



## 2018 SUSTAINABILITY REPORT







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# Putting Care in Beauty Care

## Sustainability at INOLEX starts with a simple question:

As a manufacturer of innovative ingredients, how can we enhance every personal care product we touch by producing the safest, most effective and sustainably conscious ingredients we can?



There are many layers to our business, but the determining factor for our success is caring for the people and the places most important to us. At INOLEX, we are a community that cares for one another as together we care for our clients. We do this, in large part, by living our sustainability mission.

Our ingredients solve existing and emerging needs of beauty care brands around the globe. Our commitment to sustainability, and our ensuing strategic approach, hold us accountable for improving the environmental, social and industry challenges that we encounter along the way. Said differently - being “sustainable” is a decision we make each day to do better business.

2018 marks INOLEX’s first comprehensive sustainability report. The impacts of our Sustainability Program, however, have been in motion for decades. This report aims to illustrate our company’s overall purpose with respect to sustainability measures around each area of materiality.

## People-to-People

Becoming a more sustainable business continues to be a work in progress. We are evolving as a company as we “live” our sustainability mission, motivated in knowing that the initiatives we undertake are intrinsically tied to the value chain we pass on to our INOLEX team, our customers and partners, and the communities we serve.

The fundamentals in our daily interactions set the premise for many of our key sustainability goals. These include:

- Establishing a caring workplace that values safety.
- Encouraging cross-functional exchange to foster innovation of next generation, natural ingredients.
- Maintaining strong vendor relations for traceability and transparency of raw materials.

More broadly, our People-to-People pillar is evidence of a culture at INOLEX that aligns our core values with a commitment to approach sustainability in a people focused, purpose driven way.

## Life Ingredients Leading with Innovation

Our platform around chemistry and product design is guided by the Principles of Green Chemistry and life-cycle thinking. We are passionate about introducing next generation, sustainable ingredients to the market place, not simply to satisfy evolving industry need, but to help our customers rethink the possibilities of what’s in their beauty care products.

The breadth of our alternative and natural plant-based technologies is evidence of the spirit of innovation at INOLEX, and our cadence to stay “ahead of the curve”. The proprietary advancements we have delivered in Alternative Preservation, Silicone Alternatives, Palm-Free ingredients, Sun Care, Conditioning Agents and Natural plant-based technologies have established a more sustainable benchmark for ingredient formulation. This is a central part of our growth strategy.

The protection of our patented technologies and adherence to regulatory frameworks are also vital components in our development of technologies that offer a better material, environmental and social profile.

We aim to involve you and the beauty care community to be central in the process as we build our sustainability program and become even more dialed-in as a business to the things that matter.

## Responsible Manufacturing

Our Product Stewardship Program helps define who we are as a responsible ingredients manufacturer. We monitor and assess all stages of our production, from responsible procurement of raw materials, including our certification as an RSPO Mass Balance supplier, to our adherence to quality standards, to the safety of our plant.

Our Environmental Health and Safety (EHS) policy details the standards set forth for sustainable operations. As an innovative ingredients manufacturer in the chemical industry, we are conscious of our environmental impact and the choices we need to make to conduct our business in a mindful way.

INOLEX Leadership is committed to driving EHS progress, providing support and resources to ensure success. By empowering every member of our team to be an EHS leader, we have established an impressive track record of safety at our Philadelphia facility, and have made notable progress in our waste output and energy usage.

## Commitment to Stakeholders

Building out our Sustainability Program demands that we are transparent and forthcoming with our goals, initiatives, processes and procedures to allow our stakeholders access, at any point, to the information most relevant to their needs.

Through the details of this report, and our online [inolex.com/sustainability](http://inolex.com/sustainability) content, I invite you to learn more about the areas where we have made significant progress, and the targets that we have established for future improvements.

We aim to involve you and the beauty care community to be central in the process as we build our Sustainability Program and become even more dialed-in as a business to the things that matter.

**David Plimpton**  
CEO and President





At INOLEX, we believe in caring for the people and the places most important to us. We strive to enhance every personal care product we touch by producing the safest, most effective, and sustainable ingredients possible. We are committed to creating a positive impact by leading with innovation and upholding each pillar of our sustainability platform.

## INOLEX SUSTAINABILITY PILLARS:

### 1 **LIFE INGREDIENTS**

### 2 **RESPONSIBLE MANUFACTURING**

### 3 **PEOPLE-TO-PEOPLE**

SUSTAINABILITY ACHIEVEMENTS

In 2017, INOLEX completed a company wide materiality assessment to identify key areas of focus for our Sustainability Program. Below are key areas where we are already making a notable difference.



We earned **Zero** Total Recordable Injuries and Illness in Manufacturing in 2017 through our safety-first culture in the workplace.



We reduced our wastewater BODs in the manufacturing process **55%** since 2010.



We achieved a **62%** reduction in VOC emissions from 2011-2017 at our Philadelphia manufacturing plant.



**Half** of INOLEX’s Innovation Product Portfolio is entirely palm-free.



**Over a third** of INOLEX’s Innovation Product Portfolio is naturally derived.



We reduced our water usage **24%** since 2011 and **8%** since 2016 in our manufacturing operations.

SUSTAINABILITY TARGETS

A brief look at our commitments and targets for sustainability improvements in the year ahead.



