our energy reporting coverage. It now includes our non-manufacturing locations and company owned transport. In line with best practice, we have reset our baseline reporting year to 2014 to better reflect our operations today. This new data and adjusted baseline have led to a change in trends previously reported. However, the data now provides a more accurate understanding of the carbon footprint of our company, helping us to identify and target areas for improvement.

Over the years we have reported significant reductions in our GHG emissions, energy and water usage. 2023 has created challenges with our approach to environmental performance reporting, which is presented on an intensity per tonne of product produced basis. Although a number of our sites reduced their absolute consumption of resources, the overall reduction in production was greater, due to slowing customer demand in some markets. This has resulted in the overall intensity of our operations increasing for some aspects and a lower reduction in intensity for others when compared to previous years.

Sustainable Development Goals - 12

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.



To learn more about the UN SDGs visit sdgs.un.org/goals



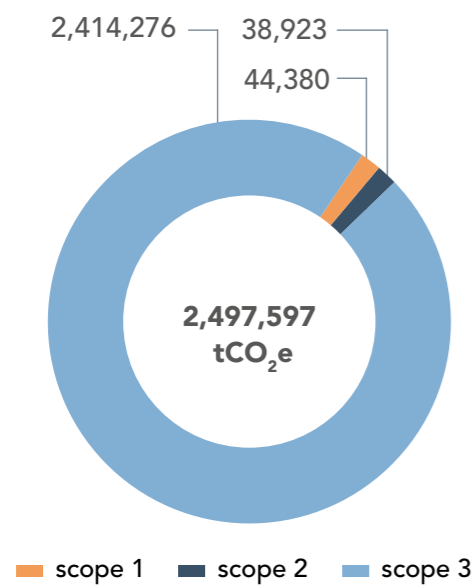
GHG reduction

Climate change and Greenhouse Gas (GHG) reduction matter to all our stakeholders and we have focused on these issues for many years.

At a group level, we have set GHG reduction objectives and targets. In 2020, we announced our objective to procure renewable electricity at our manufacturing sites. Additionally, we also set an interim objective to achieve a 10% reduction in scope 1 emissions, based on a 2020 baseline, by the end of 2030. In 2022, we then set an objective to review viable options and timeframes to develop a credible pathway for achieving net zero, including the calculation of scope 3 emissions.

During 2023, we carried out a global scope 3 assessment to establish a GHG baseline for our 2022 scope 3 emissions, for the first time. This involved the calculation of ten out of the 15 scope 3 categories with a particular focus on upstream emission categories. The remaining five were excluded on the basis that they were either not applicable or not required.

2022 total GHG emissions breakdown by scope (tCO₂e)



We were able to source a significant amount of consumption data, which allowed a process-based approach to be taken for most of the scope 3 categories. This provided greater accuracy than a spend-based approach, which limits insights on actual supply chain performance.

For our 2022 reporting period, our combined GHG emissions were 2,497,579 tCO₂e. Scope 3 emissions accounted for 96.7%, scope 1 for 1.8% and scope 2 for 1.6% of this number.

Going forward, as a result of these efforts, we now have a robust GHG emissions baseline from which to develop a decarbonization pathway.

In 2023, as part of our efforts to reduce GHG emissions in our business, our Ellesmere Port, UK, site completed the first phase of the installation of a new Energy Centre which includes a 4MWe combined heat and power (CHP) plant. The plant will ultimately generate electricity for the site, as well as steam for process operations and hot water for space heating. Initially powered by natural gas, the plant has been designed with future decarbonization in mind. In the short term this means we will see an increase in scope 1 emissions due to increased natural gas consumption. However, as soon as it becomes available, the plant can operate using a feedstock of hydrogen, resulting in a significant reduction in GHG emissions for the site.

In other GHG reduction initiatives, we commenced a detailed scoping review of the installation of a biomass burner at our St Mihiel site in France to determine the impact on GHG emissions for the site.

As part of our efforts to generate physical onsite renewable electricity, a feasibility study has been started to explore the installation of photovoltaic (PV) solar panels at Ellesmere Port, UK.



Our Ellesmere Port, UK, site completed the first phase of the installation of a new Energy Centre including a combined heat and power (CHP) plant. Janet Newton our site Engineer, project managed the design and build of the plant.

Climate Action

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



**SUSTAINABLE
DEVELOPMENT
GOALS**

To learn more about the UN SDGs visit sdgs.un.org/goals



Energy use and greenhouse gas emissions

Large businesses like ours have an important contribution to make in cutting global GHG emissions and reducing 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 2014 baseline year.

To view our climate change position statement visit innospecsustainability.com

In 2023, our total absolute scope 1 and 2 GHG emissions saw a slight increase of 0.4% when compared to 2022, however they have decreased by 35% since 2014. Although our total reported intensity scope 1 and 2 GHG emissions per metric tonne of products increased by 11% since 2022, overall they have decreased by 48% since 2014.

Our scope 1 emissions decreased by 1.6% when compared to 2022. As anticipated, the reduction seen in scope 1 emissions at most of our facilities was offset by the startup of the new combined heat and power plant at our Ellesmere Port, UK site in the latter part of 2023. Initially powered by natural gas, the plant has been designed so that it can be converted to operate on an intermediary 20% hydrogen blend and in the longer-term, 100% low-carbon hydrogen as soon as this becomes available. However, in the short term this project has resulted in an increase in natural gas consumption compared to previous years.

Safety improvements made to the hyper compressor at our Leuna, Germany, manufacturing plant and two planned shutdowns of the on-site boiler at our St Mihiel, France site, resulted in an increase in purchased steam. As a result, our overall scope 2 emissions increased by 5% when compared to 2022.

Despite several facilities reducing their absolute energy consumption in 2023, the overall reduction in production volume was greater. Our production plants aim to use energy as efficiently as possible, but they need a minimum amount of energy to operate. Where production volumes fall below optimum levels this has an adverse impact on consumption and consequently emissions data. For 2023, this resulted in a 7% increase in energy use per tonne of product since 2022 and an 18% increase since 2014.

In 2023, 12 of our 13 manufacturing facilities procured 100% renewable electricity. The outlier facility is located on an industrial complex which does not offer renewable electricity contracts. Renewable energy accounts for 19% (78,550 MWh) of our total energy mix.

At our Ellesmere Port, UK site a small solar and wind power energy station installed in 2022 generated 8,440 kWh of physical renewable electricity. The renewable energy is used for charging the electric vehicles we use on site and to power our illuminated signage.

Resource Reduction Group

Established in 2016, our Global Resource Reduction Group (RRG) was set up to develop and share best practice across our 13 manufacturing sites. Its global remit encompasses large capital investments, company-wide projects, and local initiatives. We have a dedicated energy reduction fund to support major projects.

The group, which meets up to three times a year, continued to deliver and maintain a pipeline of energy reduction projects in 2023. Going forward, these activities are forecast to reduce our annual energy consumption by over 2,161 MWh and our total group scope 1 and 2 emissions by 98 metric tonnes CO₂ equivalent.

For details on our energy reduction projects and activities introduced in 2023 go to innospecsustainability.com

Carbon offsetting

As part of our objective to secure renewable energy sources, we purchased biomass Renewable Energy Certificates (RECs) to offset the 2023 electricity usage at all our US manufacturing facilities.

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

Our manufacturing facility in Herne, Germany, maintained its carbon neutral status through the purchase of 2,277 VCUs to offset their 2023 energy usage. The purchased VCUs are supporting a renewable energy biomass project in China.

Saving water

Water is an invaluable resource and our commitment to responsible usage never waivers. None of our manufacturing sites are located in regions of very high overall water risk*. Three of our sites, which collectively account for 1% of our total annual water extraction, are located in regions experiencing high-water overall water risk. One of these facilities does not use water in its manufacturing processes but it does minimize its non-manufacturing water usage during the summer months. To support safe and sustainable water use, the other two sites based in Texas, reuse all flush and cooling water in subsequent blending and mixing (where compatible) reducing the need for freshwater demand.

In 2023, we are using 9% less water per metric tonne of product in our manufacturing processes compared to the 2014 baseline year. Over the course of the year, we introduced more initiatives to reduce water consumption and improve the quality of wastewater discharge.

For details of these projects and activities go to innospecsustainability.com

*As defined by the Water Resources Institute (WRI) Aqueeduct Water Risk Atlas. Go to [Aqueeduct Water Risk Atlas World Resources Institute \(wri.org\)](https://www.wri.org) for more information.

Sustainable Development Goals - 6

Clean Water and Sanitation

Responsible water management is extremely important in a world that faces increasing drought conditions and water scarcity. We make sure that we use this valuable resource as carefully and efficiently as possible. Our manufacturing facilities have water reduction and monitoring programs in place so that we can identify and implement actions that will reduce our water usage. We also report to CDP Supply Chain Program on our water security every year.



