



2020 Sustainability Report



Our Purpose

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



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A Message from our CEO

Accelerating the shift towards a more sustainable way of life calls on us to encourage and serve others.

What we do as a business to be more sustainable here at INOLEX is magnified when we can effect positive change throughout the value chain and share our knowledge and sustainable practices for the benefit of all.

2020 brought into hyper-focus the interconnectivity and dependencies between our world and our local communities. This proximity presents us with extraordinary opportunity in the stewardship of the people and places that connect us.

As a company, in our reporting and in our daily practices, we strive to communicate with transparency and honesty about how we are making measurable progress, without diluting the full complex picture of the work still to be done.

Our 2020 Sustainability Report underscores our confidence in honoring nature while leading with science.

- 1 We seek to honor nature in innovation as we design and manufacture through the framework of green chemistry and life cycle thinking.
- 2 We leverage science to inform us and track our headway on the targets we set as a business.

- 3 We share science as a means to enable sustainable choices that serve to advance the personal care industry and the broader health, beauty, and wellness community.

In this year’s report, we present a number of areas where we have invested our efforts for more sustainable business practices. I am particularly proud of our relentless commitment to safety. This includes the safety of our people, demonstrating safety in our community, and our devotion to safe and effective ingredients for our customers.

Our report would not be complete without acknowledging the impact and challenge of 2020. We are grateful for the well-being of our people while also knowing many have suffered during this terrible pandemic. 2020 has stress-tested the pillars on which our sustainability platform stands. We are humbled to have withstood the year in full business continuity without sacrifice to the centrality and progress of sustainability.

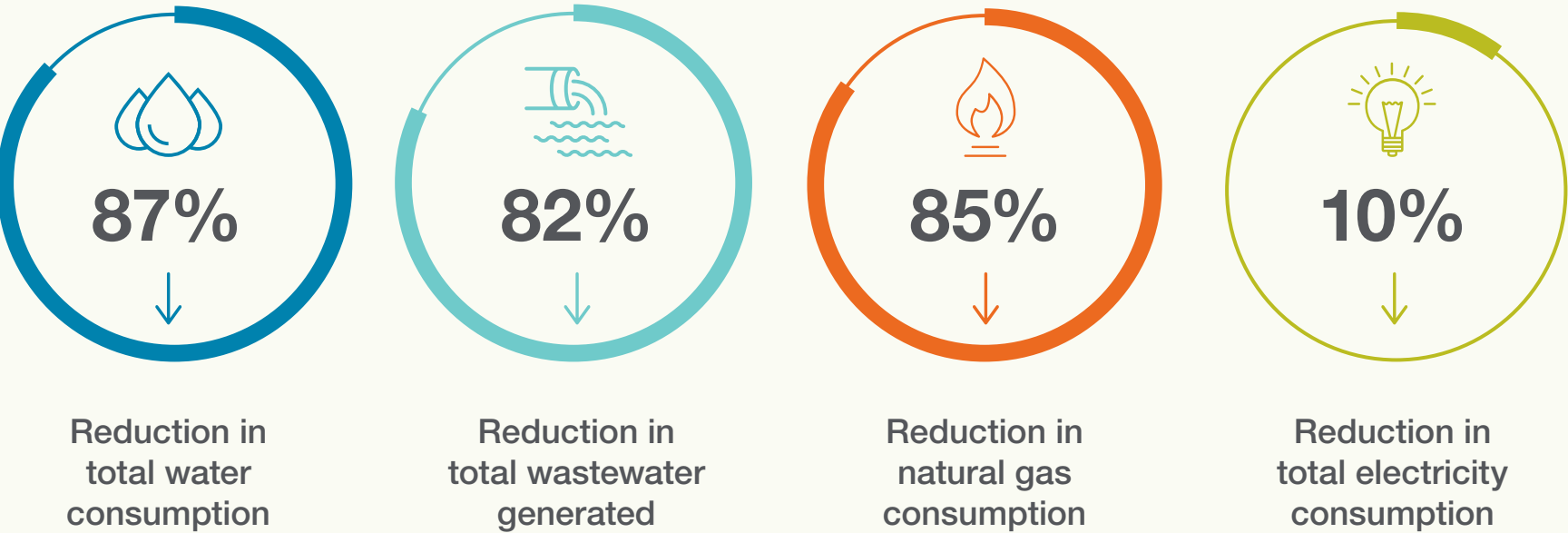


David Plimpton
CEO and President



2020 Sustainability Highlights

In 2019 we transitioned our North American manufacturing facility from an aging infrastructure to a state-of-the-art flagship facility in Charlotte, USA. With a full year of operations data from our new US plant, we are beginning to experience the efficiencies that are crucial in reducing our environmental impact.



The above figures are based on comparison of 2018 data from our legacy operations in Philadelphia and 2020 data from our new operations in Charlotte. Data from 2019 is designated a transition year from sites and therefore is not included in the comparison. See page 18 for details. Packaging metrics on the right are based on a 12-month period of container usage January-December 2020.

- Independent safety culture survey conducted
- Seven sustainable solid format prototype formulations created
- Two new 100% natural preservation products launched
- Maintained business continuity through COVID-19 pandemic

Reconditioned packaging that would otherwise end up in landfill:

- 5,200 steel drums
- 650 polyethylene (HDPE) drums
- 950 totes comprised of steel and polyethylene (HDPE) bottles



Sustainability as Shared Accountability

INOLEX operates as a uniquely independent company. We choose to share the progress of our sustainability program to be accountable. By doing so, we maintain a commitment to our stakeholders, inviting participation and valuable perspectives in the process of building a more sustainable future.



