

Inolex

January 2023



Building a sustainability
program to sustain

Ingredient Design philosophy

We don't swim with the current; we create it

Balancing conscious science with nature and artistry, our imaginative approaches become the building blocks for exceptional products that care for people and our planet.



Safe
Preservation



Traceable
Extracts



Sustainable
Silicone
Alternatives



Biodegradable
Film Formers



Plant-Based
Hair Care



Natural Sensory
Enhancers

Formalized sustainability program

Benefits:

- Accountability
- Progress
- Credit



Building a sustainability program

What is a formalized sustainability program?

What are the steps?

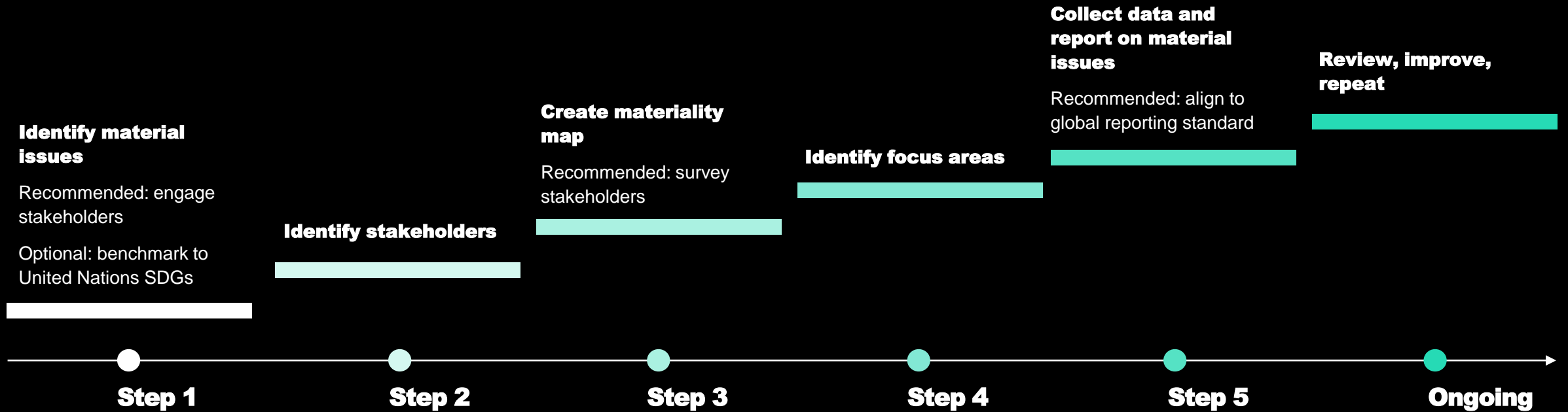
Case study: Bringing the Inolex corporate sustainability program up to the level of the product portfolio

Definitions

Similar phrases carry importance nuance

- Sustainable company / product: a company / product that has a net positive impact on society and the environment
- ESG framework: a business framework that assesses company risk on sustainability-related topics
- Sustainability program: a business framework and strategy to assess company risk and improve company's impact on society and the environment