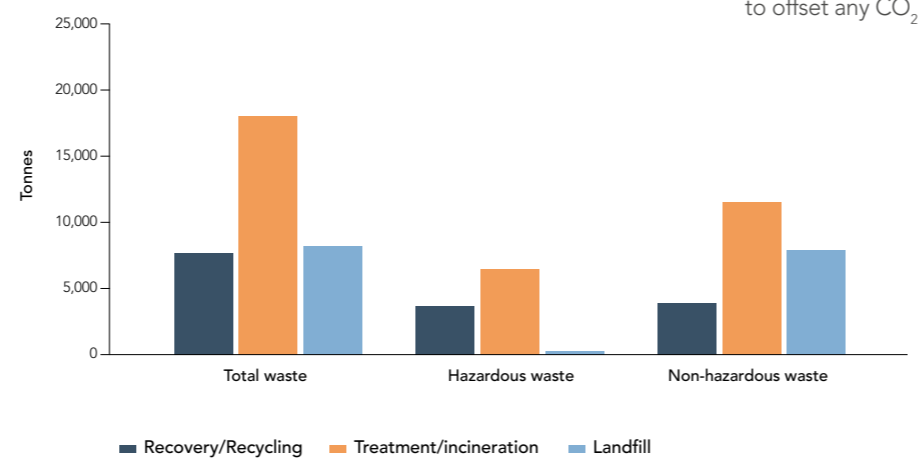
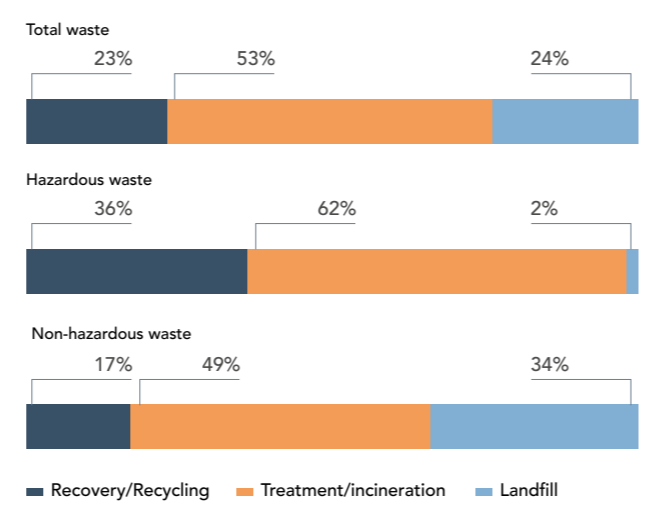
To learn more about the UN SDGs visit sdgs.un.org/goals



Waste Management

In 2023, we continued to look for new ways to improve our waste handling and the impact of our operations on the environment. While working to waste management hierarchy principles when dealing with the business, production and chemical waste[†], our priority is to avoid or minimize waste generation in the first place. If this is not possible, we look to recycle, recover or reuse the waste. As a last resort we opt for disposal by incineration, without energy recovery, and landfill.

2023 Waste handling routes



Compared to 2022, we saw a 17% overall increase in total waste intensity, a 10% increase in hazardous waste intensity and a 20% increase in non-hazardous waste intensity as measured per tonne of product produced. These increases were due to three main contributing factors. Firstly, a market downturn caused a decrease in production leading to an increase in the overall intensity figure. Secondly, product mix changes at several of our sites generated more waste. Finally, several sites disposed of one-off construction waste during the year.

In 2023, 23% of all waste generated was sent for recovery, recycling or reuse, 53% for treatment or incineration and 24% to landfill.

For details of these projects and activities go to innospecsustainability.com

Supporting biodiversity

We have several programs in place to protect and support biodiversity.

Our Oilfield Services Midland and Oklahoma City, US manufacturing sites continue to support the community organizations Keep Midland Beautiful and Oklahoma Beautiful. For every 1,000,000 lbs of product these sites produced in 2023, a donation was made to purchase trees. Our employees also helped plant the trees in local community green spaces.

For the 10th consecutive year our site in Vernon, France, supported the TOGO program in West Africa. Our commitment to offset any CO₂ emissions produced at the site by supporting

KEY FACT
In 2023, 12 of our 13 manufacturing facilities procured 100% renewable electricity.



this tree-planting initiative in Togo helps to restore areas affected by deforestation. It also supports the community through the provision of access to water, nutritional food programs and the creation of local jobs. Our team in Vernon also continued its long-standing sponsorship of several local beehives to help improve biodiversity and pollination in the area.

In Italy, our team in Castiglione embarked on a sustainability mission to help protect the environment in their local area. Through the biodiversity project Association TSDC - Valle Farmhouse, we covered the cost of planting hedges and fruit trees in the field in front of the farmhouse to encourage the local bee population. For 2024, they plan to install beehives to further encourage pollination and strengthen the ecosystem. The site also supported the planting of several trees in the nearby Desenzani Park to replace trees which had died during a recent drought.



[†] Innospec do not directly disturb land or generate tailing waste.

Independent verification

Our sites are independently certified to a range of national and international standards on quality, safety, the environment, energy, good manufacturing practice and sustainable sourcing. In 2023, our site in Barcelona, Spain, gained ISO 14001 certification for the first time. Seven of our 13 manufacturing facilities are now ISO 14001 certified.

[For full details of the certifications held by our sites go to innospecsustainability.com](https://innospecsustainability.com)

EcoVadis

EcoVadis is a Corporate Social Responsibility (CSR) platform for supply chain sustainability. It independently evaluates and benchmarks the sustainability performance of over 130,000 global companies in over 180 countries. The platform assesses a company's environmental, labor, fair business practices and sustainable procurement activities.

In 2022, we were awarded an EcoVadis Gold Rating for our sustainability management system and performance. Achieving gold puts Innospec in the top 7% of all companies rated in our sector globally. During 2023, we worked hard to further improve our management systems, policies and practices ahead of our next assessment in 2024.

[For more information visit ecovadis.com](https://ecovadis.com)

CDP Supply Chain Program

Every year we voluntarily participate in the CDP Supply Chain Program. CDP has the largest global collection of self-reported climate change and water risk data. Through CDP, customers and investors are better able to mitigate risk and make investment and procurement decisions that will lead to a more sustainable world. 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 and indicates good environmental management across the group.

Our solid performance reflects the year-on-year targeted actions we are taking on the management of climate and water issues. All three assessments confirm that we are operating at, or exceeding the chemical industry, regional and global averages.

For Climate assessment we were pleased to score an 'A: Leadership' for our Governance, scope 1 and 2 emissions and scope 3 emissions subcategory scores. We also scored 'A: Leadership' for engagement and scope 3 emissions in the Supplier engagement assessment.

Assessment	Innospec score
Climate	B Management level
Water	B Management level
Supplier engagement	B Management level

[Visit cdp.net for more details.](https://cdp.net)



INNOVATIVE - POSITIVE - RESPONSIVE**A natural approach to fruit coatings**

Tanwax C 18 nano is a carnauba wax emulsion developed for coating fruit with a natural shine. It preserves the quality and extends the lifespan of fruits by an average of 15 days or more, compared to conventional coatings.

With Tanwax C 18 nano, it is possible to significantly reduce the quantity of fruit lost through deterioration post-harvest. In Brazil, it is estimated that between harvest and arrival at the consumer's table, up to 40% of the fruits and vegetables produced can be lost.

Coating with Tanwax C 18 nano offers an alternative technology that increases shelf life and protects against micro-organisms. It also improves the structural properties and external appearance of the fruits by creating a better gas permeability barrier compared to synthetic resins and waxes. Traditional coatings have low gas permeability and often promote an intense fermentation process in the fruits, negatively altering its flavor.

Made from over 95% plant-based ingredients, Tanwax C 18 nano is extracted from the leaves of the carnauba palm tree, a species native to the northeast region of Brazil. It is vegan certified and recognized as a safe substance for human consumption by the National Health Surveillance Agency (Anvisa).

increase shelf life with alternative
technologies

caring for people



What you will find in this section of the report

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

Our focus areas for social are:

Health, safety and well-being

We strive to be leaders in health and safety, safeguarding anyone that could be affected by our activities and operations. This is our foremost priority.

Employees

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

Community engagement

We support local communities through education, fundraising and sponsorship opportunities.

What's next?

Our focus remains on keeping people safe, promoting healthy lifestyles, protecting human rights, improving education, training and maintaining good relations with our neighbors. These are fundamental to our values. Find out more about our plans for 2024 on page 56 >

Sustainable Development Goals - 8

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 Safety, Health 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.



To learn more about the UN SDGs visit sdgs.un.org/goals



Our commitment to health, safety and well-being

Looking after the health, safety and well-being of our employees, communities and everyone involved in the manufacture, use or disposal of our products is our priority. Our mantra is no one gets hurt, we foster good relationships with our neighbors and we minimize our impact on the environment. We have a network of Safety, Health and Environment (SHE) professionals around the world who are responsible for implementing our SHE Policy and maintaining our high safety standards.

RESPECT Committee

Our Responsible Care Executive Committee (RESPECT) is headed by our President and CEO, Patrick S. Williams. It is comprised of senior Innospec leadership team members. In 2023, RESPECT was responsible for reviewing our global SHE strategy, setting objectives and monitoring ongoing performance throughout the year.

