UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2020

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number: 001-37586

ingevity

INGEVITY CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**47-4027764**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

4920 O'Hear Avenue Suite 400	**North Charleston**	**South Carolina**	**29405**
	(Address of principal executive offices)		(Zip code)

843-740-2300

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock ($0.01 par value)	**NGVT**	**New York Stock Exchange**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the Registrant is a shell company (as defined by Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The registrant had 41,279,494 shares of common stock, $0.01 par value, outstanding at October 27, 2020.

Ingevity Corporation
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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

INGEVITY CORPORATION

Condensed Consolidated Statements of Operations (Unaudited)

In millions, except per share data	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Net sales	$ 331.7	$ 359.9	$ 890.5	$ 989.5
Cost of sales	192.1	220.4	552.4	618.5
Gross profit	139.6	139.5	338.1	371.0
Selling, general and administrative expenses	34.9	40.7	107.9	122.3
Research and technical expenses	5.2	4.9	16.8	15.0
Restructuring and other (income) charges, net	5.5	1.7	13.3	2.0
Acquisition-related costs	—	1.3	1.7	24.9
Other (income) expense, net	(3.0)	1.4	(0.1)	(2.3)
Interest expense, net	8.9	12.1	29.8	36.3
Income (loss) before income taxes	88.1	77.4	168.7	172.8
Provision (benefit) for income taxes	18.2	17.5	33.3	33.4
Net income (loss)	$ 69.9	$ 59.9	$ 135.4	$ 139.4
Per share data				
Basic earnings (loss) per share	$ 1.69	$ 1.42	$ 3.27	$ 3.33
Diluted earnings (loss) per share	1.69	1.41	3.26	3.30

The accompanying notes are an integral part of these financial statements.

INGEVITY CORPORATION

Condensed Consolidated Statements of Comprehensive Income (Loss) (Unaudited)

In millions	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Net income (loss)	$ 69.9	$ 59.9	$ 135.4	$ 139.4
Other comprehensive income (loss), net of tax:				
Foreign currency adjustments:				
Foreign currency translation adjustment	27.6	(22.9)	(14.2)	(29.0)
Unrealized gain (loss) on net investment hedges, net of tax provision (benefit) of $(1.9), $1.6, $(0.8), and $1.5	(6.2)	5.3	(2.7)	5.1
Total foreign currency adjustments, net of tax provision (benefit) of $(1.9), $1.6, $(0.8), and $1.5	21.4	(17.6)	(16.9)	(23.9)
Derivative instruments:				
Unrealized gain (loss), net of tax provision (benefit) of $0.2, $(0.2), $(1.4), and $(1.3)	0.7	(0.9)	(4.5)	(4.4)
Reclassifications of deferred derivative instruments (gain) loss, included in net income (loss), net of tax (provision) benefit of $0.1, zero, $0.2, and $(0.1)	0.4	—	0.7	(0.5)
Total derivative instruments, net of tax provision (benefit) of $0.3, $(0.2), $(1.2), and $(1.4)	1.1	(0.9)	(3.8)	(4.9)
Pension & other postretirement benefits:				
Unrealized actuarial gains (losses) and prior service (costs) credits, net of tax of zero for all periods	—	—	—	—
Reclassifications of net actuarial and other (gain) loss and amortization of prior service cost, included in net income, net of tax of zero for all periods	0.1	—	0.1	—
Total pension and other postretirement benefits, net of tax of zero for all periods	0.1	—	0.1	—
Other comprehensive income (loss), net of tax provision (benefit) of $(1.6), $1.4, $(2.0), and $0.1	22.6	(18.5)	(20.6)	(28.8)
Comprehensive income (loss)	$ 92.5	$ 41.4	$ 114.8	$ 110.6

The accompanying notes are an integral part of these financial statements.