Offering RSPO Mass Balance for **100%** of our palm-derived products by year end 2018.



Commitment to **Zero Deforestation** by 2020 by certifying that all of our palm-derived products will be sourced from 100% deforestation-free and sustainably sourced palm to achieve positive socio-economic impacts, zero deforestation, and zero peat clearance.



Maintaining a Cumulative First Pass Success quality assurance standard of **95%** for 2018 to mitigate additional manufacturing use of energy, resources and waste production.



Implementing a **New ERP System** in 2018 to enhance transparency and exchange of data across the full life-cycle of our products for both internal and external stakeholders.

# Life Ingredients

Leading with Innovation = Sustainable Product Design

**T**he INOLEX innovation platform is guided by the Principles of Green Chemistry and life-cycle thinking. Our goal is to provide ingredients that deliver objective, measurable improvements in performance, consumer preference, and sustainability.

Green chemistry involves the utilization of a set of principles that reduces or eliminates the use or

generation of hazardous substances in the design, manufacturing and application of chemical products.

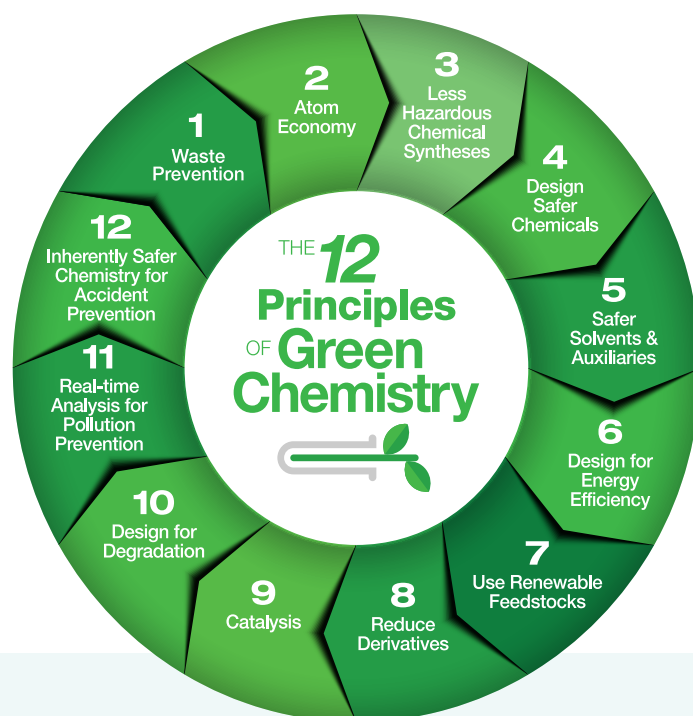
In practice, green chemistry covers a much broader range of issues than the definition suggests. In addition to using and producing better chemicals with less waste, green chemistry also involves reducing associated environmental impacts, including a reduction in the amount of energy used in chemical processes.

## Guided by Green Chemistry

The 12 Principles of Green Chemistry serve as the framework for our ingredient development.

This philosophy gives us the opportunity to build:

- “Platformable” chemistries for building sustainable ingredient portfolios to address a broad range of applications.
- Safe, simple chemistry with sophisticated performance: efficacy AND efficiency.
- Effective use of renewable, plant-based feedstocks; new biobased alternatives.



## THE RESULTS

- We use green processes to transform plant-based building blocks into high-performance cosmetic ingredients.
- The molecular design of our products enhances both performance and sustainability.
- By applying this framework to our chemistry, we are able to deliver innovative, proprietary individual ingredients and blends, such as Alternative Preservation systems and Silicone Alternatives, to the beauty care industry.
- We teach a collaborative approach in prototype formulation development and testing to help our partners reach their sustainability goals for their end consumer beauty care products.



## ProCondition™ 22 Process vs Traditional Chemistry

Results in Reduced Greenhouse Gas Output

## Green Chemistry Applied

INOLEX applies the Principles of Green Chemistry in the manufacturing process to reduce energy usage and waste output during the production phase. The benefits are significant, even with products that may not hold the claim of 100% natural.

One such example is illustrated in the manufacturing process of ProCondition™ 22, a plant-derived conditioning agent for hair care formulations.

## ProCondition™ 22: Synthesis Chemistry

Traditional fatty acid chemistry involves splitting hydrogenated oil followed by distillation. This traditional process generates water waste (“sweetwater”) which requires additional energy output for refinement or distillation to generate useable glycerin.

INOLEX eliminates these steps of splitting and distillation through one-step aminolysis of hydrogenated oil directly. This elegant, sustainable process generates no water waste and eliminates energy spent to recover glycerin, thus producing a high performance, greener alternative to traditional beauty care conditioning ingredients.