Health, safety and well-being highlights

- ⬇️ **2%** decrease in total accidents.
- ⬆️ **12%** increase in near misses⁹ raised.
- ⬇️ **Innospec reportable lost time accident (IRLTA)** frequency rate 0.10 (below industry average of 0.15).
- 👤 **UK Chemical Industry Association's (CIA)** health metrics indicator has 92% of sites reaching 'Best Practice' and 8% with an 'Advanced' rating.

Loss of Containment (LOC) highlights

- ⬇️ **26%** reduction in total number of more than minor LOC events.
- ⬇️ **84%** reduction in quantity lost.



⁹Near miss, 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

We have developed a robust process safety management system that controls our process hazards and minimizes the risk of a catastrophic process safety incident. Our process safety management system comprises of:

Process safety leadership	Process safety focused visits by our executive team at manufacturing sites.
Process safety standards	Covering; 'risk assessment', 'safe operation', 'management of change', 'safe maintenance', 'accident, incident, near miss investigation', 'emergency response', 'competency' and 'management of contractors'.
Process safety audits	Measure a manufacturing site's compliance against the process safety standards and employee awareness.
Process safety performance indicators	Determine the effectiveness of programs and activities targeted at reducing process safety incidents.
Start-up authorization	Central collation, review and approval at corporate level prior to plant and process commissioning.

More details on our process safety management system can be found on our website at innospecsustainability.com

Preparing for emergencies

We have identified potential emergency scenarios and documented site emergency response plans for all our manufacturing sites. Employees are trained in the contents of the plan and take part in practical exercises relevant to their role. We 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.

KEY FACT

21,180 hours of health, safety and environmental training provided in 2023.

Health, safety and environmental training

Our ongoing training programs demonstrate our commitment to targeting zero accidents and minimizing the risk of accident or injury. We carry out a wide range of training courses annually that cover everything from risk assessment and first aid through manual handling and fall protection to waste management.

Our Oilfield Services business introduced a new training course in 2023 for behind-the-wheel training as part of a Safe Driving campaign for all employees. More details on the success of this course can be found on page 22 >

For the full list of courses completed in 2023 visit innospecsustainability.com

Our Journey To Zero Harm

Our company-wide Journey To Zero Harm (JTZH) program is now in its seventh year. This is our key strategic tool to help reduce accidents by encouraging everyone to take responsibility for carrying out a personal safety risk assessment before starting an activity. JTZH training modules are designed to target the most common causes of accidents occurring. The modules are translated and supported with a range of materials to aid onsite communication.

Our Managers Team Review process helps drive leadership and increase the number of safety interactions taking place within our site management teams. It aims to build ownership of the program at all levels of leadership and cascade this to all levels of management, including team and supervisor leads.




Site initiatives to support behavioral safety

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

For example, at our Midland, OKC and Pleasanton sites in the US we reward individuals for 'near miss of the month' and 'near miss of the year'. We also choose a 'safe employee of the year' for each region who has excelled in SHE functions, and present separate regional and departmental awards for having zero recordable accidents, no vehicle incidents and no lost time accidents, in the year.



Journey to Zero Harm (JTZH) 2023 highlights

-  **826 JTZH training courses completed by employees globally.**
-  **13,582 safety interactions completed, a 15% annual increase.**
-  **154,027 60 second checks completed, a 1% annual increase.**

Safety performance

KEY FACT

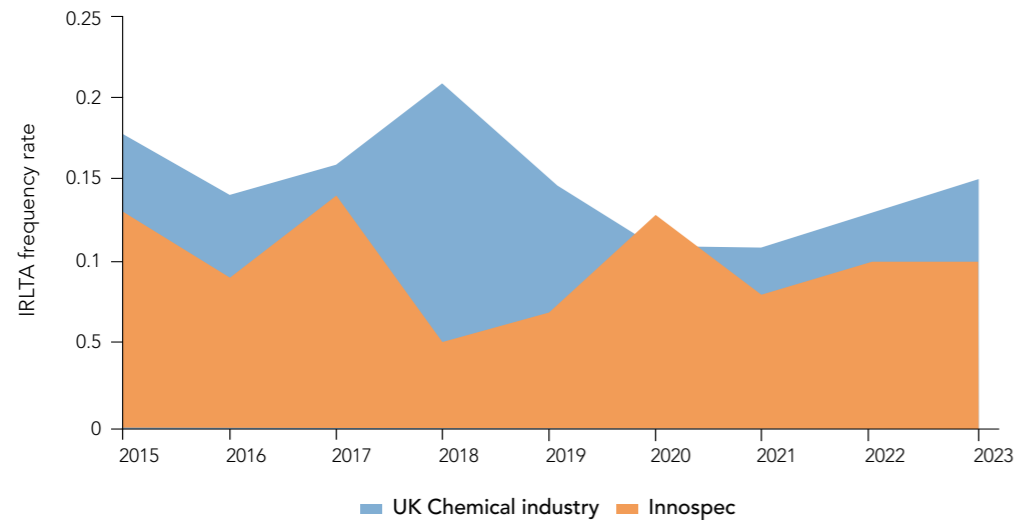
Our Ellesmere Port site has been awarded the RoSPA Gold safety award for 22 consecutive years.

In 2023, we reached our group safety target of achieving zero fatalities or major work-related injuries to employees or third parties.

We also set a group safety target of achieving a zero Innospec employee reportable lost time accident (IRLTA) frequency rate. As a minimum acceptable standard, we expect to perform better than the industry average for the UK chemical sector. Unfortunately, there were four employee IRLTAs in 2023 and measures have been put in place to prevent similar accidents from happening again. As a result of these incidents our IRLTA frequency rate for the period was 0.10 per 100,000 hours. This rate is still below the UK chemical sector average of 0.15.

For more detailed information on our safety performance metrics for 2023 go to innospecsustainability.com

Employee Reportable Lost Time Accident Frequency Rate Innospec vs Industry Average



Addressing Loss of Containment (LOC) chemical releases and spills

Process materials handled at our manufacturing facilities must always be safely contained. All unintentional chemical releases and spills are reported and tracked, regardless of the quantity involved or the nature of the material. Any incidents are investigated fully so we can understand exactly what has happened and remedy any underlying issues.

All manufacturing facilities are required to develop and implement a LOC reduction program. Performance across the group is reviewed quarterly during the RESPECT meetings. Regional review teams and dedicated LOC improvement teams at all our sites help identify trends, discuss challenges, and share best practice in LOC prevention.

In 2023, we achieved a 26% reduction in the total number of 'more than minor' LOC events with an 84% reduction in quantity lost. During the year we carried out site trend analysis and improvements to preventive maintenance schemes. We introduced material transfer checklists and enhanced plant equipment labeling alongside more robust engineering solutions. We practiced open end management and focused on training, communications, audits and review meetings.



Safety is our number one focus. Achieving nine years without an Innospec reportable lost time accident at our Pleasanton facility is a reflection of the dedication and vigilance of our team in upholding safety standards. The recognition of a corporate gold award and donation to charity is a great way to acknowledge this milestone. Pleasanton employees have chosen to support four local schools with this donation, extending the positive impact of this milestone beyond Innospec.



Bob Witten

VP of Manufacturing Oilfield Services

Recognizing safety performance internally

We believe it is important to recognize the good safety performance of our employees. One way we do this is through our corporate safety awards and certificate programs.

Our corporate safety awards recognize manufacturing sites and associated operations that reach a calendar year or more without an Innospec employee reportable lost time accident (IRLTA). Each site achieving a milestone period is presented with a plaque and donation to a charity of their choice. In 2023, Pleasanton, Texas, US achieved a gold plaque for reaching nine years without an IRLTA. Castiglione, Italy received a three-year silver plaque. Ellesmere Port, UK, High Point, North Carolina, US and St Mihiel, France received one-year bronze plaques.

Our corporate safety certificate program recognizes key milestones of employee-hours worked without an IRLTA. Leuna in Germany reached 0.5 million hours, Ellesmere Port in the UK reached 1 million hours and Oklahoma City in the US reached 2 million hours.

For more detailed information on all our safety performance metrics for 2023 go to innospecsustainability.com

External recognition

In 2023, our Ellesmere Port site received its seventh Order of Distinction Award from the Royal Society for the Prevention of Accidents (RoSPA) for its excellent safety performance. The site has clocked up 22 consecutive years of achieving RoSPA Gold. In the US, we received another Cigna Healthy Workforce Designation™ Award. This recognizes our strong commitment to improving the health and well-being of employees through a workplace wellness program.

Employee well-being



We look after the well-being of our workforce by providing ongoing support. Employees can take advantage of free annual health checks, flu and tetanus vaccinations, eyesight and hearing checks. They can also access health care and mental health programs. We offer discounted gym memberships and a cycle to work scheme. Free fresh fruit is available at work and we produce regular newsletters on health, lifestyle, welfare and nutrition.

By providing these services we can support employee well-being and make the most of a person's experience, professionalism, problem-solving, dedication and creative skills at work.