INGEVITY CORPORATION

Condensed Consolidated Balance Sheets

In millions, except share and par value data	September 30, 2020	December 31, 2019
Assets	(Unaudited)	
Cash and cash equivalents	$ 198.2	$ 56.5
Accounts receivable, net of allowance for credit losses of $1.8 million - 2020 and $0.5 million - 2019	154.3	150.0
Inventories, net	204.0	212.5
Prepaid and other current assets	44.5	44.2
Current assets	601.0	463.2
Property, plant and equipment, net	685.3	664.7
Operating lease assets, net	52.1	53.4
Goodwill	427.8	436.4
Other intangibles, net	366.5	396.2
Deferred income taxes	6.2	5.0
Restricted investment, net of allowance for credit losses of $1.1 million - 2020	73.0	72.6
Other assets	46.3	50.2
Total Assets	$ 2,258.2	$ 2,141.7
Liabilities		
Accounts payable	$ 84.8	$ 99.1
Accrued expenses	36.0	33.3
Accrued payroll and employee benefits	16.0	28.2
Current operating lease liabilities	16.6	17.1
Notes payable and current maturities of long-term debt	22.4	22.5
Income taxes payable	3.1	15.3
Current liabilities	178.9	215.5
Long-term debt including finance lease obligations	1,277.0	1,228.4
Noncurrent operating lease liabilities	37.5	36.7
Deferred income taxes	109.5	100.3
Other liabilities	38.3	30.0
Total Liabilities	1,641.2	1,610.9
Commitments and contingencies (Note 16)		
Equity		
Preferred stock (par value $0.01 per share; 50,000,000 shares authorized; zero issued and outstanding - 2020 and 2019)	—	—
Common stock (par value $0.01 per share; 300,000,000 shares authorized; issued: 42,895,386 - 2020 and 42,675,171 - 2019; outstanding: 41,277,888 - 2020 and 41,826,136 - 2019)	0.4	0.4
Additional paid-in capital	116.8	112.8
Retained earnings	632.0	497.2
Accumulated other comprehensive income (loss)	(25.6)	(5.0)
Treasury stock, common stock, at cost (1,617,498 shares - 2020; 849,035 shares - 2019)	(106.6)	(74.6)
Total Equity	617.0	530.8
Total Liabilities and Equity	$ 2,258.2	$ 2,141.7

The accompanying notes are an integral part of these financial statements.

INGEVITY CORPORATION

Condensed Consolidated Statements of Cash Flows (Unaudited)

In millions	Nine Months Ended September 30, 2020	2019
Cash provided by (used in) operating activities:		
Net income (loss)	$ 135.4	$ 139.4
Adjustments to reconcile net income (loss) to cash provided by (used in) operating activities:		
Depreciation and amortization	73.5	61.4
Non cash operating lease costs	13.6	15.1
Deferred income taxes	11.3	26.7
Restructuring and other (income) charges, net	1.7	—
Share-based compensation	4.3	11.0
Other non-cash items	13.2	9.7
Changes in operating assets and liabilities, net of effect of acquisitions:		
Accounts receivable, net	(5.6)	(34.5)
Inventories, net	9.0	0.4
Prepaid and other current assets	1.5	(2.8)
Current liabilities	(17.3)	(22.4)
Income taxes	(19.2)	(5.1)
Operating leases	(13.8)	(14.9)
Changes in other operating assets and liabilities, net	(8.5)	6.2
Net cash provided by (used in) operating activities	$ 199.1	$ 190.2
Cash provided by (used in) investing activities:		
Capital expenditures	$ (51.0)	$ (79.8)
Payments for acquired businesses, net of cash acquired	—	(537.9)
Finance lease expenditures	(23.8)	—
Other investing activities, net	(3.6)	(4.7)
Net cash provided by (used in) investing activities	$ (78.4)	$ (622.4)
Cash provided by (used in) financing activities:		
Proceeds from revolving credit facility	$ 346.1	$ 789.0
Proceeds from long-term borrowings	—	375.0
Payments on revolving credit facility	(307.3)	(596.0)
Payments on long-term borrowings	(14.1)	(117.8)
Debt issuance costs	—	(1.8)
Finance lease obligations, net	23.3	—
Borrowings (repayments) of notes payable and other short-term borrowings, net	(0.9)	2.2
Tax payments related to withholdings on vested equity awards	(3.0)	(14.3)
Proceeds and withholdings from share-based compensation plans, net	3.1	3.7
Repurchases of common stock under publicly announced plan	(32.4)	(6.4)
Net cash provided by (used in) financing activities	$ 14.8	$ 433.6
Increase (decrease) in cash, cash equivalents, and restricted cash	135.5	1.4
Effect of exchange rate changes on cash	0.3	(2.3)
Change in cash, cash equivalents, and restricted cash[(1)]	135.8	(0.9)
Cash, cash equivalents, and restricted cash at beginning of period	64.6	77.5
Cash, cash equivalents, and restricted cash at end of period[(1)]	$ 200.4	$ 76.6

(1) Includes restricted cash of $2.2 million and $1.0 million and cash and cash equivalents of $198.2 million and $75.6 million at September 30, 2020 and 2019, respectively. Restricted cash is included within "Prepaid and other current assets" within the condensed consolidated balance sheets.

Supplemental cash flow information:	2020	2019
Cash paid for interest, net of capitalized interest	$ 37.7	$ 40.1
Cash paid for income taxes, net of refunds	41.4	12.6
Purchases of property, plant and equipment in accounts payable	1.9	8.3
Leased assets obtained in exchange for new finance lease liabilities	23.8	—
Leased assets obtained in exchange for new operating lease liabilities	24.5	3.2

The accompanying notes are an integral part of these financial statements.