**6.42 MT** A 6.42 MT output of greenhouse gas (as CO<sub>2</sub>) is eliminated per 1300 MT amidoamine produced using the ProCondition™ method compared with the traditional chemistry process. This equates to saving:

Annual greenhouse emissions from

**134**  
passenger vehicles



CO<sub>2</sub> emissions from annual energy use of

**32.1**  
homes

Carbon sequestered by

**16,462**

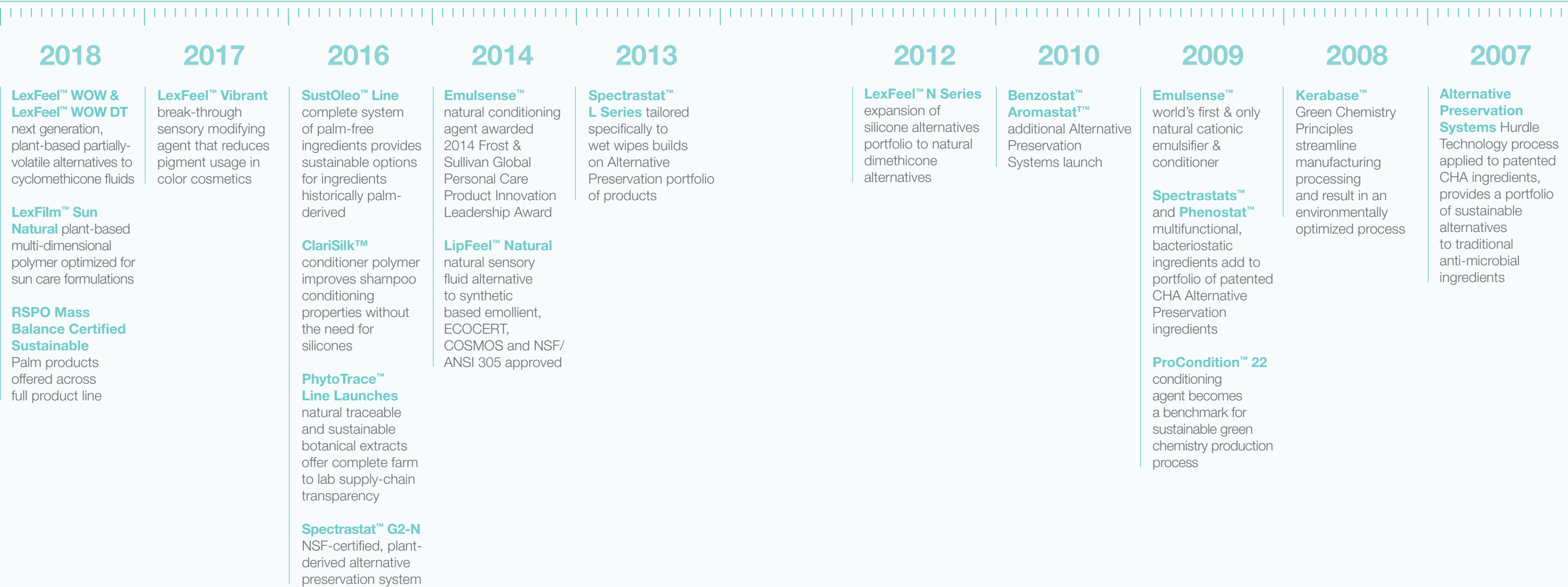
tree seedlings grown for 10 years





# Sustainable Innovation Timeline

A brief look at how we have grown.



In 2016, INOLEX divested its industrial division, LexoLube, to focus exclusively on bringing sustainable innovation to the Personal Care Industry.



## Innovation Center

### Curiosity to Commercialization

The journey from ideation to commercialization is one that INOLEX considers paramount. Central to our business, the protection of our ideas, intellectual property, and patents is held in the highest regard.

The ethics around R&D and IP protection have as much to do with ensuring the authenticity of our products for the safety of our customers as they do with upholding the standards of the global market in which we participate.

We keep a watchful eye on imitation products that may infringe on our patented technology, and maintain a rigorous process to protect proprietary expertise.

Our commitment to sustainability is emphasized by our broad portfolio of proprietary developments aligned with the Principles of Green Chemistry. The positive social and environmental impact of these products is maintained, in part, by our IP Protection standards.

### INOLEX has adopted IP Protection standards for which we hold ourselves, our suppliers and our customers accountable:

- Protection of all Research and Development, intellectual property, and innovation activities, defined as any activity that provides market advantage and promotes the health and wellness of our personal care clients and the end consumer.
- Protection of INOLEX proprietary product technologies to ensure inferior products are not produced and sold outside of our knowledge and protect the safety of our customers.
- Protection of INOLEX proprietary product technologies identified as patent pending or patented to ensure business success.
- Agreement that all partnerships in the collaboration of innovative technologies will adhere to INOLEX IP standards.
- Maintaining solid ethical pillars in our management to uphold these standards.

## INOLEX Natural Principles

INOLEX's natural ingredient range adheres to the following sustainability principles:

- Designed with the goal of delivering 100% natural alternatives to widely used petrochemicals or unsustainable ingredients in key applications where there are currently minimal alternatives.
- We strive to create products with all of the performance and sensory benefits of synthetics, without the health and ecological risks.
- Created from pure plant-based and mineral building blocks. We opt for 100% plant-based feedstocks whenever possible.
- Manufactured using the principles of green chemistry to the maximum extent possible to promote environmentally sustainable development. This means generating minimal to no waste, including reactionary by-products.
- Verifies that raw materials, as well as manufacturing processes, are safe for human health and the environment.
- Assess final product safety through various industry recognized testing to identify potential hazards and risks that may impact worker handling, end consumers, or the environment. This also involves active monitoring of scientific findings and data inquiries, which is tracked and incorporated appropriately.
- Continuously assess our natural products' life cycle against industry known standards, such as COSMOS and NSF/ANSI 305.
- Meet or exceed ISO 16128-1 Standard when applicable.