In 2023, our employees also took part in a range of keep fit activities from running clubs and cardio training to taking a relaxation class. Many employees were sponsored by Innospec in external sporting activities like marathons, half-marathons, triathlons, and walks.

In the US, 190 of our employees joined the 'A Better Me Spring 2023 Fitness Challenge' as part of the Cigna Healthy Workforce program. This six-week challenge saw 18 teams take part in 428,211 minutes of sporting activities. Later in the year, 115 employees also signed up for Cigna's 'Hydration Challenge', consuming a total of 150,121 fl oz of water over the four-week challenge.

Our Ellesmere Port, UK site promoted Mental Health Awareness Week in May. They invited guest speakers from MIND, a mental health support charity and Active Leisure Events to educate and encourage employees to improve their physical and mental health. During the week employees held a number of fund-raising events for MIND.

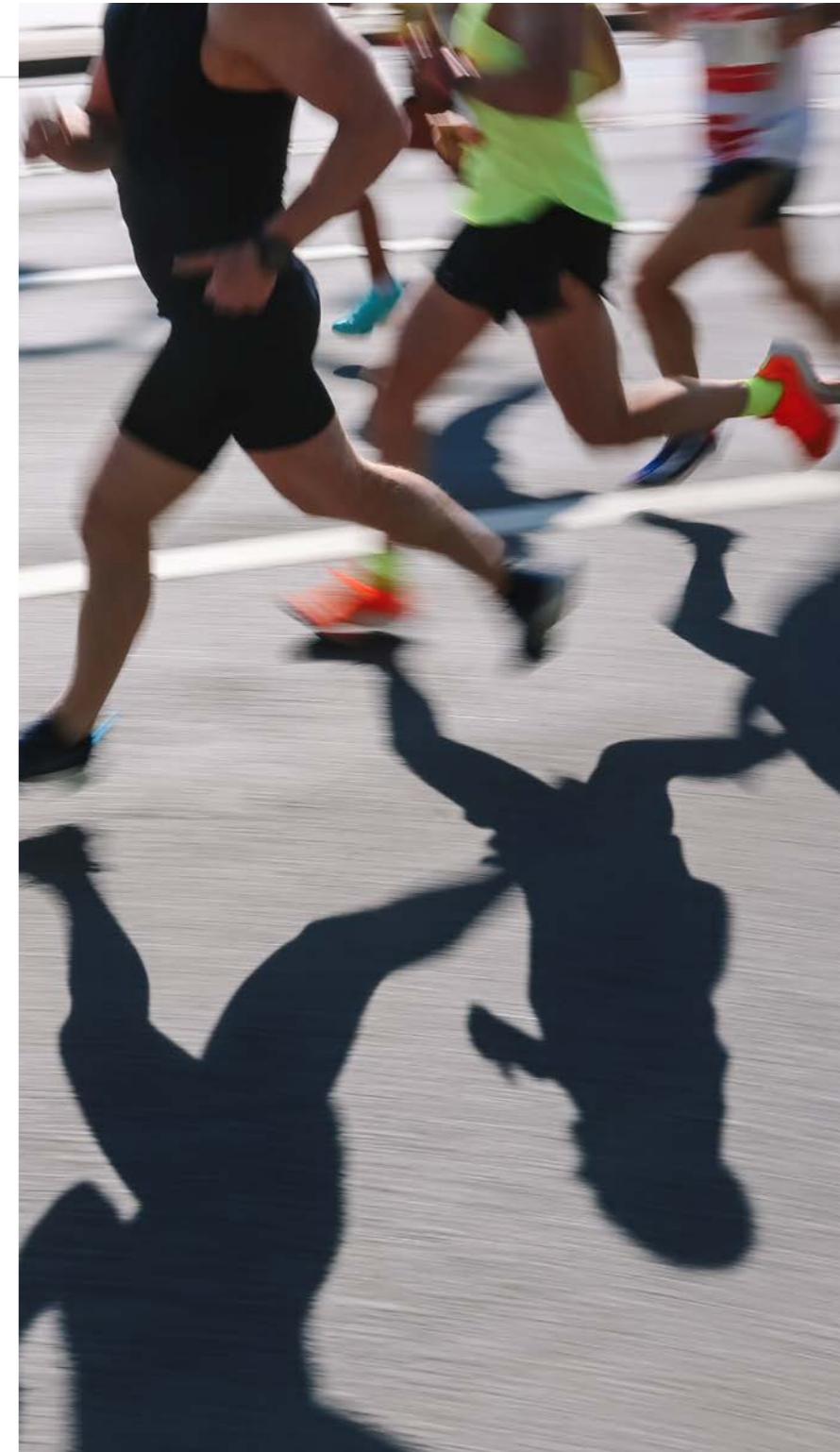
In October, we sponsored a mental health and suicide awareness walk titled 'Into the Light'. The participants walked to remember and honor lives lost and support local mental health treatment programs and services.

UK Chemistry Industry Association (CIA) employee health metrics tool

Every year we use the CIA health metrics indicator tool to score and compare our health programs with industry best practice. The tool measures how we are performing across a range of issues such as health leadership, policies, audits, hazard control, monitoring, wellness support and rehabilitation programs, health promotion and education. In 2023, 92% of our programs achieved the B 'Best Practice' rating with 8% assessed as A 'Advanced'.



For further information on our well-being activities go to innospecsustainability.com



KEY FACT

16,000 animals could be spared thanks to our collaborative strategy of finding new ways to replace animal testing.



Product safety and consumer well-being

Building a sustainable business requires our products to be safe for both humans and the environment. To this end, our regulatory compliance team works closely with internal and external stakeholders, customers and suppliers to monitor and manage any changes in the hazardous properties or exposure to our products.

The regulatory team is comprised of a global network of experienced individuals with a wide variety of skills. We have regulatory affairs professionals, experts in (eco)toxicology and specialists in hazard communication. In addition to supporting our business units, many of our team also work collaboratively with a wide range of external industry bodies, trade associations and research groups.

Our active participation and engagement in these various external groups allows for a mutual exchange of information covering both scientific and regulatory developments.

We are proud to work with:

- **ACC** (American Chemistry Council)
- **ATC** (Technical Committee of Petroleum Additive Manufacturers in Europe)
- **AFSA** (Animal Free Safety Assessment Collaboration)
- **BCA** (British Chemicals Association)
- **CEFIC** (European Chemical Industry Council)
- **CESIO** (European Committee of Organic Surfactants and their Intermediates)
- **CIA** (UK's Chemical Industries Association)
- **CTPA** (Cosmetic, Toiletry and Perfumery Association)
- **EFfCI** (European Federation for Cosmetic Ingredient Manufacturers)
- **EOSCA** (European Oilfield Specialty Chemicals Association)
- **ERASM** (Environmental and Health Risk Assessment Management of Surfactants)
- **ICCS** (International Collaboration on Cosmetics Safety)

It brings significant benefits to Innospec, our counterparts, customers and the end-users of our products.

The evolving global chemical regulations

The complex global regulatory landscape continues to evolve so we are working hard to keep pace and ensure our products remain fully compliant.

During the year the European Commission (EC) took further steps to implement their flagship Chemicals Strategy for Sustainability (CSS) project. The key actions to emerge from this process included public consultations and workshops on the outlined concepts and proposals. There was a proposal for the revision of the REACH Regulation, a roadmap setting for EU REACH restrictions and recommendations on the European assessment framework for 'safe and sustainable by design' (SSbD). In March 2023, the EC published a Delegated Act on the Classification and Labeling of Chemicals. This included new hazard classes for chemicals, including those that have endocrine disrupting (ED) properties.

Our team proactively monitors and evaluates regulatory developments to ensure we are prepared for potential changes and any subsequent impacts to our products.

Animal testing

Unfortunately, many regulatory authorities still require animal testing to assess the (eco)toxicological properties of new and existing products. As active members of the Animal-Free Safety Assessment (AFSA) and the International Collaboration on Cosmetics Safety (ICCS) we are committed to eliminating or replacing this requirement by using suitable alternatives when appropriate.

In 2023, we submitted EU REACH dossiers for several substances from our performance chemicals business. These detailed New Approach Methods (NAM) and Next Generation Risk Assessment (NGRA) approaches for replacing animal testing. We conservatively estimate that 16,000 animals will be spared because of this strategy. The dossiers are now under review at the European Chemicals Agency (ECHA).

We also collaborated with AFSA colleagues on a scientific publication which evaluated animal testing as a last resort under the EU REACH regulation. This publication highlighted some of the challenges and opportunities the industry faces and included a case study on one of our products.

For more information on this initiative, go to afsa-collaboration.org and www.iccs-cosmetics.org or read the paper: [The last resort requirement under REACH: From principle to practice - PubMed \(nih.gov\)](#)



The ability to assess the life cycle or carbon footprint of our products is critical to our decarbonization strategies and those of our customers. We cannot mitigate what we do not measure, so these assessments allow us to make informed decisions on how best to limit our impact on the environment. This may be through changes to our products or the way we manufacture them. I am proud to play a part in this project. It's an opportunity to really make a difference.