Ingevity Corporation
Notes to the Condensed Consolidated Financial Statements
September 30, 2020
(Unaudited)

Note 1: Description of Business and Basis of Presentation

Description of Business

Ingevity Corporation ("Ingevity," "the Company," "we," "us," or "our") is a leading global manufacturer of specialty chemicals and high performance activated carbon materials. We provide innovative solutions to meet our customers' unique and demanding requirements through proprietary formulated products. We report in two business segments, Performance Materials and Performance Chemicals.

Our Performance Materials segment consists of our automotive technologies and process purification product lines. Performance Materials manufactures products in the form of powder, granular, extruded pellets, extruded honeycombs, and activated carbon sheets. Automotive technologies products are sold into gasoline vapor emission control applications within the automotive industry, while process purification products are sold into the food, water, beverage, and chemical purification industries.

Our Performance Chemicals segment consists of our pavement technologies, oilfield technologies, industrial specialties, and engineered polymers product lines. Performance Chemicals manufactures products derived from crude tall oil ("CTO") and lignin extracted from the kraft paper making process as well as caprolactone monomers and derivatives derived from cyclohexanone and hydrogen peroxide. Performance Chemicals products serve as critical inputs used in a variety of high performance applications, including pavement preservation, pavement adhesion promotion, and warm mix paving (pavement technologies product line), oil well service additives, oil production, and downstream application chemicals (oilfield technologies product line), printing inks, adhesives, agrochemicals, lubricants, and industrial intermediates (industrial specialties product line), coatings, resins, elastomers, adhesives, and bio-plastics (engineered polymers product line).

Basis of Presentation

These unaudited condensed consolidated financial statements reflect the consolidated operations of the Company and have been prepared in accordance with United States Securities and Exchange Commission ("SEC") interim reporting requirements. Accordingly, the accompanying condensed consolidated financial statements do not include all disclosures required by accounting principles generally accepted in the United States of America ("GAAP") for full financial statements and should be read in conjunction with the Annual Consolidated Financial Statements for the years ended December 31, 2019, 2018 and 2017, collectively referred to as the "Annual Consolidated Financial Statements" included in our Annual Report on Form 10-K for the year ended December 31, 2019 (the "2019 Annual Report").

In the opinion of management, the condensed consolidated financial statements contain all adjustments, which include only normal recurring adjustments, necessary to fairly state the condensed consolidated results for the interim periods presented. The consolidated results of operations for interim periods are not necessarily indicative of the results to be expected for the full year.

The preparation of the condensed consolidated financial statements requires management to make estimates and assumptions with respect to the reported amounts of assets, liabilities, revenue and expenses and the disclosure of contingent assets and liabilities. Actual results could differ from these estimates. During the three and nine months ended September 30, 2020 and subsequent to this date, there have been significant changes to the global economic situation and to public securities markets as a consequence of the novel strain of coronavirus ("COVID-19") pandemic. It is reasonably possible that this could cause changes to estimates as a result of the financial circumstances of the markets in which we operate, the price of our publicly traded equity in comparison to the carrying value, and the health of the global economy. Such changes to estimates could potentially result in impacts that would be material to the condensed consolidated financial statements. While there was not a material impact to our condensed consolidated financial statements as of and for the three and nine ended September 30, 2020, our future assessment of the magnitude and duration of COVID-19, as well as other factors, could result in material impacts to our consolidated financial statements in future reporting periods.

Certain prior year amounts have been reclassified to conform with the current year's presentation.

Note 2: Coronavirus Pandemic

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic and recommended containment and mitigation measures worldwide. COVID-19 has led to adverse impacts on the U.S. and global economies, and created uncertainty regarding potential impacts to our supply chain, operations, and customer demand. We have been classified as an essential business in the jurisdictions that have made this determination to date, allowing us to continue operations. However, our facilities - as well as the operations of our suppliers, customers, third-party sales representatives, and distributors - have been, and will continue to be, disrupted by governmental and private sector responses to COVID-19. This includes business shutdowns, work-from-home orders and social distancing protocols, travel or health-related restrictions, as well as quarantines, self-isolations, and disruptions to transportation channels.

On March 27, 2020, the U.S. government enacted the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”), which includes modifications to the limitation on business interest expense and net operating loss provisions, and provides a payment delay of employer payroll taxes during 2020 after the date of enactment. We estimate the payment of approximately $5.3 million of employer payroll taxes otherwise due in 2020 will be delayed with 50 percent due by December 31, 2021 and the remaining 50 percent by December 31, 2022. The CARES Act is not expected to have a material impact on our condensed consolidated financial statements.