Safety

As both a manufacturer and provider of ingredients, safety is paramount. In early 2020, we conducted a third-party evaluation of our company’s safety culture. Safety continues to be the highest priority for our team, our partners, our customers, and end consumers.

Building a culture of safety and accountability is one of the intangible assets that is shaping the social pillar of our sustainability platform. It requires a measured approach to collect safety data at our facilities; evaluate and improve processes; build out our training program; and encourage a dialogue loop within the team. In this, we demonstrate our resolve to look out for one another as we serve the community at large.



Transparency

Transparency is the impetus for accountability. We provide information about our products and processes that is honest, clear, and data-driven. Making this information readily accessible equips our stakeholders to make better, more informed decisions.

Each year, we look for opportunities to integrate more transparent data sharing into the ways our partners and customers work. Learn more about our 2020 initiatives to increase transparency in our Innovating Sustainably and Operating Purposefully sections.



Accountability

INOLEX places itself at the intersection of honoring nature, leading with science, and championing the wellness of the community.

To integrate these pieces, we are confronted with tough questions. How do we respect our resources in a finite world while ensuring continuity? How can we use science for product transformation to deliver ingredient performance with a better environmental and social profile? How can we provide better access to products that keep people healthy and safe? In the pages that follow, we detail some of the work we are doing to be accountable and make good on this responsibility.

Innovating Sustainably

Sustainable design is most impactful when it solves a critical market need. Ingredient innovation at INOLEX is demonstrated through the full life cycle of our products with a holistic, transparent, and verified approach.



Embedding Sustainability into Ingredient Design

As ingredient designers, INOLEX recognizes the important position we hold in a sustainable supply chain. Our innovation philosophy is rooted in the 12 Principles of Green Chemistry and life cycle thinking which results in ingredients that have excellent environmental, social, and governance profiles. We model the sustainable properties of our consciously designed chemistries so our customers can identify how INOLEX ingredients can help them meet their sustainability goals.

Sustainable ingredient life cycles begin with feedstock selection and conclude with end of life. Through six key checkpoints we design and assess ingredients to optimize environmental and consumer benefits.

Sustainable Life Cycle of a Biodegradable Film Former



LexFilm™ Sun Natural MB is an excellent example of an ingredient with an impressive sustainable life cycle. This plant-based flexible film former is significantly differentiated from other non-biodegradable film formers.

1. **Feedstock Selection:** This ingredient is derived entirely from non-GMO plants—RSPO Mass Balance certified palm, coconut, and castor.

2. **Ingredient Manufacture:** The process for making LexFilm™ Sun Natural MB is free of solvents and the only byproduct is water.

3. **Ingredient Shipping:** It is 100% active material thereby eliminating the shipment of non-value added ingredients.
4. **Product Manufacture:** There is no residual monomer in the finished product.

5. **Consumer Use:** It is non-irritating to skin and eyes and improves UV filter water resistance.

6. **End of Life:** LexFilm™ Sun Natural MB is readily biodegradable, non-toxic to aquatic life, and not persistent in the environment.



The 6 stages of an ingredient's sustainable life cycle are:

- Feedstock Selection
- Ingredient Manufacture
- Ingredient Shipping
- Product Manufacture
- Consumer Use
- End of Life

Validating Naturality with Trustmarks

INOLEX uses third-party verification to validate the naturality of our ingredients. Our platform includes the following six standards: COSMOS; NSF/ANSI:305; ISO 16128; ECOCERT; USDA BioPreferred; and NATRUE, the newest standard added to our program in 2020. While our industry continues to make strides in the

development of sustainable products, these trustmarks are important to substantiate the unregulated terms such as natural, renewable, and biobased. Cosmetic manufacturers must not only have the intention of purchasing biobased ingredients but must also employ due diligence to ensure the validity of the “natural” claims.

Goodbye Greenwashing: 3 Part Edu-Series



In 2020, we launched an educational series to fight greenwashing. We partnered with the United States Department of Agriculture to educate the industry on how to make informed decisions about product naturality. This digital event is just one way we are leading with our science expertise to enable sustainable choices in ingredient sourcing.

The three sessions covered the following topics:

- PART 1**
Wellness, Transparency, and the Evolution of Third-Party Natural Certifications
- PART 2**
The USDA BioPreferred® Program: Certified Biobased Content Brings Transparency to Natural Claims
- PART 3**
Formulating High Performance, Certified Natural Products





Transparent Ingredient Documentation

Transparency provides a forum for dialogue by sharing detail that is relevant to an individual’s level of interest and expertise. The more information and data we collect and share, the better prepared we are to support our customers and end consumers with their sourcing preferences or requirements.