Darcy Kelly

Life Cycle Assessment Engineer



Product stewardship

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

Responsible Care[®]

Responsible Care[®] is a voluntary initiative to continuously improve environmental, health and safety performance in the chemical industry. National chemical associations in nearly 70 countries have adopted the principles, including the vast majority of the largest chemical producers. We have been a long-term participant and signatory to the International Council of Chemical Association's (ICCA) Responsible Care[®] Global Charter and a member of the UK Responsible Care[®] program since its inception in 1988. Innospec Fuel Specialties LLC, has held Responsible Care[®] management system certification since 2007.

[To find out more go to icca-chem.org](https://www.icca-chem.org)

Life cycle and carbon footprint assessment

We measure the impact our products have on the environment through life cycle (LCA) and product carbon footprint (PCF) assessments. In 2023, and a first for the company, we are proud to have completed a number of PCFs for materials across our Performance Chemicals and Fuel Specialties businesses using our own internal methodology* and sign-off process. Our 'cradle-to-gate' approach considers the greenhouse gas emissions associated with everything from raw material extraction and transportation, through the manufacturing process of our final products, up to leaving our Innospec site gates.

PCF calculations are carried out internally by our Life Cycle Assessment Engineer. These assessments give us greater visibility and understanding at each level of the calculations, helping us to identify opportunities to further reduce associated emissions and our customers' carbon footprint. Changes to raw materials, using circular or biogenic feedstocks and sourcing local materials to minimize transportation emissions, all help to reduce product carbon footprint. LCA is an exciting, vital step forward in better understanding the environmental impact of our products and their benefits.

*Our internal methodology is based on ISO 14040, ISO 14044 and ISO 14067 and is aligned to the TFS PCF Guideline for the Chemical Industry and the PACT Guidance for the Accounting and Exchange of Product Life Cycle Emissions.



Sustainability in home care

EMPIGEN® BS Ultra Flow is a unique ingredient which has been developed by our Performance Chemicals home care scientists to provide formulators with the opportunity to work with a sustainable betaine surfactant in powder format. Being able to offer betaine surfactants in a powder format makes EMPIGEN® BS Ultra Flow the perfect solution for sustainable cleaning products. It is naturally derived from vegetable sources and readily biodegradable. It is 1,4-dioxane-free so it complies with the latest legislation and RSPO mass balance certified versions are available to formulators to offer sustainable sourcing.

EMPIGEN® BS Ultra Flow can be used as a primary or secondary surfactant and is stable across a wide pH range of 3.0-11.0. The powder is low-dust and free flowing and easy to use in home care applications, whether it is manual dishwash, surface care, laundry and toilet blocks, or car care and carpet cleaning products.

Consumers want to purchase items that are good for the planet without compromising performance and efficacy. EMPIGEN® BS Ultra Flow is well matched to the current market trend for more sustainable and environmentally friendly home care products such as cleaning products in the form of powders, compressed tablets and blocks. These product formats can help reduce carbon footprint, through shipping less water and help reduce or eliminate the need for plastic packaging.

sustainable products with increased
performance



Investing in our employees



KEY FACT

60% of our employees received career development and skills training in 2023 totaling 19,000 hours.

We want all our employees to have the skills, commitment, and enthusiasm to grow our business and help us achieve long-term success. It is important we support career development and continued education at every stage of their professional development. This helps to make Innospec an attractive place to work for both new recruits and long-term employees, and we are proud of our high levels of employee retention. 56% of our employees have been with us for over five years and 34% have worked with us for over ten years.

Diversity

We are proud of the diversity of our workforce. The geographical and cultural spread of our operations ensures we benefit from a wide range of creative and practical skills. 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 afforded equal opportunities irrespective of gender, marital status, sexual orientation, race, color, ethnic or national origin, age or disability, religion or belief.

In 2023, we delivered Diversity, Equity and Inclusion (DEI) awareness training at a number of our sites to raise employee understanding of the topic and encourage open conversation. We also identified a third-party partner to support our DEI activities in 2024. This will include the company-wide roll out of an anonymous and confidential diversity and inclusion survey. The results will be used to identify any broader trends and drive positive change.

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



'Key Management Skills' development programs taking place in Englewood, Colorado, US

Human rights

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

Development and training

We offer both internal and external training across our business to support the continual development of our employees and create a sustainable global business. In 2023, we launched a number of new initiatives.

Our Fuel Specialties team in the US set up a new internal Technical Training website and we launched several self-paced e-learning courses to complement our in-person classroom training. Nearly 50 employees completed our 'Finance for Non-Finance Managers' training. Others completed courses in using Microsoft Excel. EMEA's sales teams took part in 'Sales Excellence' training and other specific skills training related to their job. In 2024, we plan to team up with third-party e-learning providers, Skillsoft, to deliver tailored self-paced e-learning courses and a senior leadership development program developed by LHH, a third-party talent solutions company.

In 2023, we launched our 'Key Management Skills' development program in the Americas and EMEA. The program provides participants with the skills they need to perform effectively in a managerial role. In total, 93 managers took part which involved 4,240 hours of training.



It was great to be offered a place on the 'Key Management Skills' development program. It helped me really understand my role in achieving Innospec's strategy and objectives. I was able to focus on my responsibilities while acquiring a better understanding of my strengths and weaknesses as a manager. The skills I acquired will help me manage projects better going forward and harness the skills of my team. The people on the program also developed a shared language for discussing and resolving management issues with colleagues. I now want to build on this learning and feel motivated to develop even better managerial skills.



Casey Wells

Director of Business Services, Oilfield Services



The Science Ladder at Innospec has given me the chance to increase my knowledge both within the company and with external contacts. It has also given me a career pathway to develop and progress while remaining a chemist within Research & Technology. The promotion to Research Associate is gratefully received in terms of recognition for my efforts and I look forward to working towards the next level.



Matt Giles

Research Associate



Gary Bailey

Succession planning

We take great care to prepare our future leaders and make sure they have the knowledge and skills required to take our organization forward. Our succession planning program for strategic roles ensures our business continues to thrive even when the individuals change positions. This is so important when building a sustainable business. Our focus is on finding the right people to fulfill key functions within the organization. We look for potential within our existing workforce and continue to educate and support individuals, so they develop and excel within our structure.



Dietrich von der Wense

A great example of succession planning has been the appointment of Gary Bailey to replace Giorgio de Leonardis as Vice President – Fuel Specialties EMEA. After playing a key role in our Fuel Specialties business management team for 22 years, one of Giorgio's key contributions was to identify and build a strong team around him to lead our EMEA business following his retirement in 2024. To ensure a seamless transition, in 2023, Giorgio moved into the temporary role of VP Strategic Projects, enabling Gary to be promoted to Vice President, FS EMEA. Dietrich von der Wense took on the role of Global Strategic Accounts Director. This strategic planning ensured that the business benefited from a smooth changeover.



David Ross, Technology Director, EMEA, picture with his CESIO Lifetime Award

A CESIO Lifetime Award

Innospec has been an active member of CESIO (the European Committee of Organic Surfactants and their Intermediates) for a number of years. This industry association represents manufacturers and marketers in the European surfactants industry.

In 2023, in recognition of his outstanding contribution to the surfactant industry, David Ross, our Technology Director for EMEA, was presented with the prestigious CESIO Lifetime

Award. Having dedicated a significant portion of his career to surfactants David is a well-known and respected figure in the industry. He has worked in the sector for over 50 years and has been involved with the organization since the early 2000s, working and contributing to various committees. As an organization we are extremely proud of David's contribution and success which has been reflected in this outstanding achievement.

Our science ladder

Our existing and future business depends on attracting, challenging and retaining scientists and technical personnel of the highest caliber. Employees in technical roles can advance their careers in science and technology through our Science Ladder. The program encourages exceptional scientists to continue their scientific work into new technologies, benefiting both themselves and the company. There are opportunities for personal development, recognition and status. In 2023, Matt Giles at our Ellesmere Port, UK, site was promoted from Principal Scientist to Research Associate.

Supporting a sustainable workforce in 2023

We are proud to have offered:

-  33 paid internships
-  33 apprenticeships
-  36 student placements
-  20 work experience openings

Sharesave Program

All employees can join our global Sharesave Program and save a set amount of money over a fixed period. At the end of that period, participants can choose to either buy Innospec stock at a discounted price or receive the money saved. This has proved to be an excellent way for employees to participate in the success of our business. Our fourth global Sharesave Program is now in its second year.

INNOVATIVE - POSITIVE - RESPONSIVE

Developing people through education

Whether it is students contemplating their first job or experienced employees ready to embark on the next stage of their careers, we believe lifelong learning and practical experience are essential. Our business puts a great deal of effort into supporting people to realize their potential.

We create plenty of opportunities for young people to participate in apprenticeships, paid internships, trainee programs and work experience, with graduates spending 'a year in industry' with us. Partnerships are formed with local colleges and universities, and we regularly hold open days and school visits at our sites around the world. Our employees also volunteer their time supporting schools and organizations by giving practical demonstrations, assisting with laboratory projects, discussing possible career choices or taking part in important events like graduation ceremonies.