INOLEX Natural products are certified to the standards of multiple Beauty Care industry organizations.

- ✓ Natural Plant-based
- ✓ Petrochemical-free
- ✓ RSPO Mass Balance
- ✓ Quat-free
- ✓ Readily Biodegradable
- ✓ Non-toxic
- ✓ Non-GMO
- ✓ No animal tests
- ✓ Non-irritating
- ✓ Non-sensitizing
- ✓ Sustainable
- ✓ No solvents during manufacturing process



## INOLEX Product Spotlight

- |  |  |  |
|--|--|--|
| <b>LexGard™ Natural</b><br>An easy-to-use system for naturally preserving cosmetic formulations. | <b>LexFeel™ Natural</b><br>A natural solution to silicone-like formulation aesthetics. | <b>Emulsense™ HC</b><br>A natural cationic agent that exceeds the performance of traditional synthetic conditioners. |
|--|--|--|



Product Focus

The growth of our natural product line demonstrates INOLEX's commitment to bring sustainable options to the markets we serve. Our goal is to influence the next generation of ingredients for beauty care consumer products with technologies that have a better material, environmental and social profile.

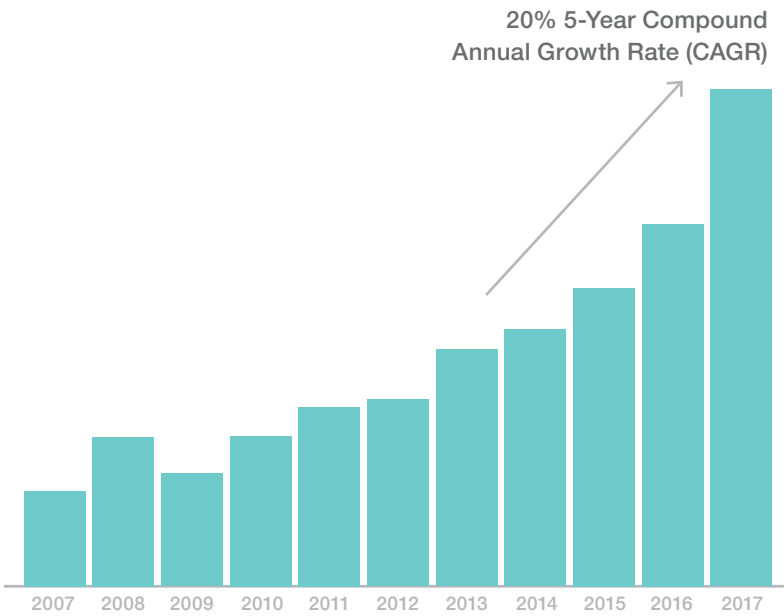
Year after year, INOLEX has invested in our R&D capabilities to strategically align our thought leadership with our core chemistries. Sustainable products are a fundamental part of our platform to meet demand from customers and consumers.

Over the past 5 years, our natural technologies have become a significant part of our offering, resulting in a 20% increase in compound annual growth as a portion of our overall revenue.

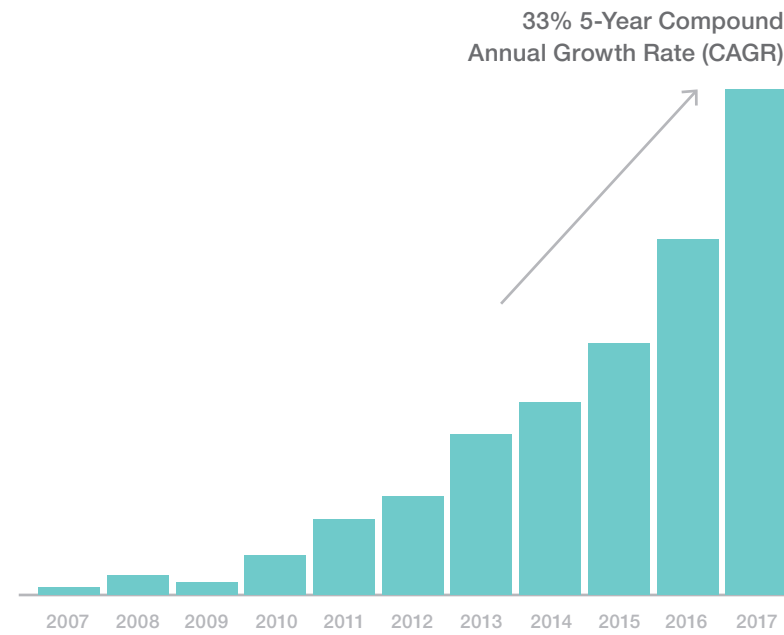
Currently, over a third of our Innovation Product Portfolio is plant-based, NSF approved, meeting the requirements for application in organic personal care products.

Social Impact of Beauty Care

In recent years, consumers have become increasingly informed about the social and environmental profile of the products they purchase. Consumers are aligning their loyalty and purchasing power with brands that take a more mindful, sustainable approach to their products and their business. As a result, beauty care brands have increasingly begun formulating with human and ecological balances in mind. INOLEX leads with innovation to offer safe, effective and environmentally friendly ingredient options. We provide scientific solutions that consider the sustainable impact in the manufacturing process all the way through to the final product.