Technical & Regulatory Product Dossier

LexFeel™ WOW-A DT

Patent Pending

GENERAL PRODUCT INFORMATION

INCI NAME

CAS NUMBER

PRODUCT CODE

PHYSICOCHEMICAL INFORMATION

COMPOSITION

COUNTRY OF ORIGIN

MANUFACTURING PROCESS

STATEMENT OF ORIGIN

REGULATORY & COMPLIANCE

1223/2009 COMPLIANCE

ALLERGEN STATEMENT: EU FRAGRANCE

ALLERGEN STATEMENT: FOOD

2101 S. Swanson St. | Philadelphia, PA 19148 USA

Technical & Regulatory Product Dossier

ProCondition™ 22

Patent U.S. Pat. 9,662,288 B2

Version 1.3, November 13, 2020

GENERAL PRODUCT INFORMATION

INCI NAME

CAS NUMBER

PRODUCT CODE

PHYSICOCHEMICAL INFORMATION

COMPOSITION

COUNTRY OF ORIGIN

MANUFACTURING PROCESS

STATEMENT OF ORIGIN

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1223/2009 COMPLIANCE

ALLERGEN STATEMENT: EU FRAGRANCE

ALLERGEN STATEMENT: FOOD

2101 S. Swanson St. | Philadelphia, PA 19148 USA

Technical & Regulatory Product Dossier

Spectrastat™ G2 Natural MB

U.S. Patent No. US 9,693,641 B2 and European Patent No. EP 2 224 973 B1

Version 1.3, May 22, 2020

GENERAL PRODUCT INFORMATION

INCI NAME

CAS NUMBER

PRODUCT CODE

PHYSICOCHEMICAL INFORMATION

COMPOSITION

COUNTRY OF ORIGIN

MANUFACTURING PROCESS

STATEMENT OF ORIGIN

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Dossier Platform

In 2020, INOLEX’s Product Stewardship team completed an extensive project to consolidate all regulatory, toxicology, and compliance information into a single document for each one of our products. This dossier allows INOLEX to easily, and swiftly, disclose information such as plant origin, toxicology study results, biodegradability test results, allergen information, country compliance, and much more. Current customers may access dossiers for any existing ingredient to make informed ingredient sourcing decisions.

The ongoing success of this project relies on the cooperation and partnership of our suppliers. Routine updates from suppliers will be solicited on a yearly basis. We strive for complete transparency of our raw material feedstocks including plant source and country of origin.



INOLEX’s product stewardship team has consolidated regulatory, toxicology, and compliance information in a single document for each one of our 200+ products.

Independent Verification of Safety

INOLEX is a leader in establishing high safety and transparency standards of our technologies. One element in upholding our standards for our customers is full compliance with independent industry organizations, such as Cosmetic Ingredient Review (CIR) and the Expert Panel for Cosmetic Ingredient Safety.

The purpose of CIR is to determine independently – through a panel of scientific experts – the safety of ingredients used in cosmetics under the ingredient’s defined use. It plays a critical role in studying and thoroughly evaluating chemicals as they are used in cosmetic products to ensure consumer safety.

Cosmetic Ingredient Review of Caprylhydroxamic Acid

In 2020, we demonstrated our enduring commitment to consumer safety by voluntarily contributing all our available safety data on caprylhydroxamic acid (Spectrastat™ CHA) to the Cosmetic Ingredient Review. INOLEX voluntarily funded and commissioned the independent tests specified by the Expert Panel for Cosmetic Ingredient Safety and contributed the data to the public domain, further substantiating the safety of caprylhydroxamic acid. The Expert Panel ultimately issued a final report concluding that caprylhydroxamic acid is **Safe as Used** in cosmetics. By championing an independent third-party review by CIR, INOLEX helped ensure that consumers and customers alike could continue to trust the safety of Spectrastat™ CHA.



Under the guidance of Michael J. Fevola, Ph.D., Vice President of Research & Development at INOLEX, we contributed extensive data to the Cosmetic Ingredient Review (CIR) to ensure independent verification of consumer safety for caprylhydroxmic acid.



Learn more at www.cir-safety.org/about



Empowering a Transparent Marketplace

NEW Collaboration: INOLEX and NOVI

Today’s beauty landscape includes many standards and certifications that signal to consumers a brand’s values. These standards and certifications may have to do with the environment, human and animal rights, or strict ingredient selection criteria. At INOLEX, we support brands and consumers who strive to make more sustainable choices. This is why we partnered with Novi, a new marketplace for ingredient selection.

Novi serves as a third-party verifier of standards and certifications so companies can easily find vetted ingredients that meet their criteria. Novi is an AI-driven

platform that securely indexes and manages proprietary chemical data from ingredient suppliers and presents the findings on their ingredient database. Consumer brands can access raw material data to evaluate their existing products and to develop new formulations. Novi’s digital interface helps connect the dots from ingredient suppliers like INOLEX to beauty care brands, and ultimately end consumers.



Learn more at
www.noviconnect.com

As a digital research tool, Novi supports transparency in the ingredient supply chain and enables opportunities for brands to formulate products with a better sustainability profile and retailer acceptance.

Validating Consumer-Desired Claims: Vegan



Novi’s platform plays a crucial role in serving as a third-party to validate claims such as vegan. A beauty brand looking to source only vegan ingredients can filter their ingredient search by this claim and they will find INOLEX ingredients as well as selections from other suppliers that are vegan.

The INOLEX product portfolio is 100% vegan-friendly. This means that we do not use animal-based or animal by-product-based raw materials, and we do not test on animals. Vegan beauty is growing rapidly, and vegan claims are up 378% in the past five years according to Mintel.

Advancing the Industry

Consumer Acceptability of Ingredients

Consumer demands have been a driver of ingredient innovation arguably as much as technological improvements. INOLEX has been ahead of the curve with ingredient innovation by predicting and acting early on these shifts. One such example is in preservation, where INOLEX has offered alternatives to parabens and traditional preservatives since the 1990s. Today, INOLEX continues to drive the industry forward in safe and consumer-desired solutions that effectively protect formulations from microbial contamination.

INOLEX Philosophy on Preservation

Cosmetics need to be protected from microbial contamination to ensure product longevity and user safety. INOLEX has long been a pioneer in safe, effective preservation that utilizes alternative mechanisms of action, specifically Hurdle Technology. The Hurdle Technology approach involves rethinking traditional preservation. Instead of using one powerful preservative, multiple barriers to microbial growth (or “hurdles”) can be established to keep microorganisms in check.