Our workforce also benefits from opportunities to learn new skills, take work-related training courses and continue with their education. We spend time on succession planning to prepare our future leaders and make sure they have the knowledge and skills required to take our organization forward.

A photograph of two female scientists in a laboratory. They are both wearing white lab coats and safety goggles. The scientist on the left is holding a blue bottle and looking towards the scientist on the right. The scientist on the right is holding a red bottle and looking back at the first scientist. They appear to be in the middle of a conversation or a collaborative task. The background shows various pieces of laboratory equipment, including a microscope and a beaker.

lifelong learning and opportunity for
development

Community engagement

Support given to local communities

Education, volunteering, fundraising and sponsorship opportunities all form part of the support we provide for the social and economic development of our local communities. In 2023, our total social value and community contribution was over US\$737,000.

In 2023 we contributed

US\$737,041
total social value.*

1,054
volunteering hours worked
by our employees for good causes.

US\$540,000+
direct monetary contributions
donated by Innospec.

151
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.

Business contributions to charity

Once again, our Fuel Specialties and Oilfield Services businesses held their annual charity golf tournaments for PenFed. The total collected by both golfing events this year was US\$310,000.

Read more about our support for PenFed on page 45 >

For every liter of ecotherm® futur sold, our Fuel Specialties business donates to Schutzgemeinschaft Deutscher Wald e.V (SDW). This is the German Association for the Protection of Forests and Woodlands. Our donation is used to support forest conservation, protection, replanting projects and free forest education and information programs for schools and communities. Donations made for 2023 sales bring the total raised since the partnership began in 2008 to over €375,000.

Social sourcing

In 2023, our site in Vernon, France, continued to support a local workwear laundry cleaning company called Blanchisserie A.P.E.E.R, which creates employment opportunities for local people with disabilities. Similar arrangements are in place in Castiglione, Italy, to clean our site offices. The local organization, Saint Lucia Social Cooperative provides opportunities to disabled and disadvantaged people. In Germany, our Herne site continues to use an organization called WeWoLe, who employ physically or mentally handicapped persons to carry out our ground maintenance and workwear laundry.

Community open days and school visits

We are committed to the STEM (science, technology, engineering and mathematics) approach to learning and development, so it is important for us to support local schools and inspire students to take up STEM careers. In 2023, we were involved in numerous open days and school visits.



At Ellesmere Port, UK, we took part in a science day at Whitby High School for pupils aged 13-14. Our Research & Technology team demonstrated how surfactants work in a bodywash. Sixth-form Chemistry students from the Ellesmere Port Catholic High School were given a tour of our Fuel Specialties and Performance Chemicals laboratories. During this visit, our chemists explained how they are involved in the process of creating new products, from initial concept to final production. Later in the year we welcomed students from Helsby High School. Enthusiastic pupils aged between 14 and 15 enjoyed making shampoos and shower gels in a professional chemistry lab, after which many left inspired by the role of a chemist.

At the Catalyst Museum in Widnes our Ellesmere Port team got behind Chemistry in Work Week which involved 352 local high school pupils. Among the many tasks students were given was thickening a shower gel formulation with salt and then measuring the viscosity, using a ball viscometer they made themselves from clear tubing, bungs, a ruler and ball bearings.

In Salisbury, US, we held a school visit for the North Rowan High School in Spencer. Pupils aged 14-17 participated in hands on demonstrations at our Performance Chemicals Technical Center labs and learnt about the various education and job paths within research and development.

At our St Mihiel site in France, we continued our partnership with the Ecole Nationale Supérieure de l'Industrie Chimique (ENSIC). Our employees support the school by participating in key school events like graduation ceremonies. As 'Jury members' they also have an input into which candidates are selected to attend the school.

Community support

Our sites showed their unwavering support for their local communities in 2023. Whether it was planting fruit trees or hedges, our people contributed their energy, enthusiasm and new ideas. For example, in Castiglione, Italy we donated compost bins to local schools. At High Point and Salisbury in the US, we sponsored professional floats at both towns' annual Festival Parades, donating their use to two local children's support charities.

INNOVATIVE - POSITIVE - RESPONSIVE**PenFed Foundation's Military Heroes Program**

We are long-standing supporters of the PenFed Foundation's Military Heroes Program, a national non-profit organization in the US. They provide much needed financial, mental health and medical support to wounded, ill and injured veterans, service members and their families, to help them adapt to life back at home after military service.

Over the years our donations have helped to fund everything from interest-free loans to accommodation for veterans and their families attending medical appointments away from home. More recently the Military Heroes Program has focused on grants to combat issues like food insecurity, home repairs and suicide prevention among veterans.

In 2023, we held our annual charity golf tournaments for PenFed. In August we had our Fuel Specialties golf day at the Lone Tree Golf Club in Colorado. The following month we held our Oilfield Services golf day at the Woodlands Tournament Country Club in Texas. Employees, customers and suppliers came together and raised the largest donation to date, an incredible US\$310,000. This brings the total donated since we started our annual charity golf tournaments in 2007 to over US\$2.0 million.

<<
It's a privilege to support the foundation through our charity golf tournaments. Helping our veterans and their families is also a personal commitment for me and my family. We selected PenFed because 95% of donations received go directly to the service members and their families. We look forward to continuing our support.

>>

Patrick S. Williams
President and CEO



continuing to support and
help families

cares worldwide



Some of our charitable activities in 2023

Every year our incredible employees invest their energy and enthusiasm in our global charitable giving and volunteering program. We could not be prouder of the contribution they make to both local and national organizations. Our Innospec Cares program focuses on supporting disadvantaged groups, human health and well-being, educational support and environmental projects.

Here are just few examples of the inspiring charities we were involved with during the year.

We are immensely proud of our Innospec Cares program and the significant impact that it has not only our local communities but also on our employees who take part. Entering its eighth year, it is helping to make a real and valued difference to community groups and charities worldwide. Once again, our amazing employees raised much needed funds and volunteered their time and skills to offer hands-on support. In total we have now raised over US\$1.4 million since the program's inception. These funds have helped support an incredible 434 wide-ranging community groups and charities and the vital services that they provide.

In 2023, we received over 100 applications from 21 Innospec locations helping to raise over US\$199,000. A record 240 employees took part in a range of volunteering activities providing 1,054 hours of practical support to the communities in which we operate. We are pleased to report that we were able to support 100 good causes and charities during the year.

Eight years of Innospec Cares, since 2016 we have:

US\$1.4 million+ raised

2,590 volunteering hours

434* community groups and charities helped

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



**Walking in solidarity
Barcelona, Spain**

A team of employees from our site in Barcelona, Spain took part in a solidarity walk to raise funds for Obra Social Sant Joan De Deu. The charity supports a range of vulnerable community groups including those facing illness, disability and homelessness. We were greatly thanked for our donation and the impact it will have.

“For us the program is a very good way to help the community. It is a day of solidarity to share with co-workers and family.”

Team Innospec
Barcelona, Spain



**Supporting children at school
Castiglione, Italy**

Through our Innospec Cares program, our site in Castiglione, Italy, were able to support the Siamo in Rete organization. The charity is committed to supporting the children of families experiencing financial and social difficulty by supplying essential school equipment such as notebooks, backpacks and pencils.

“I am very proud to have supported this cause, through Innospec Cares, which also involves many young volunteers and school children in sustainability, social utility and environmental education projects. Thanks, Innospec Cares for making such great opportunities grow in our area.”

Team Innospec
Castiglione, Italy



**Helping to fund cancer research
Woodlands, Texas, US**

Employees from our Woodlands, TX, office in the US once again participated in the MD Anderson Cancer Center’s ‘Boot Walk to End Cancer’. Participants walk 1.2 miles in a variety of boots to raise funds. The charity is trying to fund over 30 research projects.

“Innospec has been helping to support MD Andersons in finding cures for cancer since 2017. Having family and friends diagnosed with cancer, I am now more than ever committed to spreading the word of how important the donations through Innospec Cares are!”

Team Innospec
Woodlands, US



**Climbing for a good cause
Piraeus, Greece**

In Greece, three employees from our Piraeus, Greece office climbed 11.5km to the top of Taygetos mountain to raise money for the Hellenic Rescue Team. The charity provides rescue services in the event of natural disasters like floods and other emergencies. The funds raised helped to purchase five new waterproof suits for the rescue team.

“The Innospec Cares program not only raises money for great causes but also helps you to realize a goal that you have set yourself and take part in team building. The biggest pleasure for me was seeing my colleagues stepping on the top of the mountain, something they didn’t think they could do when we first discussed the idea!”

Team Innospec
Piraeus, Greece





**Supporting Dementia UK
Ellesmere Port, UK**

A team of 16 employees took part in a half marathon to raise funds for Dementia UK. The charity cares for individuals facing dementia and their families.

“We chose Dementia UK as many of us have family and friends who have had or are living with this life changing condition. There are not many companies out there that match fund money raised by their employees. Well done Innospec Cares, you give a massive boost to employees’ physical and fundraising efforts.”