INOLEX Naturally Derived Product Growth as a Portion of Total Business



INOLEX Naturally Derived Product Growth as a Portion of Innovation Product Portfolio

INOLEX Natural Product Lines

 <p><b>Natural Alternative Preservation</b> Optimized alternative preservation systems to safeguard formulas from microbial contamination.</p>	 <p><b>Natural Cationics</b> Breakthrough innovations in green chemistry, including the world's first natural cationic conditioning agent.</p>
 <p><b>Natural Silicone Alternatives</b> 100% Natural plant-based, high performance alternatives to cyclomethicones and dimethicones.</p>	 <p><b>Sun Care</b> Natural film formers with water resistance and superior aesthetics.</p>
 <p><b>Traceable Extracts</b> Botanicals traceable to local farms in the South of France.</p>	 <p><b>Palm-Free</b> Diverse portfolio of functional ingredients from natural, non-palm sources enables palm-free formulations.</p>

## Compliance and Regulatory

The complexity, diversity, and quick-changing nature of the regulatory landscape in the personal care industry makes the work in this space a critical function within our product life cycle. We dedicate tremendous resources to stay abreast of industry developments and remain proactive with the changing needs of the beauty care industry.

All of our products undergo thorough evaluations to ensure their compliance with global regulations.

INOLEX has an in-house regulatory and compliance team that monitors global regulatory requirements and trending industry standards across our full product range. This expertise is instrumental in helping to inform our commercialization strategy and in understanding future policies that shape the industry.

### Regulatory Highlight - Adherence to REACH:

INOLEX is in full compliance with the EU REACH regulation. Our regulatory department successfully collaborated with both our raw material suppliers and our downstream customers to ensure that INOLEX products were appropriately registered before each of the three major deadlines. This accomplishment allows the long-term availability of our products. At the same time it affords us a competitive advantage in the marketplace, ensuring our ability to provide relevant product safety information and timely consultation to our customers.

## In Partnership for Sustainability

INOLEX complies with many of our customers' internal policies around human health and the environment. The following applies to the entire INOLEX product offering:

- Vegan-friendly
- Gluten-free
- No use of conflict minerals
- No animal testing conducted for the purpose of safety evaluation since November 2009
- Compliance with the protection of biodiversity (e.g., CITES, Nagoya Protocol)
- No nanomaterials are generated or used in our production processes, nor are they present in final products
- Halal and Kosher compliant

We dedicate tremendous resources to stay abreast of industry developments and remain proactive with the changing needs of the Beauty Care industry.





# Responsible Manufacturing

Product Stewardship = Product Integrity

**O**ur Product Stewardship Program aims to minimize the health, safety, environmental and social impacts of our products throughout the lifecycle stages, while also ensuring the economic success of our business. That’s a big undertaking, and one that we integrate with our sustainability strategy throughout all areas of the business.

As a chemical manufacturer, we hold ourselves first and foremost responsible for assessing the specific material areas that can be targeted for improvement and higher standards of operation.

We also recognize the value of input from our stakeholders, such as suppliers, partners, customers and end-consumers who are often catalysts for raising awareness and driving change in our industry.

As such, we take a holistic approach to our Product Stewardship Program. We comply with the standards that are defined by regulatory bodies. And, we make it part of our strategy to do “better business” by implementing safe and sustainable manufacturing processes that are tracked, measured and reviewed for improvement on a continual basis.

## Responsible Sourcing & Sustainable Supply Chain

The integrity of our products is intrinsically tied to the quality of our raw materials. INOLEX’s *Responsible Sourcing Program* is dependent on establishing strong and robust partnerships throughout the supply chain to ensure that we can uphold high standards of traceability and transparency.

Our *Responsible Sourcing Program* allows us to objectively assess the safety, quality, and origin of our

raw materials. It is a thorough, repeatable process to authenticate procured materials that form the foundation of our ingredient technologies. The data that we analyze serves as a baseline to set goals for increasing the percentage of materials that are sustainably sourced. Simultaneously, the initiative provides a resource for vendors to improve their own sustainability practices.

**INOLEX requires vendors to provide extensive documentation to verify the authenticity and claims of their raw materials. We collect and monitor essential criteria on each of our current and prospective vendors including:**

- |                  |                        |
|------------------|------------------------|
| ○ Feedstock      | ○ Supplier approval    |
| ○ Origin         | ○ REACH compliance     |
| ○ Location       | ○ Naturality           |
| ○ Certifications | ○ Other Specifications |

A comprehensive procurement continuity plan ensures the receipt of raw materials operates uninterrupted. In 2018, INOLEX initiated an internal assessment to explore more environmentally friendly options for raw material shipping and packaging.



## Increasing Traceability & Transparency

INOLEX’s *Responsible Sourcing Sustainability Questionnaire* establishes a standard to gather detailed information from our raw material vendors. This allows us to qualify and track our supply chain, in many cases down to the plantation and mills where the raw materials are sourced, harvested and processed.