Two New Natural Preservation Components

We continue to expand on our portfolio of 100% natural preservation ingredients to advance preservation components and broad spectrum systems. In 2020 we introduced Lexgard® Natural MHG MB, a brand new multi-benefit component, and Lexgard® Natural GC88 MB, an iteration on glyceryl caprylate.

Safety and Naturality Verified

The new ingredients launched in 2020 have been thoroughly evaluated for safety and certified for natural content. Both Lexgard® Natural MHG MB and Lexgard® Natural GC88 MB are COSMOS approved, NATRUE approved, NSF/ANSI 305 approved, readily biodegradable, and 100% certified biobased content. In addition to the new ingredients undergoing safety and naturality verification, a legacy product, Spectrastat™ CHA underwent Cosmetic Ingredient Review this year resulting in a **Safe as Used** conclusion. All relevant sourcing, toxicology, and compliance information is available in the product dossiers.

INOLEX Natural Preservation Portfolio: Better on ESG Issues

The INOLEX Natural Preservation portfolio addresses the three core components of sustainability: Environmental, Social, and Governance (ESG)



Environmental: Renewable, non-GMO plant feedstocks address the environmental concerns of using petroleum feedstocks. In our new product additions, Lexgard® Natural MHG MB is derived from castor oil and RSPO Mass Balance palm oil.



Social: Consumer considerations are very important for preservation. Consumers famously drove the industry shift away from parabens and popularized the paraben-free claim. Without consumer acceptance, it is difficult for any ingredient to sustain throughout decades of reformulations.



Governance: Under some regulations, traditional preservatives are governed more strictly than other types of cosmetic ingredients. One such example is Annex V in the European Union. Since INOLEX preservation components employ alternative methods and mechanisms of action, they are typically excluded from these regulations and are not listed in Annex V.

Inspiring a New Era of Products

Rethinking Product Formats

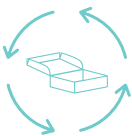
INOLEX is proving how our industry can progress, not only with our ingredient portfolio, but the ways in which brands can deliver sustainable personal care products to consumers. **In 2020, INOLEX created The Rethink Kit: a set of 7 formulation concepts that demonstrates a new era of health, beauty, and wellness products.** By formulating with INOLEX sustainable ingredients and building on the 3R's of reduce, reuse, and recycle, we are providing actionable solutions for how we can all RETHINK sustainability, and share a little joy in the process.



1

Reduce

Solid formulations eliminate the need for plastic packaging. Little to no water content reduces the weight of the product, greatly reducing the carbon footprint in shipping.



2

Reuse

The bento box carrying case is made from bamboo fiber, is stylish, multi-purpose, and reusable.



3

Recycle

Where we do use packaging for specific prototypes, it is 100% renewable and recyclable material.



4

Choose Biodegradable

We select biodegradable ingredients and packaging to ensure products are not harmful to the environment after use or disposal.



2020 Award-Winning Innovations

Ingredients from both the AminoSensyl™ product portfolio and the LexFeel™ product portfolio are featured in the Rethink Kit. Kudos to these ingredient lines for providing more sustainable options for consumer brands and getting recognized in the industry.

- INOLEX was honored with the **HPCI Innovation Award for AminoSensyl™ Amino Lipid Platform** of 100% natural, quat-free conditioning ingredients.
- Henkel Beauty Care recognized INOLEX with the **Sustainability Award for LexFeel™ D5**, a high performance sensory emollient silicone alternative that meets exceptional performance, safety, and environmental standards.

Operating Purposefully

We integrate sustainability strategies throughout all areas of our operations and manufacturing processes. Recent material initiatives include capital investments that yield reductions in our environmental footprint, strategic regional supply chain developments, and building on our responsible procurement of raw materials.



New Manufacturing Site in Full Force

Firing up a new manufacturing plant is no small task, but it has proved to be worth the investment. 2020 was the first year of full online operation at our repurposed (new-to-us) flagship manufacturing location in Charlotte, USA. Significant improvements came to fruition during the year, underscoring the value that this capital project has had on shifting our operations to a more sustainable model.

Overall, the Charlotte manufacturing site has demonstrated compelling environmental efficiencies over our former site in Philadelphia, with additional advancements on the horizon. INOLEX is committed to tracking and reporting our operations data in order to evaluate and improve on environmental, health, and safety standards.

While no single initiative can transform a manufacturing operation to be fully sustainable, as detailed in the examples that follow, the adoption of several vital equipment improvements combined can achieve measurable and noteworthy progress.