Building the program



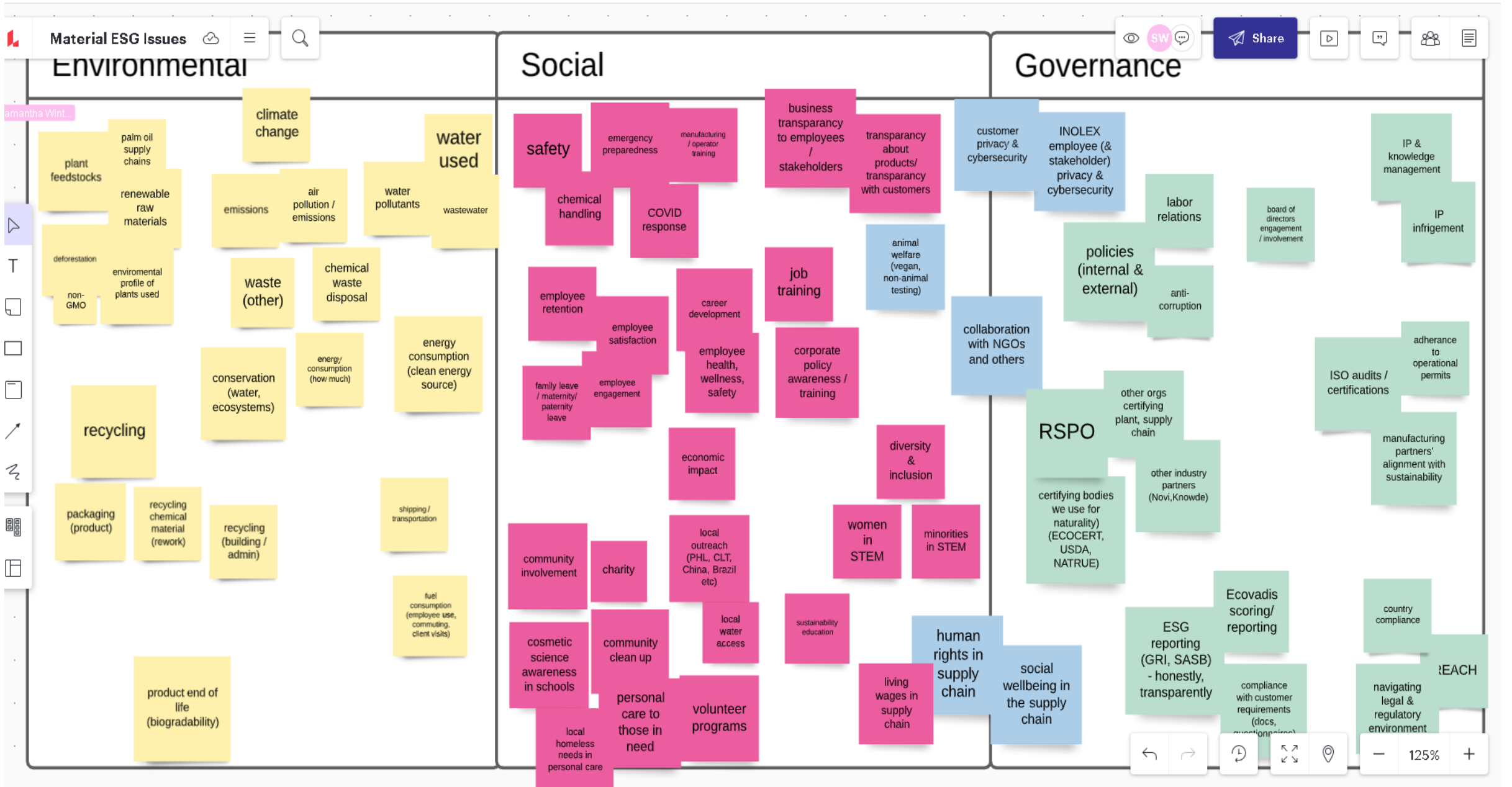
Step 1

Identify material issues: what do you impact and what impacts you?

- Identify your industry: beauty care
- Resource: use SASB and GRI materiality matrix
- Resource: read related sustainability reports
- Task: brainstorm with close stakeholders
- Consider the environment and your communities

		Food & Beverage	Health Care	Infrastructure	Renewable Resources & Alternative Energy	Reso	
Dimension	General Issue Category [Ⓛ]	Click to expand	Click to expand	Click to expand	Click to expand	Aerospace & Defense	Chemicals
Environment	GHG Emissions						
	Air Quality						
	Energy Management						
	Water & Wastewater Management						
	Waste & Hazardous Materials Management						
Social Capital	Ecological Impacts						
	Human Rights & Community Relations						
	Customer Privacy						
	Data Security						
	Access & Affordability						
	Product Quality & Safety						
	Customer Welfare						
Human Capital	Selling Practices & Product Labeling						
	Labor Practices						
	Employee Health & Safety						
Business Model & Innovation	Employee Engagement, Diversity & Inclusion						
	Product Design & Lifecycle Management						
	Business Model Resilience						
	Supply Chain Management						
	Materials Sourcing & Efficiency						
Leadership & Governance	Physical Impacts of Climate Change						
	Business Ethics						
	Competitive Behavior						
	Management of the Legal & Regulatory Environment						
	Critical Incident Risk Management						
	Systemic Risk Management						