In order to strengthen our short-term liquidity and to ensure financial flexibility, in March 2020, we drew down $250 million from our revolving credit facility as a precautionary measure and also suspended our share repurchase program. During the three and nine months ended September 30, 2020, we paid back $50 million and $205 million, respectively, of this drawn down amount. We also implemented work-from-home policies and protocols for the majority of our global salaried workforce, as well as social distancing practices to ensure the safety of our employees at our manufacturing facilities. During the second quarter, we decreased production at some of our U.S. and China based manufacturing plants due to COVID-19 customer demand impacts and implemented a cost reduction initiative further described in Note 14. During the third quarter, we resumed normal production at all manufacturing plants as customer demand improved.

While the disruptions caused by the pandemic are currently expected to be temporary, there is uncertainty regarding the virus's duration and severity. COVID-19 has impacted, and will continue to impact, our results of operations, financial position, and liquidity.

Note 3: New Accounting Guidance

The Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC" or "Codification") is the sole source of authoritative GAAP other than SEC issued rules and regulations that apply only to SEC registrants. The FASB issues an Accounting Standards Update ("ASU") to communicate changes to the Codification. We consider the applicability and impact of all ASUs. ASUs not listed below were assessed and determined to be either not applicable or are not expected to have a material impact on the consolidated financial statements.

Recently Adopted Accounting Pronouncements

In August 2018, the FASB issued ASU 2018-15 "Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40) Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that is a Service Contract." This ASU requires companies to defer specific implementation costs incurred in a Cloud Computing Arrangement ("CCA") that are often expensed as incurred under current GAAP, and recognize the expense over the noncancellable term of the CCA. We adopted this standard on a prospective basis on January 1, 2020. As a result of the adoption, we anticipate capitalizing certain implementation costs that were previously expensed as incurred, which will be recorded to either prepaid and other current assets or other assets on the condensed consolidated balance sheets, depending on the duration of the agreement. The impact of the adoption did not have a material impact on our condensed consolidated financial statements and related disclosures.

In June 2016, the FASB issued ASU 2016-13 “Financial Instruments – Credit losses: Measurement of Credit Losses on Financial Instruments." In 2019 and 2020, the FASB issued several ASUs to amend and clarify the credit loss guidance in the original ASU 2016-13 (ASU 2016-13 and its amendments are herein referred to as “ASC 326” or "CECL"). ASC 326 amends FASB's guidance on the impairment of financial instruments, specifically adding an impairment model to GAAP that is based on expected losses, rather than incurred losses, which is intended to result in more timely recognition of such losses. We adopted this standard on January 1, 2020. We have updated our internal controls and operational processes and procedures, to include certain forward-looking considerations in our current process of developing and recognizing credit losses for our accounts receivable and restricted investment accounted for at amortized cost. Generally, the adoption of ASC 326 did not have a material impact on our condensed consolidated balance sheet, results of operations or cash flows. ASC 326 had an immaterial impact to our allowance for credit losses reported in accounts receivable on our condensed consolidated balance sheet upon adoption. Additionally, upon adoption of ASC 326, we estimated an allowance for credit losses for our restricted investment on our condensed consolidated balance sheet. Our restricted investment, which is accounted for as a held-to-maturity investment, consists of highly rated corporate long-term bonds that mature in 2025 and 2026. To calculate our expected credit loss allowance, we utilized a probability-of-default method (“PDM”) for each bond based on each securities term. This process uses historical credit loss experience on similar product types, adjusted for reasonable and supportable forecasts of future default rates. Using a PDM, we calculated an expected credit loss allowance at January 1, 2020 of $0.6 million, which was recorded as an adjustment to the opening balance of retained earnings.

The following table displays changes in our allowance for credit losses as of September 30, 2020, including the transition impact of adopting the CECL standard.

(in millions)	Balance at December 31, 2019 (1)	Impact from Adoption of ASC 326	Balance at January 1, 2020	Current Period Provision	Balance at September 30, 2020 (2)
Allowance for credit losses	$ 0.5	0.6	1.1	1.8	$ 2.9

(1) The allowance for credit losses at December 31, 2019 of $0.5 million was included in "Accounts receivable, net" on the condensed consolidated balance sheets.
(2) The allowance for credit losses at September 30, 2020 of $1.8 million and $1.1 million was included "Accounts receivable, net" and "Restricted investment" on the condensed consolidated balance sheets, respectively.