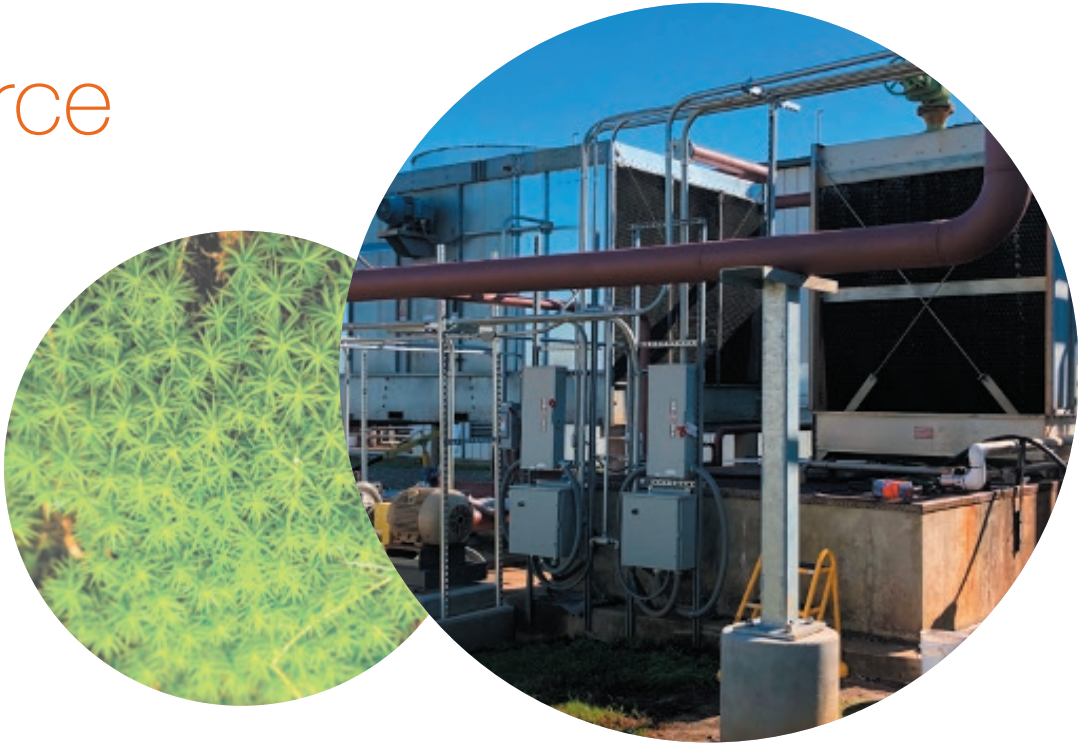
Equipment Heroes of Sustainable Operations

Moss Cooling Tower

Our cooling tower water is treated with Sphagnum moss, a 100% biocide-free alternative to typical chlorine-based treatments. Originally used by Vikings for water and food preservation, this special moss absorbs 10% of its weight in oil, maintains water pH, and naturally inhibits the formation of organic contamination and corrosion. After reaching filtrating capacity in the cooling towers, Sphagnum moss is then recycled for further use in other plant applications.

Hot Oil Boiler

Our boiler system contributes significantly to the energy and water use efficiencies realized this year. Compared to steam-powered boiler systems, the hot oil boiler utilizes much less energy due to its parallel positioning combustion control and inherently uses much less water. The innovative helical coil design also translates to a longer life and less total waste.

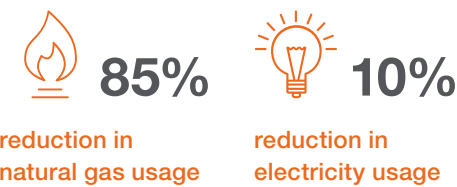


Pastillation

Our state-of-the-art pastillation technology transforms molten chemistries into solid ingredients for ease of finished product manufacturing and efficient shipping. The small, uniform droplets or “pastilles” are the preferred format for finished goods manufacturing. In addition, our solid format ingredients contain no water, allowing shippers to handle only valued material. This helps reduce carbon emissions in shipping compared to aqueous or diluted ingredients.

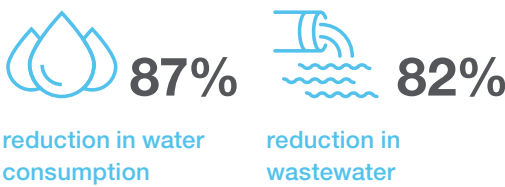
Reducing Environmental Impact

ENERGY



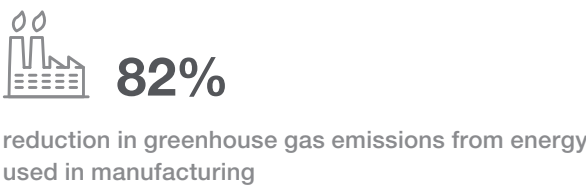
A new hot oil boiler system installed in Charlotte greatly contributed to a reduction in natural gas use. This system, compared to steam-powered boilers, is significantly more energy-efficient. The second contributing factor to reduced energy usage is the result of bringing reactors inside a climate-controlled area in Charlotte, eliminating variables from outside weather fluctuations. Thirdly, the warmer climate of our new site contributes to less energy used in heating the facility.

WATER



The aforementioned hot oil boiler also significantly contributed to the reduction in water usage compared to the steam system that was previously used. Other improvements towards reduced water consumption included the employment of a more efficient cooling tower system compared to the one-pass cooling system used in parts of the former plant. Lastly, wastewater reduction is attributed to a new roof-covered facility that allows for only required wastewater to be treated, rather than rainfall on exterior equipment added to wastewater.

EMISSIONS



Comparing Charlotte manufacturing to the historical Philadelphia site, greenhouse gas emissions from energy purchased for the Charlotte site were reduced significantly. We have focused the past two years on the opening of the Charlotte site and making it highly efficient with the latest equipment and processes. This significant step-change in efficiency is important in terms of immediate effect. Charlotte manufacturing represents a significant portion of our business operations; however, the scope of emissions must be broadened to account for total impact. Moving forward, we are committed to tracking greenhouse gas emissions from Scope 1 and Scope 2 sources.

A note on the reported data: All percentages reported are comparing January through September of 2020 to January through September 2018. The specified time frame allows comparative analysis of each site in full operation. The year of 2019 is omitted as a transition year from Philadelphia to Charlotte. Additional data considerations: data lapses in 2018 are counted as zeros, thereby creating an underestimate in our reductions.

Reducing Environmental Impact (Continued)

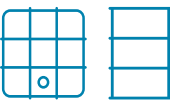
WATER RECIRCULATION PROJECT



reduction in waste water generated with commercial reactor water recirculation process

INOLEX engineers have explored numerous avenues towards water-saving to reduce our consumption of one of the earth’s most precious resources. One such avenue is water recirculation. This practice is used in process engineering to reuse the water stream at the end of a process by recirculating it through the beginning of the process. We added a water recirculation process to one of our commercial reactors, contributing to the water use reduction in 2020. With the installation of a recirculation loop, a process that was generating 16 gals/min of process water during operation now only generates 0.2 gal/min.