- Ongoing due diligence for vendors (annual, quarterly or rolling)
- Procedures for qualifying suppliers of new raw materials including toll manufactures and packagers.
- Established supplier audit program and our vendor performance work instructions to provide enhanced conformity and transparency

### NEW TECHNOLOGY

In 2018, INOLEX is implementing a cutting edge ERP platform that facilitates the exchange of data throughout our internal operations. This upgraded system will enhance transparency and traceability across the organization, with our suppliers, and with our customers.





Sustainable Palm Sourcing 2018

Palm oil and its derivatives are important raw materials that are widely used in the cosmetic industry. Palm oil’s popularity stems from its desirable natural properties, versatility, and its efficiency as the highest-yielding vegetable oil crop. Global demand for palm oil has increased, which has contributed to economic development in palm-producing regions. Despite lifting millions out of poverty, the expansion of plantations and cultivation of palm crops has historically created negative environmental and social impacts, requiring a transformation of the palm oil industry.

INOLEX is committed to doing our part to transform the palm oil industry. We are committed to sustainable palm production and trade without causing harm to the environment and society. We are proud members of the Roundtable on Sustainable Palm Oil (RSPO) and have achieved RSPO Supply Chain Certification. Our Sustainable Palm Oil Sourcing Policy details our commitment to the sustainable supply of palm oil, our goals, and our plan to achieve these goals.

In conjunction with our commitment to meeting RSPO standards, INOLEX has committed to additional sustainable palm sourcing goals, including:

- Transitioning 100% of our palm-derived products to RSPO Mass Balance offerings by the end of 2018.
- Increasing transparency throughout the supply chain to each of the plantations or suppliers’ mills by 2020.
- Achieving Positive Socio-Economic Impacts, Zero Deforestation, and Zero Peat Clearance by 2020.

NO  
DEFORESTATION

NO PLANTING  
ON PEAT

NO FIRE

REDUCTION  
OF GHGS

RESPECT FOR  
HUMAN RIGHTS

TRACEABILITY OF  
ALL FRESH FRUIT  
BUNCHES TO MILL

As part of this commitment, INOLEX will preferably work with suppliers who comply with this Policy and can demonstrate the responsible sourcing of palm-supplies by increasing traceability through the supply chain to each of the plantations or suppliers’ mills.

We are committed to working with our suppliers on solutions to achieve this goal. INOLEX commits to working with suppliers whose policies and practices ensure the following:

- Full compliance with the laws in the country where they operate

○ Drive positive socio-economic impacts

Respect for all workers’ rights, including contract, temporary, and migrant workers, in accordance with the Universal Declaration of Human Rights.

Respect for the rights of indigenous people and local communities to give or withhold their Free, Prior and Informed Consent (FPIC) to any project that make affect their lands (legal, communal, or customary rights) and livelihood.

Support the inclusion of Smallholders within the palm oil supply chain and engage in partnerships with communities aiming to have a positive environmental, social, and economic outcome for their palm plantations.

Transparent and consultative process for the resolution of conflict and complaints working with all stakeholders.

○ Zero Deforestation

The conservation and restoration of High Conservation Value (HCV) areas when expanding palm plantations.

The conservation and restoration of High Carbon Stock (HCS) areas when expanding palm plantations.

No burning in the preparation of new plantings and re-plantings.

○ Zero Peat Clearance

No peat clearance for new plantations.

Application of responsible management and maintenance of peatlands in existing plantations.

RSPO Membership and Certification



The Roundtable on Sustainable Palm Oil (RSPO) is a global, multi-stakeholder initiative on sustainable palm oil formed in 2004 to develop and implement global standards for sustainable palm oil. The RSPO vision and mission is to transform markets to make sustainable palm oil the norm.

The RSPO developed a set of environmental and social criteria for the production of Certified Sustainable Palm Oil (CSPO) in 2008, which can help minimize the negative environmental and social impacts of palm oil cultivation when

properly applied. In addition, the RSPO developed a Supply Chain Certification Standard to ensure the integrity of the trade in sustainable palm oil, providing assurance that palm oil sold as CSPO was actually produced by certified growers.

INOLEX has been committed to the initiatives of the RSPO since first becoming a member in 2012. In order to further our commitment to sustainable palm oil, we sought RSPO certification. In 2017, INOLEX achieved RSPO Supply Chain Certification for the Mass Balance supply chain model. In addition, INOLEX has committed to offer 100% of our palm-derived products as RSPO CSPO Mass Balance by the end of 2018. Check our Progress at [www.rspo.org](http://www.rspo.org)



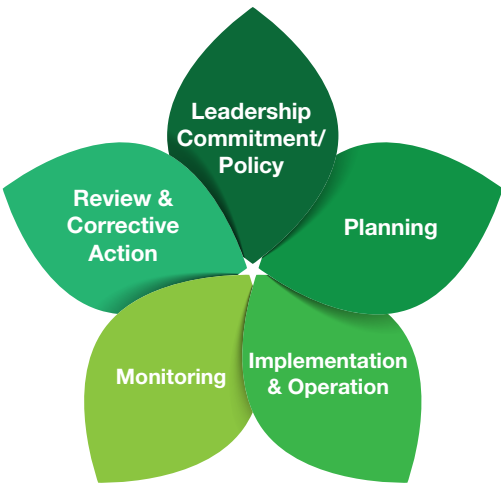
Environmental, Health & Safety Management

We believe that providing a safe and healthy workplace for all of our people, contractors and visitors is paramount. We are dedicated to protecting the environment of the communities in which we operate through sound environmental stewardship and by minimizing the impact of our manufacturing operations on the planet.