Team Innospec
Ellesmere Port, UK



**Preparing food parcels
Castiglione, Italy**

Fourteen employees from our Castiglione site in Italy volunteered for the Croce Rossa Italiana. They helped with organizing the charity’s warehouse, preparing food parcels and distributing food and gift parcels to those in need across the holiday period at Christmas.

“Our help on the day was crucial because there were a lot of people waiting for the food and clothes packages. Being part of a group of colleagues, all really enthusiastic to help the organization, made me proud to work for Innospec and to participate in this volunteering initiative.”

Team Innospec
Castiglione, Italy



**Santa’s helpers
Ellesmere Port, UK**

Seven of our Ellesmere Port employees volunteered for the Father Christmas Grotto at a local garden centre. 4,104 children visited the grotto which raised £35,836. This was in aid of the Hospice of the Good Shepherd who provide palliative care for critically ill patients and support for bereavement.

“I think I can say from us all, that we felt so proud to represent Innospec! Sometimes words aren’t enough to describe how we all feel about what has been achieved by everyone involved.”

Team Innospec
Ellesmere Port, UK



**Getting support to those in need
Singapore**

A team of employees from our Singapore office spent time volunteering in the Food from the Heart warehouse. The organization provides food support to those in need. Our people assisted in packing School Goodie Bags for 400 vulnerable children.

“During our volunteering day we worked as a team helping to carry food cartons, sort donated food, and create food packages. We are truly glad that this effort is helping those in need!”

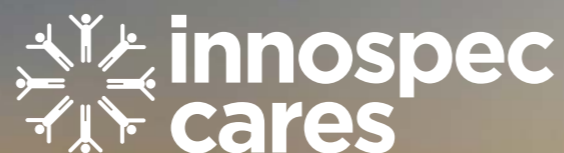
Team Innospec
Singapore

**Volunteering at a food bank
Pencader, US**

A team of employees from Pencader, US helped out at the Food Bank of Delaware. The enthusiastic volunteers organized the food pantry and created meal boxes for those in need in the community.

“We all felt it was a wonderful experience to help at-risk families, but also we developed skills in working in a fast-paced environment while gaining team building experience.”

Team Pencader
Newark, US



To see all our Innospec Cares activities go to innospecsustainability.com/social/community-engagement/



The Children's Alliance of South Texas

Deutsches Rotes Kreuz

Rowan County Special Olympics

Beautiful You

Hospice of the Good Shepherd

PenFed Military Heroes Program

Children's Alliance of South Texas

Believe It Foundation

Foodbank of Delaware

Alzheimer's Society

Macmillan Cancer Support

AREMIG

Meal on Wheels Rowan

Oklahoma Firefighters Burn Camp

Fundación Apascovi

Macmillan Cancer Support

helping to provide essentials in the
community

INNOVATIVE - POSITIVE - RESPONSIVE**Red Cross provide front line emergency response**

Following the devastating rainfall across Italy in 2023, employees at our Castiglione site raised funds to help the Italian Red Cross provide front line emergency response to the widespread flooding. Money raised by the site was subsequently match funded through our Innospec Cares program on a \$2 for every \$1 raised basis. These funds helped the organization to mobilize hundreds of volunteers and operators so they could be sent immediately to the many affected communities.

This support was much needed and appreciated. The same amount of rain which usually falls in seven months fell in two weeks. As a result, 23 rivers burst their banks across the region. The area witnessed 400 landslides and 43 cities and towns were flooded.

The Italian Red Cross played a critical role in helping the victims, a taskforce was created to co-operate with local institutions and support victims while the electricity distribution systems, left damaged by the floods, were repaired and restored. Employees from our Castiglione site in Italy were proud to raise funds and offer support.

Governance

leading by example



What you will find in this section of the report

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

Our focus areas for governance are:

Legal compliance

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

Third-party management

We expect our supply chain to comply with legal, ethical and social requirements, while also finding opportunities for environmental improvement and economic efficiency.

What's next?

We will be introducing an enhanced third-party compliance screening regime and a new process to ensure all applicable palm based raw materials meet the requirements of the EU Deforestation Regulation. Find out more about our future plans on page 56 >



Legal compliance



Governance is directed from the very top of our organization. It cascades from our Board, CEO and executive team, through to every employee. It is non-negotiable and paramount to the success of our business. I personally update and report to the Board quarterly. It's been a challenging time in 2023 as Russian sanctions, and their effects, continue to develop. We are working hand-in-hand with all parts of the business to ensure we remain compliant and avoid unauthorized diversion of our products. It's a huge responsibility and we take it very seriously. Compliance only works if everyone understands the policies and acts accordingly. Our team spends a great deal of time ensuring they are communicated and understood.

David Jones

General Counsel



Legal compliance is essential to our business. It is directed from the very top of our organization through to every employee. We have robust policies and procedures in place to ensure that our employees, third-party representatives (agents, distributors and consultants), suppliers and other stakeholders act legally, responsibly and ethically. It is up to everyone to stay alert for violations of our policies and procedures.

An effective governance structure

Our clear and effective governance structure oversees, monitors and reports on all our activities. Our experienced Legal Compliance team advises on a wide range of issues, from anti-corruption measures to export controls and trade sanctions. External advisors provide additional support on specific issues when required.

In 2023, the Board approved changing the Nominating, Corporate Governance Committee (NCGC), a sub-committee of the Board, to the Nominating, Corporate Governance and Sustainability Committee (NCGSC). This better reflects the committee's responsibility for overseeing our corporate sustainability and governance program.

The NCGSC meets each quarter with our Legal Compliance team to review our compliance programs and performance. Key issues are also shared and discussed with our Compliance Steering Group (CSG) at their quarterly meetings. This group is comprised of our organization's senior business and functional leaders. This ensures NCGSC feedback is promptly fed back into the business regarding legal compliance matters and areas for improvement.

In 2023, Innospec's Senior Vice President, Production (Oilfield Services), Head of Global Supply Chain (Fuel Specialties), Global VP Supply Chain (Performance Chemicals) and Global IT Director joined the CSG.

Compliance policies and procedures

In 2023, we reviewed and updated a number of our compliance policies and procedures. This was part of our biennial review to ensure our compliance program is efficient and continues to support our corporate governance needs.

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

Internal business assurance audits

Our Legal Compliance team conducts audits each year to monitor our compliance with our legal compliance policies and procedures. This is on top of our rigorous external and internal business assurance audits. In 2023, legal compliance audits were conducted on:

- Bachman Services Inc, Strata Control Services and Specialty Intermediates, US
- Innospec Limited (Fuel Specialties), UK, UAE and South Africa
- Innospec do Brasil (Brazil)
- Chemsil and Chemtec (USA)

Of these, two returned 'Good' ratings and a third 'Satisfactory' rating, with a small number of minor recommendations to further strengthen compliance. One of the audits returned an 'Inadequate/Needs Strengthening' rating, with some areas identified for improvement and a time-bound plan for their remediation.

Our Governance Structure



Compliance training for employees

KEY FACT

In 2023, we delivered 4,240 compliance training courses to 2,118 employees.



To ensure our employees understand the rules and related risks that apply to our business, we run in-person and online training on various aspects of legal compliance. SAI Global, a recognized leading provider of integrated risk management solutions, delivers our online training.

Our core employee compliance courses are:

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

Two new employee courses introduced in 2023 covered:

- The ABCs of Anti-bribery and Anti-corruption
- Code of Conduct: A Journey of a Thousand Miles

KEY FACT

In 2023, 117 third parties successfully completed our compliance training.

In 2023, we delivered 4,240 compliance courses to 2,118 employees. The completion rate for our Employee Annual Compliance Certification, covering code of conduct, anti-corruption, export controls and trade sanctions, was 100%.

Treating everyone with dignity and respect

Everyone should be treated with dignity and respect. This is one of our core values and we are committed to providing a work environment where every employee is treated appropriately. We do not tolerate disrespectful or inappropriate behavior, unfair treatment, discrimination, harassment or retaliation of any kind. Any complaints of physical, sexual, psychological, verbal harassment or abuse, discrimination, bullying or other forms of intimidation are treated very seriously, investigated promptly and, where appropriate, action is taken.

Whistleblowing procedure

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

In 2023, there were three reports to EthicsPoint. Two related to safety issues, and one misuse of company assets. All three were investigated and found to be unsubstantiated.



Sustainable Development Goals - 15

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.



To learn more about the UN SDGs visit sdgs.un.org/goals

**KEY FACT**

We have been a member of the Roundtable on Sustainable Palm Oil (RSPO) since 2013.

Managing third parties and procurement responsibly

Third-party compliance

Our business's sustainability hinges on our supply chain's adherence to legal, ethical, environmental, and social standards. We screen all potential customers and suppliers to ensure they are not listed on any global sanctions or debarment lists. Additionally, we conduct compliance due diligence on our agents, distributors, and certain consultants (third-party representatives).