RESPONSIBLE PACKAGING



reduce, reuse, and recycle raw material containers

Our procurement of raw materials also includes packaging. We partner with an environmentally-minded commercial packaging distributor so that the majority of our empty raw material containers are recycled and reconditioned to reduce waste and get more life out of existing packaging.

Reduce

Packaging is reduced through the use of tote or steel drum options rather than single-use packaging.

Recycle

The totes we use are the most sustainable packaging option available on the market with a reusable cage and recyclable bladder.

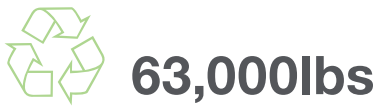
Reuse

Steel drums are returned and reconditioned for future use.

Over a six-month period in 2020, our reconditioned packaging included:

- 5,200 steel drums
- 650 polyethylene (HDPE) drums
- 950 totes comprised of steel and polyethylene (HDPE) bottles

RECYCLING METAL



recycled

In establishing our new US flagship manufacturing site in North Carolina, we chose to reinvigorate an existing structure to our specifications rather than to construct on a greenfield location.

During renovation of the facility, we recycled over 63,000lbs of steel and stainless steel scrap metal.

Recycling and reusing scrap metal saves energy, reduces pollution, and conserves natural resources.

Leveraging Regional Operations

Spotlight on Korea:

INOLEX is expanding manufacturing capabilities around the globe. This includes partnerships in strategic locations that allow us to reduce shipping impacts of raw materials and finished goods in regional markets.

A developed relationship in South Korea opened the doors to reduced trade routes from the United States to Asia and vice versa. With local manufacturing in Korea and local sources of raw materials, supplies, and packaging, we reduced shipments from the US to Hong Kong and Korea without sacrificing business opportunity or service excellence. Currently 25% of business in Asia is manufactured, blended, packaged, or sourced locally.

The impact of decreasing international supply chain freight and mileage is significant, reducing emissions related to the shipment of finished goods by almost 90%.

Former Route

Port of Charleston to port of Hong Kong:

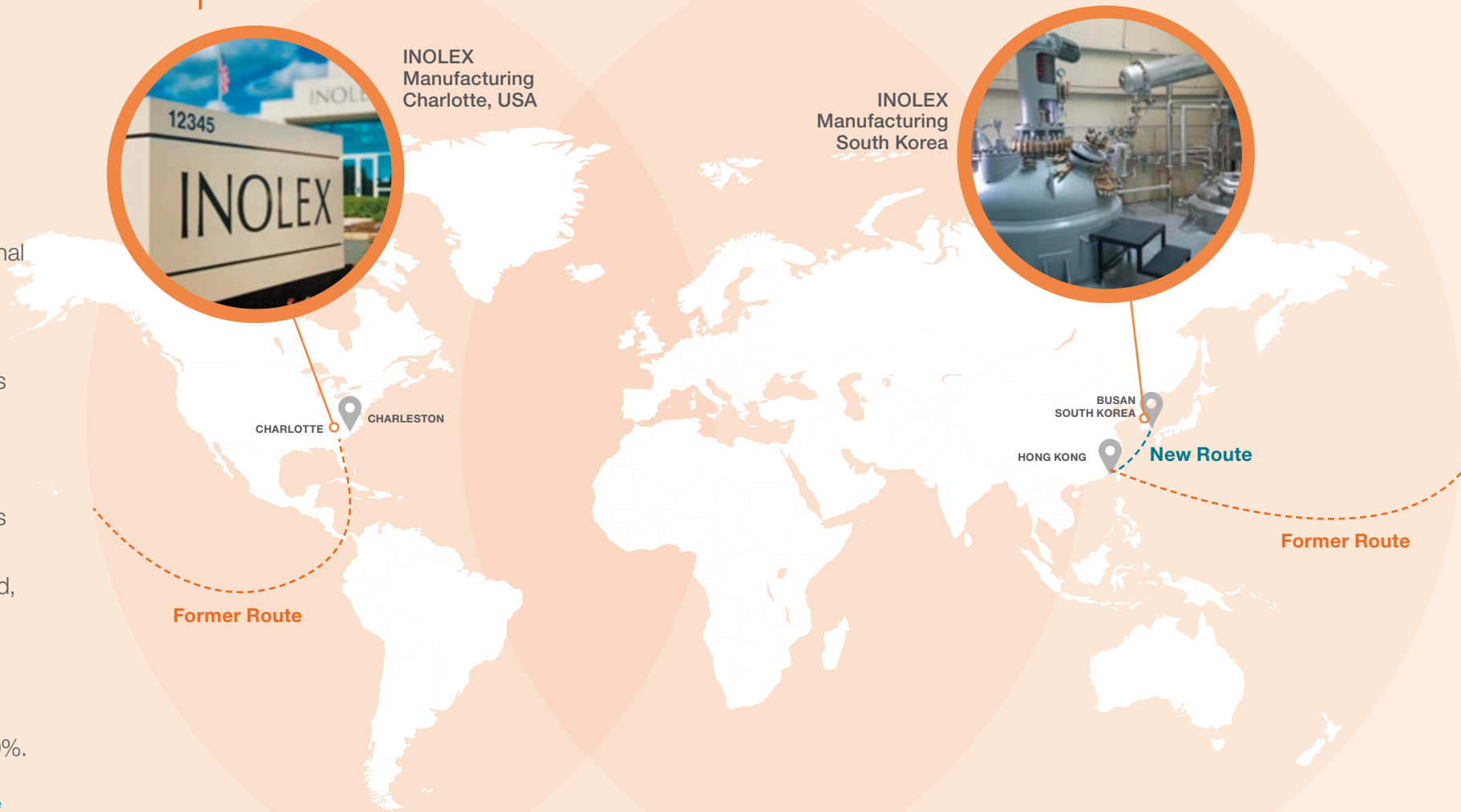
10,795 nautical miles

New Route

Port of Busan to port of Hong Kong:

1,140 nautical miles

30% reduction in shipments between US and Asia.