<https://materiality.sasb.org/>



Inolex Sustainability pillars



Innovating Sustainably

- Advancing the Industry
- Green Chemistry & Ingredient Life Cycles
- Transparency & Verification
- Market Acceptability



Operating Purposefully

- Environmental Impact of Operations
- Product Quality & Safety
- Responsible Supply Chain



Engaging Respectfully

- Employee Safety & Wellness
- Talent Stewardship
- Community Involvement
- Diversity, Equity & Inclusion

Step 2

Identify stakeholders: who are the ones impacted and can impact your company?

- Employees, their families, future employees
- Customers, consumers
- Suppliers, service providers
- Shareholders, investors
- Community members
- Industry groups, trade associations

Then, prioritize stakeholders

Inolex stakeholders

To engage directly

- Employees
- Key customers
- Suppliers

To research

- Industry groups, trade associations
- Other customers

Others

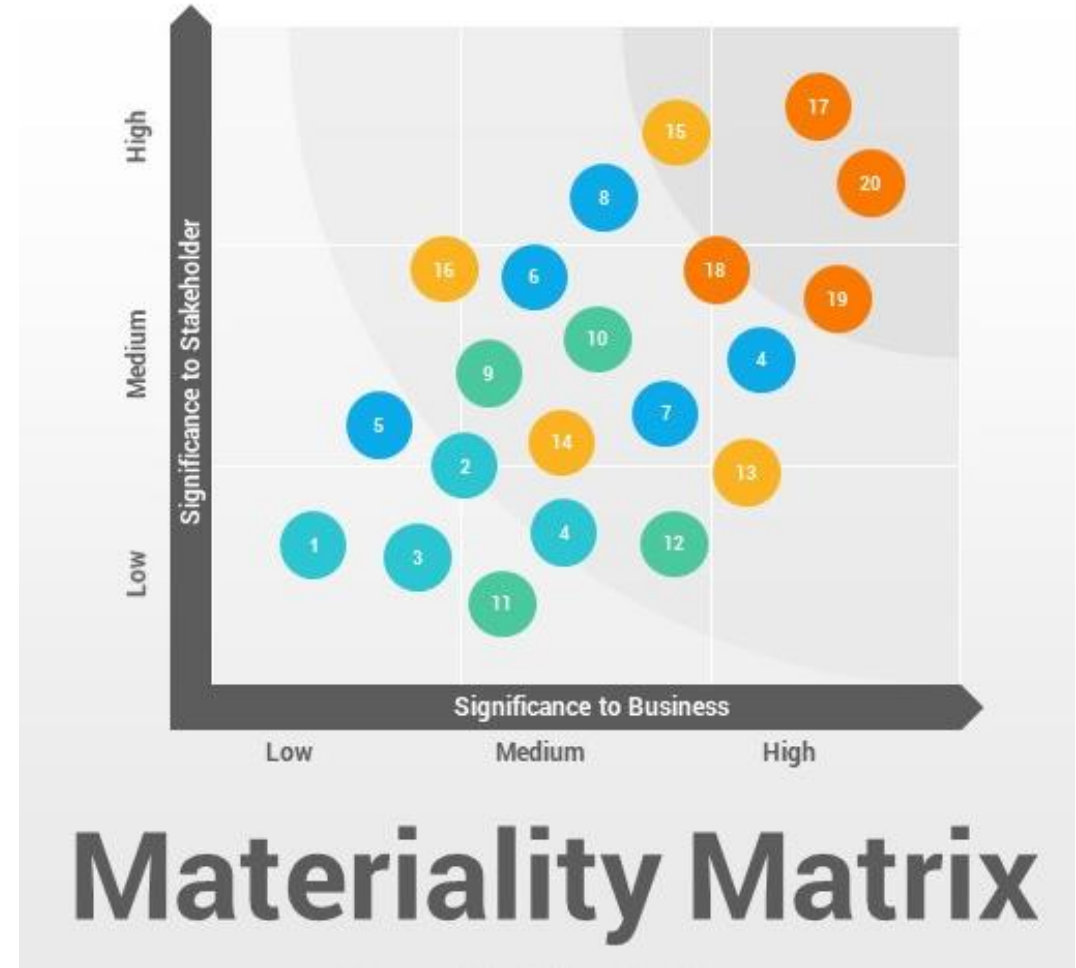
- Shareholders
- Local community members