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 compliance certification. Failure to complete this training or certification within the specified timeframe results in withholding approval for the third-party representative or placing their account on hold, preventing any sales orders or commissioned work. If the training or certification remains incomplete after a reasonable extension period, we terminate the relationship.

By the end of 2023, our third-party compliance training and certification completion rates were 90% and 100%, respectively, with no disclosures reported. Three accounts were temporarily placed on hold for not completing the annual certification on time but were reinstated once the certification was completed. We terminated our relationship with one agent/distributor due to compliance-related issues.

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 and also according to the requirements of the EU Conflict Minerals regulation.

[Our Conflict Minerals Disclosure for the calendar year ending 31 December 2023 is published at \[innospec.com\]\(https://innospec.com\)](#)

Supplier assessment

We have used EcoVadis, a supplier sustainability evaluation rating platform, to assess our key global suppliers since 2016. The platform enables us to assess the relative risk of suppliers compared to their databases of over 130,000 global companies in over 180 countries. Our supplier evaluation process incorporates EcoVadis assessment scores into our procurement systems and it is a requirement for all suppliers meeting agreed spend thresholds.

We continued to promote the EcoVadis platform with our suppliers in 2023. By the end of the year, 286 suppliers, representing 49% of our global spend had either been assessed or were in the onboarding process.

While we continue to add new accounts that meet our criteria, we are also targeting our lowest scoring/higher risk suppliers. This involves liaising with both EcoVadis and the supplier to understand poor performance areas. This has resulted in an average supplier score of 61.4%, which remains significantly higher than the EcoVadis average of 50%.

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 but we recognize that increasing demand is resulting in the rapid expansion of palm oil plantations, which has an adverse effect on the environment and local communities living in these areas. Our long-term commitment to sourcing palm-based raw materials from sustainable sources that comply with NDPE (no Deforestation, no Peat, no Exploitation) principles and the upcoming EU Deforestation Regulation remains steadfast. We have been a member of the Roundtable on Sustainable Palm Oil (RSPO) since 2013 and all our facilities that handle palm products carry RSPO Supply Chain certification.

[For more details on our Sustainable Sourcing of Palm Oil and Palm Kernel Oil Derivatives Policy, palm grievance procedure and tracker go to \[innospecsustainability.com\]\(https://innospecsustainability.com\)](#)

Palm supply chain transparency

Supply chain transparency helps us identify NDPE risks. Our annual palm transparency and risk mapping exercise covered 99.9% of our 2022 palm volumes and saw continued improvement. We reached 97% transparency at mill level, 98% at refinery level and 60% at plantation level. An update was made to our risk assessment at geographical level.

Action for Sustainable Derivatives (ASD)

We have been a member of ASD since 2020. It brings together like-minded companies to collectively standardize the tools and methodologies used to accelerate the compliance of their supply chain with deforestation free and responsible sourcing principles.

[Find out more at \[sustainablederivatives.org\]\(https://sustainablederivatives.org\)](#)



Managing information securely



In 2023, the team carried out two successful blocks of extensive integration tests on the new SAP S/4HANA ERP systems under our Optimus program, with the first phase live in 2024. We are on target to deliver the global rollout by 2026. In parallel with these efforts, we achieved significant strides forward in terms of our security and IT hardware. It's an exciting time with a huge amount happening across the whole IT team.

Paul Roberts

Global IT Director



Managing information securely to avoid loss or corruption of data is critical to the sustainability of our business. Our standards are high. We are a member of BCS, The Chartered Institute for IT (Information Technology). We uphold the BCS Code of Conduct on competence, integrity, professional responsibilities and the public interest. We also align and measure our performance against the USA National Institute of Standards and Technology (NIST) Cyber Security Framework.

Governance of information security is overseen by our Board. Policy actions are the responsibility of our IT Steering group who meet quarterly to review our strategy, objectives and key performance indicators. The group agrees on standards and processes and develops our IT-related capital programs, providing the Board with quarterly and annual reports.

Responsibility for proposing strategy, implementing information security systems, managing our training and security standards, sits with our IT leadership team who report into the steering group. This team also oversees our information security incident management process. Finally, our Legal Compliance team provides important input and additional insight. They review our global information security policies and procedures to confirm they are aligned with applicable data protection requirements.

Digital transformation

We make extensive use of the latest information technology tools. Work on our Optimus program, launched in 2022, progressed well during 2023. When complete in 2026, it will bring all our enterprise resource planning (ERP), customer relationship management (CRM), planning, analytics, and governance risk and compliance (GRC) capabilities, into one ecosystem for the first time. This will simplify our end-to-end business processes and improve our reporting capabilities across all our business operations. Responsibility for delivering this global, complex and transformational program rests with a 100-strong Optimus team. This comprises employees from across our business and colleagues from NTT Data Business Solutions.

Cyber security

New cyber threats and vulnerabilities materialize daily to threaten our IT systems and electronic information. Cyber security continues to be a challenge for all businesses. We combat these threats by creating a risk-aware culture and putting appropriate protections in place to manage risk to our identity, applications, data and devices.

In 2023, we updated our global policies to reflect the cyber threats we face daily. As a business our performance in managing these risks continues to improve. We have rolled out better mail security policies and defensive access management technologies. Our 24/7 Security Operations Center has been expanded to deliver these enhancements. We also plan to incorporate new SEC cyber security incident reporting rules into our workflow.

With regards to Artificial Intelligence, we are taking a pragmatic approach as the debate surrounding technologies like ChatGPT and Copilot develops. Intellectual property protection is central to the long-term success of our business, so we have currently locked down access to online AI technologies pending more detailed investigations into potential use cases.

Information security training

Everyone is responsible for cybersecurity, so we issue regular communications on how to stay safe online, protect against fraudsters and prevent organized cyber-attacks on our business. Regular training is provided on cybersecurity-related topics via our global training platform. Compliance is compulsory for all and tracked on an individual basis. In 2023, we ran 33 training and awareness campaigns for all employees and two phishing campaigns including 3,010 tests. We also formally issued and requested employee sign off for our Acceptable Use and Cyber Security Management policies.

Audit and risk assessment

In 2023, we continued to develop our risk assessment process. Going forward we intend to assess our compliance with external standards such as TISAX[†] and ISO 27001[‡]. Throughout the year we partnered with Panorays to deliver security assessments of key third party service providers that are critical to our day-to-day business and vendor sourcing decisions. Our own online presence with regards to security also received a very positive assessment from Panorays.

KEY FACT

By 2026 our Optimus program will be fully operational, simplifying and enhancing our day-to-day processes and reporting capabilities.

[†]TISAX – is an exchange mechanism for information security in the automotive industry. [‡]ISO 27001 – is the international standard for information security an assessment.

Looking forward our objectives for 2024 and beyond

Environment

Conserving and protecting

- Reduce GHG emissions by 2030 (scope 1 and 2 purchased steam) by 10% compared to 2020 at our manufacturing sites.
- Continue to procure renewable electricity while maximizing opportunities to use on-site renewable energy at our manufacturing sites.
- Conduct a physical climate risk assessment of all manufacturing facilities.
- Identify and implement new methods to reduce water usage, enhance water quality, increase waste recycling, and reduce landfill waste.



Social

Caring for people

- Target zero fatalities or major work-related injury accidents to employees or third parties in 2024.
- Target zero 2024 Global LTAFR but as a minimum always exceed the industry average performance.
- Reduce Loss of Containment (LOC) events by 5% compared to 2023 performance.
- Continue to implement and comply with corporate process safety standards, aiming for 95% compliance by end 2024.
- Introduce new measures to support employee mental health and well-being with specific focus on promoting healthy lifestyles.
- Roll out more Diversity, Equality, and Inclusion (DEI) initiatives and improve data collection and reporting of relevant metrics.
- All sites to take part in at least one Innospec Cares volunteering event and submit at least one team match funding application.



Governance

Leading by example

- Implement a new enhanced compliance screening regime for third parties and suppliers as part of the new ERP rollout.
- Engage with EcoVadis low-scoring suppliers to develop corrective action plans that will raise their scores.
- Target 100% transparency at mill level in our annual transparency and risk mapping exercise for 2023 palm volumes.
- Ensure we implement the requirements of the EU Deforestation Regulation for all applicable commodities by the end of 2024.





Innospec Inc.

8310 South Valley Highway,
Suite 350, Englewood,
Colorado, 80112, USA

TEL: +1 303 792 5554

Innospec Manufacturing Park,
Oil Sites Road, Ellesmere Port,
Cheshire, CH65 4EY, United Kingdom

TEL: +44 (0)151 355 3611

www.innospec.com

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

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

Jacobs

Assurance Summary Statement 2023

Jacobs has conducted an independent assurance review of Innospec's 2023 Sustainability Report in accordance with AccountAbility's AA1000 Assurance Standard 2018. This involved assessing Innospec's adherence to the AA1000 AccountAbility Principles of Inclusivity, Materiality, Responsiveness and Impact, as well as assessing the reliability and quality of the sustainability information contained within the report to a moderate level of assurance. This is the level generally adopted by companies when using AA1000 to assure their sustainability report.

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

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

JACOBS, BRISTOL, JULY 2024