Responsible Procurement

Honoring Natural Resources

INOLEX takes our responsibility to consciously consume materials seriously. We choose plant sources over petrochemical feedstocks, as outlined by the Principles of Green Chemistry, and we never use animal feedstocks. This results in a highly natural and 100% vegan-friendly ingredient portfolio. Going forward, we aim to build on our program to ensure that the source of the plant is sustainable in terms of labor rights, ecosystem impact, and the inherent profile of the plant.

As of 2020, we fulfilled our commitment of consuming only RSPO Mass Balanced certified materials for palm-derived ingredients. RSPO continues to be a valued partner to us in the sustainable procurement of palm derivatives, ensuring the well-being of the farmers, smallholders, and the surrounding ecosystem.

Biodiversity in Feedstock Selection

In addition to palm, we use many other plant-based feedstocks for our natural technologies. Responsible procurement of agriculture includes considerations of biodiversity, the life of farmers and smallholders, and the growing and harvesting practices of the plant. We look for plant sources that support biodiversity, are non-GMO, use less or no herbicides and pesticides, and support a good life for the agricultural community.

Reducing dependence on a single plant source helps to ensure sustainable ecosystems and combat deforestation practices.

71% of the INOLEX portfolio is majority plant-derived.



Engaging Respectfully

We look to help bring out one another's strengths, and build community, by listening and understanding one another. By pursuing meaningful engagements and personalizing our interactions, we can uncover partnerships that contribute to a sustainable future for all of us.



Safety First

With our new flagship manufacturing facility in Charlotte fully online, we realized the opportunity to launch a company-wide initiative to assess and understand the safety culture of our organization. With our team speaking into our strengths and gaps, we developed a framework with actionable steps to improve the company’s safety culture. Engaging our team daily in this fundamental platform brings everyone into the fold to put safety top of mind.

Learnings and Areas of Focus

- Improving safety conversations through frequency, specificity, and follow-up
- Implementing SIF (Serious Injury & Fatality) Exposure Rate in combination with existing Near Miss Reporting
- Developing a detailed action plan to include:
 - Implementing proactive safety management as daily practices and processes
 - Improving communication around safety expectations, processes, and procedures
 - Enhancing safety leadership training and coaching
 - Enhancing training programs for our operations team and global team
 - Focusing preventative measures and safety rules around defined KPIs
 - Building a better feedback loop

We know safety requires constant energy, re-evaluation, and effort. We are already seeing positive results from soliciting input from our team. By peeling back the layers of our program, we are working step-by-step to build a world-class culture of safety.



COVID Continuity

Like most businesses, we realized early on that we were at a pivotal moment when the reality of COVID-19 became apparent. Our first and absolute priority was protecting the health and safety of our team. Our second priority was working to keep our global operations in step while managing the progressing uncertainty of the pandemic.

In March 2020, we received authorization as a life-sustaining manufacturer of essential ingredients for the production of personal care, hygiene, and health and wellness products needed to aggressively fight the spread of COVID-19.

- We set to work implementing extensive safety protocols for our teams onsite in our manufacturing facilities and transitioned the remainder of our team to work-from-home.
- We leaned heavily on our new ERP platform (a 2018-2019 sustainability initiative) and the transparency it facilitates throughout our operations to ensure an uninterrupted supply chain, from raw material procurement to our customers. Contingency plans were verified with all of our suppliers and multiple logistics partners to handle our global distribution.
- We increased our inventory levels in warehouses in North America, Europe, and Asia, a measure that helped significantly reduce shipping and transportation emissions for regional fulfillment.

From our frontline workers to families sheltering in place, we were able to produce an uninterrupted supply of ingredients for vital health, safety, and personal care products to those in need.

The transformations we make within our organizations to push a more sustainable model of business help us become more prepared for the future that awaits us.

Technology in Action



INOLEX technologies are leveraged in hand sanitizers and hand cleansers on the market today. Our continuity of supplying ingredients has been crucial to the rapid restocking of hand sanitizers and other products on shelves across the globe.

Anticipating higher levels of dryness and irritation after frequent use of hand sanitizers and hand washing, our scientists were able to quickly provide formulation guidance for moisturizing sanitizers and gentle cleansers, many of which include biobased, natural ingredients.