Step 3

Create a materiality map: quantifying the importance of material issues

- Y-axis: importance to key stakeholders
- X-axis: business value and impact
- Data points are your material issues

Conduct survey to quantify



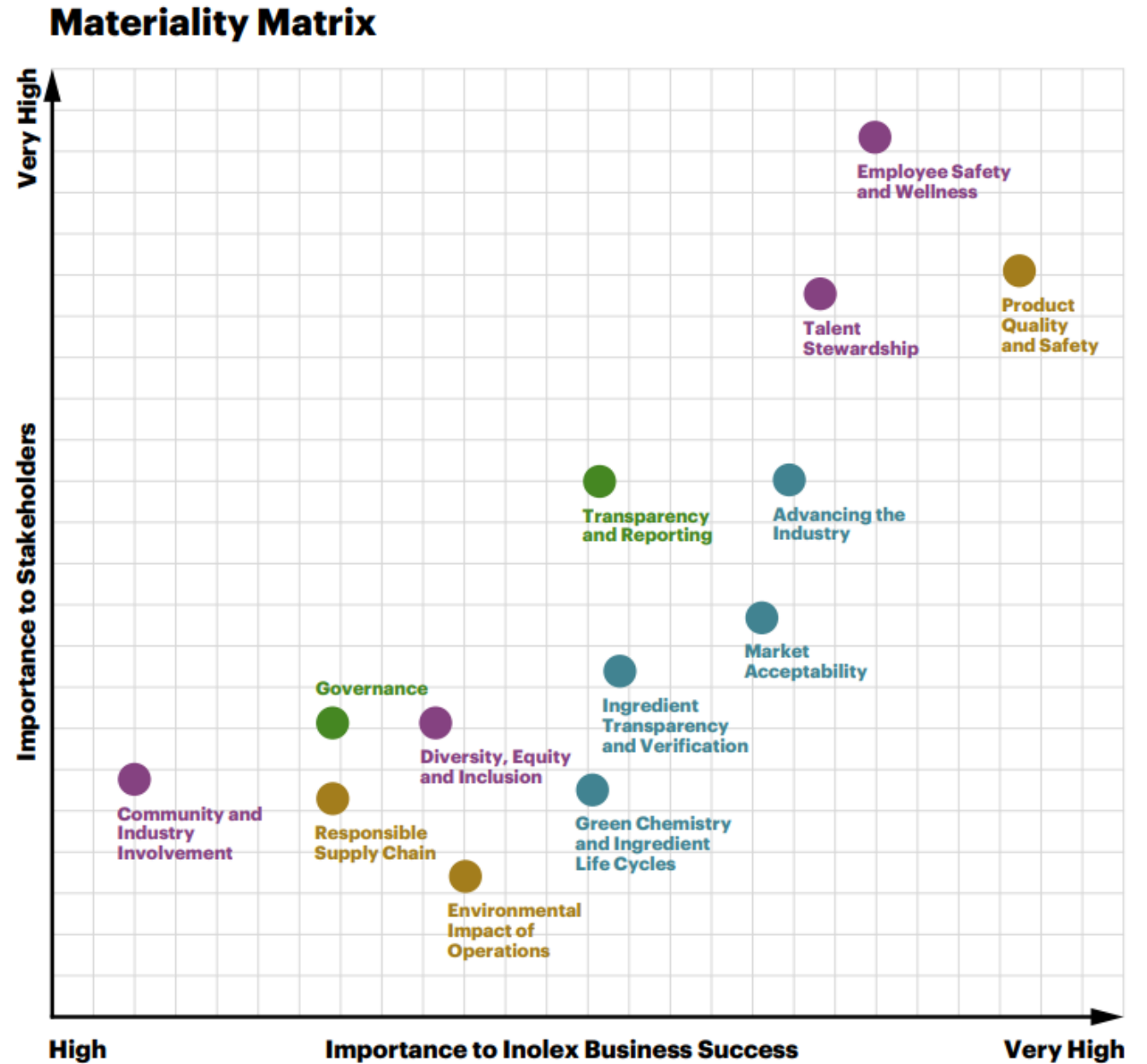
Materiality Matrix

Inolex survey