Our expected credit losses can vary from period to period based on several factors, such as changes in bond ratings, actual observed bond defaults, and overall economic environment. The primary factor that contributed to our provision for expected credit losses in the nine months ended September 30, 2020 was a pessimistic outlook of the macroeconomic environment due to the COVID-19 pandemic, and related effects on the financial performance of U.S.-based corporations. The increase in the allowance for credit losses of $1.8 million in the nine months ended September 30, 2020 is attributed to $0.5 million for Level 1 securities and $1.3 million for accounts receivable expected credit losses.

Recently Issued Accounting Pronouncements

In August 2018, the FASB issued ASU 2018-14 "Compensation — Retirement Benefits — Defined Benefit Plans — General (Topic 715-20): Disclosure Framework — Changes to the Disclosure Requirements for Defined Benefit Plans." This ASU amends ASC 715 to add, remove, and clarify disclosure requirements related to defined benefit pension and other postretirement plans. The new standard is effective for fiscal years beginning after December 15, 2020. Although we are still evaluating the impact of this new standard, we do not believe that the adoption will materially impact our condensed consolidated financial statements and related disclosures.

In December 2019, the FASB issued ASU 2019-12 "Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes." This ASU amends ASC 740 to add, remove, and clarify disclosure requirements related to income taxes. The new standard is effective for fiscal years beginning after December 15, 2020. Although we are still evaluating the impact of this new standard, we do not believe that the adoption of this new standard will materially impact our condensed consolidated financial statements and related disclosures.

In March 2020, the FASB issued ASU 2020-04 "Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting." The ASU is intended to provide temporary optional expedients and exceptions to the GAAP guidance on contract modifications and hedge accounting to ease the financial reporting burdens related to the expected market transition from the London Interbank Offered Rate (LIBOR) and other interbank offered rates to alternative reference rates. This guidance became effective beginning on March 12, 2020, and we may elect to apply the amendments prospectively until December 31, 2022. As of September 30, 2020, we have not yet elected any optional expedients provided in the standard. We will apply the accounting relief, if necessary, as relevant contract and hedge accounting relationship modifications are made during the reference rate reform transition period. We do not expect this new standard to have a material impact on our consolidated financial statements.

Note 4: Acquisitions

Perstorp Holding AB's Caprolactone Business

On February 13, 2019, we completed the acquisition of 100% of the equity of Perstorp UK Ltd with Perstorp Holding AB ("Seller"), including the Seller's entire caprolactone business ("Caprolactone Business"), herein referred to as the "Caprolactone Acquisition." The Caprolactone Acquisition was completed for an aggregate purchase price of €578.9 million ($652.5 million), less assumed debt of €100.4 million ($113.1 million). At closing, the assumed debt was settled with an affiliate of the Seller.

The Caprolactone Acquisition has been integrated into our Performance Chemicals segment and represented as our engineered polymers product line. As a result, we are not able to separate operating performance of the Caprolactone Acquisition from our existing Performance Chemicals' operating results. The Caprolactone Acquisition contributed Net sales of $93.2 million and $90.9 million for the nine months ended September 30, 2020 and 2019, respectively, to our consolidated operating results.

Purchase Price Allocation

The following table summarizes the consideration paid for the Caprolactone Business, the assets acquired, and liabilities assumed, which was finalized in Q4 2019:

Purchase Price Allocation

In millions	Weighted Average Amortization Period		Fair Value
Cash and cash equivalents		$	0.7
Accounts receivable			15.7
Inventories (1)			21.7
Prepaid and other current assets			1.9
Property, plant and equipment			86.3
Operating lease assets, net			1.8
Intangible assets (2)			
Customer relationships	17 years		159.0
Developed technology	12 years		64.8
Brands	17 years		67.0
Non-compete agreement	3 years		0.5
Goodwill			295.1
Other assets			1.3
Total fair value of assets acquired		$	715.8
Accounts payable			13.6
Accrued expenses			2.3
Long-term debt			113.1
Operating lease liabilities			1.7
Deferred income taxes			45.7
Total fair value of liabilities assumed		$	176.4
Less: Cash and restricted cash acquired (3)			(1.5)
Payments for acquired businesses, net of cash acquired		$	537.9

(1) Fair value of finished goods inventories acquired included a step-up in the value of approximately $8.4 million, all of which was expensed in the three months ended March 31, 2019. The expense is included in "Cost of sales" on the condensed consolidated statement of operations. Inventories are accounted for on a first-in, first-out basis of accounting.