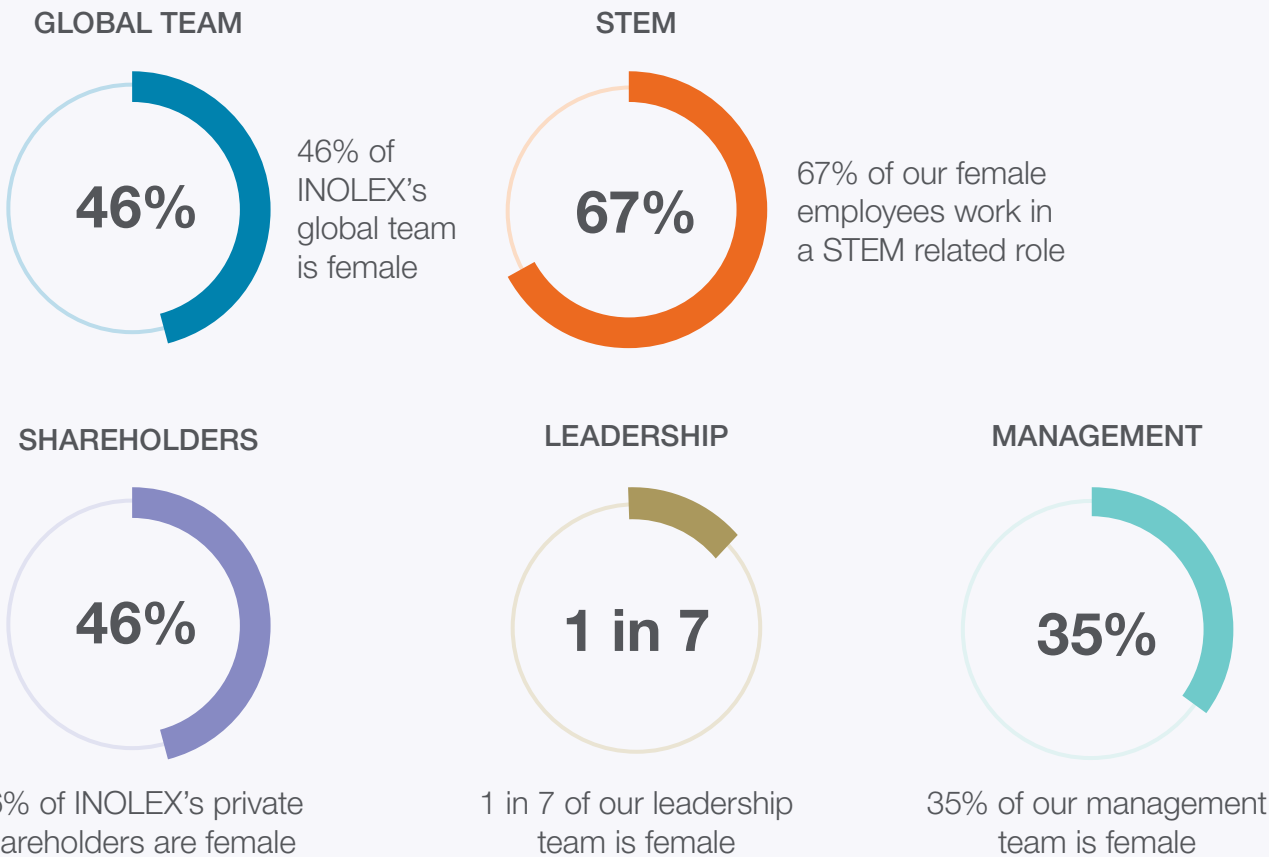


Talent and Inclusion

Personal care is for everyone. We believe that the members of our team should be representative of the consumer groups who use our ingredients. When we champion inclusion in the workplace, we hold space for diverse perspectives to speak into our organization and to help shape the industry that we serve.

We are proud of our continued work towards a more balanced representation of gender in our workforce. To date, women account for 46% of our global team. We are also making strides towards a more balanced female presence among our shareholders, senior leadership, and those in management roles. True to our word to “lead with science” we champion women in STEM with a significant percentage of our team bringing core capabilities in science, technology, engineering, and math to our organization every day.

A Spotlight on Women, Leadership, and Championing STEM



All data as of 12/2020. Calculation based on individuals working within the organization in various roles where the application of STEM is necessary to perform their role.

Strengthening Community

To be better corporate citizens and contribute to a more equitable society, we know we need to start with what we practice in our own organization. An inclusive work environment allows us to perform our job responsibilities without personal judgment and fully realize our potential as human beings and INOLEX team members. This culture of acceptance is key to how we serve one another.

INOLEX provides equal employment opportunities (EEO) to all employees and candidates for employment. We have a zero-tolerance policy for any kind of harassment with regard to an individual’s unique differences.

Our Global Team

Within our small global company, we have a body of associates that represent many continents, languages, nationalities, races, gender identities, and cultures. We are wholly committed to honoring the diversity that makes up our team and the communities we serve.

Employee Benefits and Professional Growth

Just as all living creatures need basic conditions to thrive, we also believe that our people need a solid support system to grow and succeed. Our basic benefits include exceptional health and wellbeing benefits for all employees and their families.

Equally important is encouraging the personal and professional development of our team members. We support continued learning and advanced training, and offer tuition reimbursement to those interested in strengthening their growth within a current role or stretching towards future aspirations within the company. Education is a doorway to reaching one’s fullest potential.

**Corporate
Citizenship starts
at the workplace.**



What's Next

2020 was a year of re-evaluating, adapting, pivoting, learning, and growing. We knew 2020 would be a big year for INOLEX as we navigated the transition of a new flagship manufacturing site. However, we can truly say that no one knew the extent of the challenges that 2020 would present and the achievements that would come as a result of our perseverance through the year.

We continue to pursue improvements of our offerings and operations to advance the industry, reduce our impact on the environment, and impart positive change for society.



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 are accountable to all of our stakeholders: shareholders, board members, 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.

Context of GRI-referenced Report: INOLEX operates as an independent global designer and manufacturer of ingredients for health, beauty, and wellness. We have locations in the Americas, Europe, Asia, and South Pacific. The INOLEX Sustainability Report utilizes the Selected GRI Standards approach, which provides a framework for our content and reporting of economic, environmental, and/or social impact information without requiring preparation of the report in strict accordance with the Standards.