Not At All Important	Low Importance	Neutral	Important	Very Important
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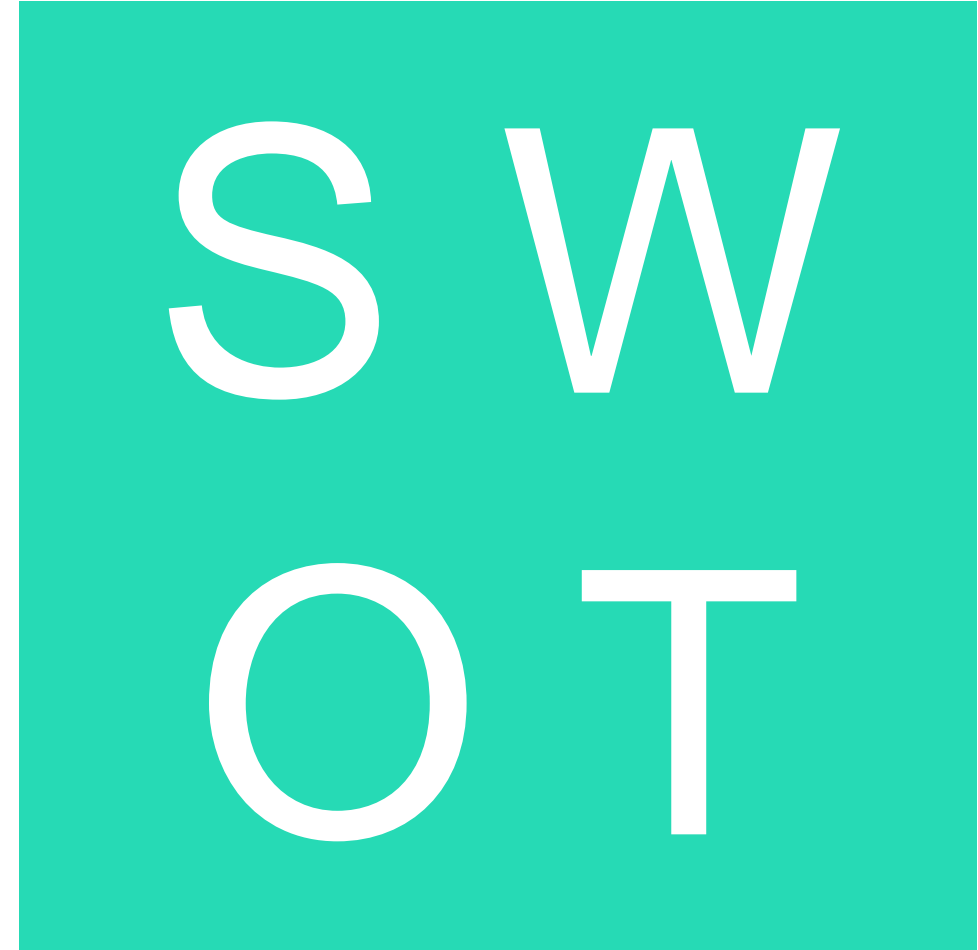
Inolex results



Step 4

Identify focus areas

- What material issues are already core to your business?
- What material issues need nurturing?
- Consider what data is available