(2) The aggregate amortization expense was $4.8 million and $3.7 million for the three months ended September 30, 2020 and 2019, respectively, and the aggregate amortization expense was $14.3 million and $9.5 million for the nine months ended September 30, 2020 and 2019, respectively. Estimated amortization expense is as follows: 2020 - $19.1 million, 2021 - $19.1 million, 2022 - $19.0 million, 2023 - $18.9 million, and 2024 - $18.9 million. The estimated pre-tax amortization expense may fluctuate due to changes in foreign currency.

(3) Cash and cash equivalents and restricted cash were $0.7 million and $0.8 million, respectively, at closing. Restricted cash is included in "Prepaid and other current assets" in the above purchase price allocation.

Unaudited Pro Forma Financial Information

The following unaudited pro forma results of operations assume that the Caprolactone Acquisition occurred at the beginning of the periods presented. These unaudited pro forma results are presented for informational purposes only and are not necessarily indicative of what the actual results of operations would have been if the acquisition occurred at the beginning of the periods presented, nor are they indicative of future results of operations. The pro forma results include additional interest expense on the debt issued to finance the acquisition, amortization and depreciation expense based on the estimated fair value and useful lives of intangible assets and tangible assets, and related tax effects. The pro forma results presented below are adjusted for the removal of Acquisition and other-related costs for the nine months ended September 30, 2019 of $33.3 million.

In millions, except per share data		Nine Months Ended September 30, 2019
Net sales	$	1,007.2
Income (loss) before income taxes		205.7
Diluted earnings (loss) per share	$	3.92

Acquisition and other-related costs

Costs incurred to complete and integrate the Caprolactone Acquisition into our Performance Chemicals segment are expensed as incurred on our condensed consolidated statement of operations. The following table summarizes such costs.

	Three Months Ended September 30,		Nine Months Ended September 30,	
In millions	2020	2019	2020	2019
Legal and professional service fees	$ —	$ 1.3	$ 1.7	$ 12.2
Loss on hedging purchase price	—	—	—	12.7
Acquisition-related costs	$ —	$ 1.3	$ 1.7	$ 24.9
Inventory fair value step-up amortization [1]	—	—	—	8.4
Acquisition and other-related costs	$ —	$ 1.3	$ 1.7	$ 33.3

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(1) Included within "Cost of sales" on the condensed consolidated statement of operations.

Note 5: Revenues

Ingevity's operating segments are (i) Performance Materials and (ii) Performance Chemicals. A description of both operating segments is included in Note 1.

Disaggregation of Revenue

The following table presents our Net sales disaggregated by product line.

	Three Months Ended September 30,		Nine Months Ended September 30,	
In millions	2020	2019	2020	2019
Automotive Technologies product line	$ 136.9	$ 120.5	$ 324.5	$ 334.1
Process Purification product line	6.9	9.7	24.8	28.3
Performance Materials segment	$ 143.8	$ 130.2	$ 349.3	$ 362.4
Oilfield Technologies product line	14.0	27.6	58.4	86.5
Pavement Technologies product line	72.5	69.8	157.1	152.9
Industrial Specialties product line	76.1	99.9	232.5	296.8
Engineered Polymers product line[1]	25.3	32.4	93.2	90.9
Performance Chemicals segment	$ 187.9	$ 229.7	$ 541.2	$ 627.1
Net sales	$ 331.7	$ 359.9	$ 890.5	$ 989.5

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(1) Engineered Polymers product line was acquired on February 13, 2019; see Note 4 for more information.

The following table presents our Net sales disaggregated by geography, based on the delivery address of our customer.

In millions	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
North America	$ 191.9	$ 224.9	$ 510.3	$ 623.8
Asia Pacific	89.9	76.8	240.4	193.7
Europe, Middle East and Africa	45.5	51.6	126.0	155.4
South America	4.4	6.6	13.8	16.6
Net sales	$ 331.7	$ 359.9	$ 890.5	$ 989.5

Contract Balances

The following table provides information about contract assets and contract liabilities from contracts with customers. The contract assets primarily relate to our rights to consideration for products produced but not billed at the reporting date. The contract assets are recognized as accounts receivables when the rights become unconditional and the customer has been billed. Contract liabilities represent obligations to transfer goods to a customer for which we have received consideration from our customer. For all periods presented we had no contract liabilities.

In millions	Contract Asset[(1)] September 30, 2020	Contract Asset[(1)] September 30, 2019
Beginning balance	$ 6.2	$ 5.1
Contract asset additions	13.5	11.8
Reclassification to accounts receivable, billed to customers	(12.9)	(10.0)
Ending balance	$ 6.8	$ 6.9

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(1) Included within "Prepaid and other current assets" on the condensed consolidated balance sheets.