As such, we have set forth a comprehensive Environmental, Health and Safety (EHS) Management System (EHSMS) to ensure compliance with applicable EHS legislation, minimize the risk of injury to employees, control other associated losses, and protect the environment by providing consistent and effective management of EHS activities.

Above all, we are committed to achieving environmental, health and safety performance through the continual improvement of our program—one that engages and involves employees, and integrates EHS performance into our company’s culture and daily operations.

- Complying with all environmental, health and safety regulatory requirements.
- Training and education of employees on applicable environmental health and safety topics.
- Fostering a positive safety culture that integrates health and safety into every aspect of our operation and our daily tasks.



Environmental, Health and Safety Management System Process

Education

On average, the INOLEX manufacturing team receives 54 hours of EHS training annually. This investment into the development and safety of our people has resulted in better communication of what we do well and where we need to focus to make improvements.



Quality Management

Our goal for quality management is to set the standard high, diligently monitor and record our processes, and make continuous improvements along the way. It’s our commitment to quality that gives our partners the assurance that they are receiving the safest, highest grade ingredients for use in their products.

INOLEX is proud to be certified to the following industry standards:

- European Federation for Cosmetic Ingredients (EFFCI GMP). INOLEX was one of the first cosmetic ingredient manufacturing facilities in North America to be certified in 2013, and recently upgraded our certification to the 2017 standard.
- ISO 9001 certified since 1993, and recently renewed our ISO 9001:2015 certification through 2021.
- RSPO Mass Balance certified 2017

Injury & Illness Performance

We achieved zero recordable injuries and illnesses in 2017 through the improvement of equipment, maintenance practices, trainings and procedures. Our Health and Safety Management Program, reinvigorated in 2017, has resulted in significant improvements in our manufacturing facility, including enhanced programs and procedures, risk management practices, hazard controls, and employee engagement to keep our people safe.



EHS Metrics

How do we act responsibly at each conjunction of our manufacturing process? The material areas that follow speak to where we have focused our efforts in establishing sustainability targets and how we are measuring up.

Energy Consumption

Our Philadelphia plant has seen a reduction in water and energy usage in 2018 by switching from fossil fuels to natural gas to power a newly installed, more efficient boiler system. The baseline of KWH is being measured against future usage to quantify the savings.



Environmental Air Emissions Reductions 2017

INOLEX has made significant improvements in the reduction of air emissions from our processes, including the use of less volatile raw materials and improvements in controls on combustion units, to achieve reductions in our air emission rates.

62% Reduction in VOC emissions since 2011

64% Reduction in NOx emissions since 2011

23% Reduction in SOx emissions since 2011

Water Usage & Waste Reduction

INOLEX makes every effort to reduce waste throughout all processes including during the responsible manufacturing process of our raw materials to finished ingredient. This includes reworking products and recovering strippings and alcohols to be used in processing. We also conduct analysis of our processes and raw material usage so our reactors are not charged in excess of raw material, reducing waste as a result.

55% Reduction in wastewater BODs since 2010.

24% Reduction in water usage since 2011 and an 8% reduction in water usage since 2016.



# People-to-people

Guided by INOLEX Core Values

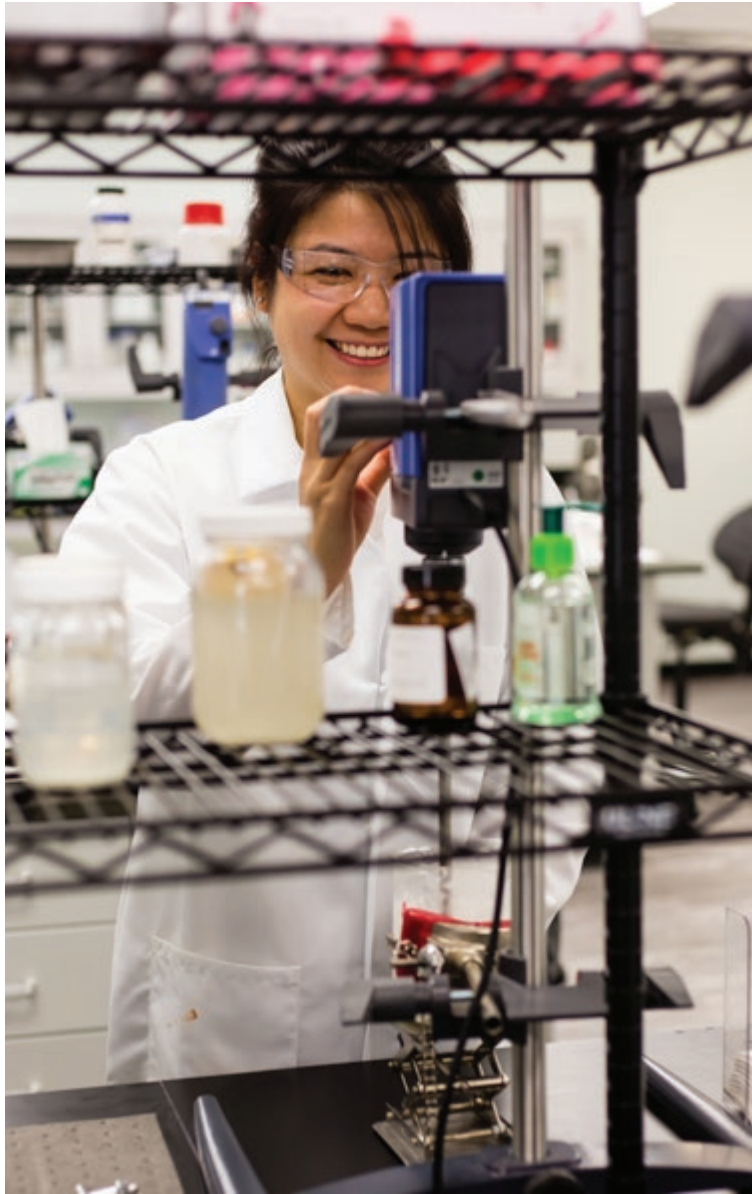
INOLEX Core Values set the stage for our sustainability initiatives so that we can be purposeful in our day-to-day work and profitable as a business now, and in the future. Likewise, our customer centric culture serves as a framework