Inolex SWOT analysis

Strengths	Weaknesses	Opportunities	Threats
Products designed from green chemistry	Controls around supply chain information and insight	Quantifying the impact of Inolex ingredients vs traditional	Accidental greenwashing because of unknown impacts
Standards and certifications bring transparency and credibility to product claims	Decarbonization plan	Decarbonize quickly in line with OEE plan (Operational Equipment Efficiency)	Willingness to be transparent aligning with GRI
Benefits and employee support		Measure employee engagement to quantify success of new initiatives	
Engaged team around sustainability			

Inolex focus areas

Focus Areas Guiding Our Sustainability Journey

Stakeholder Accountability

- Use reputable sustainability assessments to communicate our progress in an authentic and standardized way
- Continue to build a sustainability platform that represents our values and provides for our future

Innovating Sustainably

- Design products and develop solutions that anticipate and meet market needs and improve upon existing ingredient options
- Assess our ingredients' life cycles and reduce the environmental impact of our products
- Utilize authentic product claims by leveraging reputable standards and certifications

Operating Purposefully

- Set science-based targets and develop a thorough execution plan for reducing Scope 1 and 2 emissions
- Track and report more elements of Scope 3 emissions with the aim to reduce
- Assess and improve the environmental and social impacts of our global supply chain
- Continuously improve the efficiency of our resource use in production


Engaging Respectfully

- Be a fulfilling place to work that supports employee health, growth, and wellbeing
- Continuously improve our health and safety management program
- Integrate sustainability into employee culture and annual individual goals
- Serve local and industry communities as stewards of humanity and our world

Step 5

Collect data and report

- Utilize materiality map to identify issues that need to be reported on
- Cross reference global reporting standards for data points
- Engage your data collection team
- Collect quantitative and qualitative data



2021 Sustainability Report

GRI Content Index

Statement Of Use
Inolex, Inc. has reported the information cited in this GRI content index for the period January 1, 2021 to December 31, 2021 with reference to the GRI Standards.

GRI 2016
All reported GRI topics and disclosures below refer to GRI Standards 2016, with the exception of the following:
GRI 303: Water and Effluents 2018
GRI 306: Waste 2020

Index Material Issues	GRI Topics	Reporting Boundary
Manufacturing Sustainability	GHG Emissions	Company, Supplier
	Materials	Company, Supplier
	Working and Living Conditions	Company
	Community Health & Safety	Company
	Energy	Company*
Investing Responsibility	Employee	Company*
	Human Rights	Company*
	Product	Company*
	Environmental Compliance	Company, Supplier
	Child Labor	Company*
Operating Responsibility	Product or Compulsory Labor	Company*
	Human Rights	Company, Supplier
	Supplier Social Assessment	Company*
	Occupational Health & Safety	Company
	Occupational Health & Safety	Company
Engaging Responsibility	Training & Education	Company
	Charity & Social Responsibility	Company
	Local Communities	Company
	Non-discrimination	Company

* Charlotte, NC USA manufacturing location

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Review, improve, repeat

2021 sustainability highlights

Water Use & Systems

- **43%** improvement in water use efficiency
- **28%** reduction in water withdrawal
- Verified **98%** products as biodegradable

Climate & Energy

- **2%** decrease in Scope 1 & 2 GHG emissions
- **20%** improvement in energy use efficiency

Resources & Biodiversity

- **71%** of carbon by weight from renewable origin
- **4%** reduction in total waste to disposal
- **88%** supplier signed our Supplier Code of Conduct

People & Communities

- Rolled out a **NEW** talent stewardship initiative
- **66%** decrease in Lost Time Incident Rate
- Hosted **2** community volunteer days

Corporate Sustainability Management has improved:

Accountability

Consistency requires accountability to the same metrics year over year

Stop reporting in a one-off, promotional way

Progress

Identify data gaps and areas of improvement

Credit

Identify areas of authentic leadership, improve Ecovadis score, gain credibility with client partners

Thank You

LEARN MORE ABOUT US

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