Note 6: Fair Value Measurements

Fair Value Measurements

We have categorized our assets and liabilities that are recorded at fair value, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the assets and liabilities fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. The carrying value of our financial instruments: cash and cash equivalents, other receivables, other payables and accrued liabilities, approximate their fair values due to the short-term nature of these financial instruments. See Note 10 for more information regarding our fair value measurements of our financial instruments and risk management activities.

Recurring Fair Value Measurements

The following information is presented for assets and liabilities that are recorded in the condensed consolidated balance sheets at fair value measured at each reporting date (i.e. on a recurring basis). There were no transfers of assets and liabilities that were recorded at fair value between Level 1 and Level 2 during the periods reported.

In millions	Level 1[(1)]	Level 2[(2)]	Level 3[(3)]	Total
September 30, 2020				
Assets:				
Equity securities [(4)]	$ 0.1	$ —	$ —	$ 0.1
Deferred compensation plan investments [(5)]	2.3	—	—	2.3
Total assets	$ 2.4	$ —	$ —	$ 2.4
Liabilities:				
Deferred compensation arrangement [(5)]	$ 10.4	$ —	$ —	$ 10.4
Contingent consideration [(7)]	—	—	1.1	1.1
Total liabilities	$ 10.4	$ —	$ 1.1	$ 11.5
December 31, 2019				
Assets:				
Equity securities [(4)]	$ 0.4	$ —	$ —	$ 0.4
Deferred compensation plan investments [(5)]	1.4	—	—	1.4
Total assets	$ 1.8	$ —	$ —	$ 1.8
Liabilities:				
Deferred compensation arrangement [(5)]	$ 10.0	$ —	$ —	$ 10.0
Separation-related reimbursement awards [(6)]	0.1	—	—	0.1
Total liabilities	$ 10.1	$ —	$ —	$ 10.1

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(1) Quoted prices in active markets for identical assets.
(2) Quoted prices for similar assets and liabilities in active markets.
(3) Significant unobservable inputs.
(4) Included within "Prepaid and other current assets" on the condensed consolidated balance sheets.
(5) Consists of a deferred compensation arrangement, through which we hold various investment securities. Both the asset and liability are recorded at fair value, and are included within "Other assets" and "Other liabilities" on the condensed consolidated balance sheets, respectively. In addition to the investment securities, we also have company-owned life insurance ("COLI") deferred compensation arrangement. COLI is recorded at cash surrender value and included in "Other assets" on the condensed consolidated balance sheets in the amount of $9.0 million and $8.4 million at September 30, 2020 and December 31, 2019, respectively.
(6) Included within "Accrued expenses" on the condensed consolidated balance sheets.
(7) Included within "Other liabilities" on the condensed consolidated balance sheets.

Nonrecurring Fair Value Measurements

The following table presents our fair value hierarchy for those assets measured at fair value on a non-recurring basis in the condensed consolidated balance sheets during the nine months ended September 30, 2020. There were no nonrecurring fair value measurements in the condensed consolidated balance sheets during the year ended December 31, 2019.

In millions	September 30, 2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Gains (Losses) (Period Ended September 30, 2020)
Assets:					
Impairment of operating lease assets, net [1]	$ —	$ —	$ —	$ —	$ (1.7)
Total assets	$ —	$ —	$ —	$ —	$ (1.7)

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(1) During the period ended September 30, 2020 we exited certain leased assets previously used in our daily operations. These leased assets have remaining lease obligations through 2023. This impairment charge was recorded adjust their fair value on our condensed consolidated balance sheet to zero.

Equity Securities

The aggregate carrying value of investments in equity securities where fair value is not readily determinable totaled zero and $1.5 million as of September 30, 2020 and December 31, 2019, respectively, and is included in "Other assets" on the condensed consolidated balance sheets. During the three and nine months ended September 30, 2020, we recorded an impairment charge of zero and $1.5 million, respectively, to an equity security where fair value is not readily determinable held within our Performance Materials segment. The impairment charge represented the difference between liquidation value of the investment and our book value at the time our investment was liquidated.

Restricted Investment

Our restricted investment is a trust managed in order to secure repayment of the finance lease obligation, associated with Performance Materials' Wickliffe, Kentucky manufacturing site, at maturity. The trust, presented as restricted investment on our condensed consolidated balance sheets, purchased long-term bonds that mature in 2025 and 2026. The principal received at maturity of the bonds along with interest income that is reinvested in the trust are expected to be equal to or more than the $80.0 million finance lease obligation that is due in 2027. Because the provisions of the trust provide us the ability, and it is our intent, to hold the investments to maturity, the investments held by the trust are accounted for as held to maturity ("HTM"); therefore, they are held at their amortized cost. The investments held by the trust earn interest at the stated coupon rate of the invested bonds. Interest earned on the investments held by the trust is recognized as interest income and presented within interest income on our condensed consolidated statement of operations.