to guide us in important decisions as they impact our people, planet and products. By asking “How will this impact our partners?” we immediately address the individuals most touched by the goals we set and the steps we take to achieve them.

## Governance

INOLEX is proud to be an independent specialty ingredients company with strong organizational governance from our Board of Directors. The INOLEX Board is comprised of external Directors and private participation representing expansive industry expertise. The Board meets on a quarterly schedule.

Our thoughtful approach to sustainability strives to deliver value in a local, regional and globally conscious way to all of our partners and ultimately end consumers. The INOLEX Board of Directors, along with our Senior Leadership Team, is responsible for ensuring that the company’s business objectives and sustainability strategy are aligned and carried through.



**INOLEX Value:**  
We are true to our word.



**INOLEX Value:**  
People are our greatest strength.

## Diversity & Inclusion

We believe that diversity helps make our company a dynamic place to work by encouraging varied perspectives and fostering a spirit of curiosity and tolerance.

As a global team, our understanding of one another and our unique contributions from different backgrounds, also helps us understand the unique needs of the beauty care markets we serve.

We are proud of our ability to build a thriving, diverse workplace. We are committed to a work environment in which all individuals are treated with respect and dignity. Our diversity and inclusion policies ensure that we continue to nurture this core value.

INOLEX is an inclusive, professional workplace, which means equal

employment opportunities (EEO) for all people.

- We strive to cultivate an environment for team members to contribute to their fullest potential.
- We expect that each of our team members come to work each day, respectfully engaged.
- INOLEX prohibits unlawful discriminatory practices and expects that all relationships among persons in the office are mature, business-like, free of bias, prejudice and harassment.
- It is our policy to comply with applicable state and local laws governing nondiscrimination in employment in every location in which the company has facilities.

### Recruiting the right people who can make a big impact

We hire individuals based on the idea that they want to perform well.

We also believe that true innovation happens by putting people first. That’s why we look for exceptional and diverse talent, not only with the right skill set, but also with a bold, entrepreneurial mindset to explore new ideas and make things happen.

We build dynamic teams across the globe, with individuals who push our standards for excellence forward, and contribute to the sustainable growth of our business.



At INOLEX, we believe that our people give their best efforts to their jobs and treat their work as an important part of their lives.



**INOLEX Value:**  
We are Passionate.

**Employee Wellness and Advancement**

Our INOLEX culture and human resources strategy help ensure that we take good care of our people. We nurture the health and wellness of our employees through comprehensive benefits and programs that support individual and family well-being.

In addition to medical and dental insurance, INOLEX provides full-time employees benefits such as paid leave, life insurance, 401K plan and access to other resources and programs.

During their time of employment, employees are eligible to participate in our continuing education tuition reimbursement program. The platform provides support for continuing education through an accredited college, university or training institute, thus giving people the opportunity to grow their expertise and pursue future aspirations within the company.





## DISCLOSURES

**An INOLEX core value is “We are true to our word.”** To the best of our ability, we have disclosed in this report the material topics identified by our stakeholders as being most significant within the operations and activities of the INOLEX business. This report strives for an accurate and balanced portrayal of the sustainability measures around each material topic. Further, any quantitative data presented has been measured and calculated via a replicable process.

**Stakeholders:** We hold ourselves accountable to all of our stakeholders, INOLEX board, employees, customers, suppliers, distributors, consumers, the scientific community and regulating bodies. Our internal Sustainability Task Force is responsible for the annual review and update of sustainability goals as part of our ongoing sustainability mission. This Task Force provides a platform for continuous dialogue, to submit ideas, raise questions and explore areas of improvement. The forum invites all stakeholders to participate and takes place annually.

**Context:** As an independent, global ingredients provider, with locations in the United States, Mexico, Brazil, Germany, France, Belgium, Thailand and China, we are mindful of the impacts our sustainability initiatives make one-to-one with the individuals we serve, at a local level in the communities in which we do business, and more broadly across the personal care industry as a whole. We develop and measure our sustainability initiatives within the context of the micro and macro social and geographic environments where each is most relevant.