At September 30, 2020, the book value of our restricted investment, which is accounted for as HTM and therefore held at amortized costs, was $73.0 million, net of an allowance for credit losses of $1.1 million and included cash of $1.9 million. The fair value at September 30, 2020 was $79.9 million, based on Level 1 inputs.

The following table shows the total amortized cost of our HTM debt securities by credit rating, excluding the allowance for credit losses and cash. The primary factor in our expected credit loss calculation is the composite bond rating. As the rating decreases, the risk present in holding the bond is inherently increased, leading to an increase in expected credit losses.

	September 30, 2020					
In millions	AA+	AA	A	A-	BBB+	Total
HTM debt securities	$ 13.5	10.7	24.2	13.4	10.4	$ 72.2

Debt Obligations

At September 30, 2020, the book value of finance lease obligations was $103.3 million and the fair value was $128.4 million. The fair value of our finance lease obligations is based quoted market prices for the obligations, using Level 2 inputs.

The carrying amount, excluding debt issuance fees, of our variable interest rate long-term debt was $901.8 million as of September 30, 2020. The carrying value is a reasonable estimate of the fair value of the outstanding debt based on the variable interest rate of the debt.

At September 30, 2020, the book value of our fixed rate debt was $300.0 million, and the fair value was $304.1 million, based on Level 2 inputs.

Contingent Consideration

In connection with the acquisition of certain assets in May 2020, we are contingently obligated to make an additional payment for such assets of up to an aggregate amount of $7.0 million. The contingent consideration is payable if certain sales volume targets are achieved prior to the expiration on December 31, 2024, therein referred to as "Revenue Earn-out."

The fair value of the five-year Revenue Earn-out consideration was $1.1 million at September 30, 2020. Any subsequent changes in the fair value of the contingent consideration liability will be recorded in current period earnings as a selling, general and administrative expense.

The following table summarizes the activity for financial liabilities utilizing Level 3 fair value measurements:

In millions	Contingent Consideration September 30, 2020
Beginning balance	$ —
Newly issued	1.1
Change in revaluation of contingent consideration included in earnings	—
Exercises/settlements	—
Ending balance [1]	$ 1.1

(1) Included within "Other liabilities" on the condensed consolidated balance sheets.

Note 7: Inventories, net

In millions	September 30, 2020	December 31, 2019
Raw materials	$ 46.5	$ 42.6
Production materials, stores and supplies	24.5	22.3
Finished and in-process goods	146.5	158.0
Subtotal	217.5	222.9
Less: adjustment of inventories to LIFO basis	(13.5)	(10.4)
Inventories, net	$ 204.0	$ 212.5

Note 8: Property, Plant and Equipment, net

In millions	September 30, 2020	December 31, 2019
Machinery and equipment	$ 1,008.8	$ 964.3
Buildings and leasehold improvements	159.8	116.9
Land and land improvements	19.5	19.0
Construction in progress	83.8	119.1
Total cost	1,271.9	1,219.3
Less: accumulated depreciation	(586.6)	(554.6)
Property, plant and equipment, net (1)	$ 685.3	$ 664.7

Note 9: Goodwill and Other Intangible Assets, net

Goodwill

	Reporting Units		
In millions	Performance Chemicals	Performance Materials	Total
December 31, 2019	$ 432.1	$ 4.3	$ 436.4
Foreign currency translation	(8.6)	—	(8.6)
September 30, 2020	$ 423.5	$ 4.3	$ 427.8

There were no events or circumstances indicating that goodwill might be impaired as of September 30, 2020.

Other Intangible Assets

	September 30, 2020			December 31, 2019		
In millions	Gross	Accumulated amortization	Net	Gross	Accumulated amortization	Net
Intangible assets subject to amortization						
Customer contracts and relationships	$ 310.2	$ 67.3	$ 242.9	$ 314.5	$ 51.6	$ 262.9
Brands (1)	78.5	14.4	64.1	80.3	11.1	69.2
Developed technology	69.2	10.2	59.0	68.6	5.7	62.9
Other	2.7	2.2	0.5	2.7	1.5	1.2
Total Other intangibles, net	$ 460.6	$ 94.1	$ 366.5	$ 466.1	$ 69.9	$ 396.2

(1) Represents trademarks, trade names and know-how.

At September 30, 2020 and December 31, 2019, the intangible assets subject to amortization were allocated among our business segments as follows:

In millions	September 30, 2020	December 31, 2019
Performance Chemicals	$ 364.3	$ 396.2
Performance Materials	2.2	—
Total Other intangibles, net	$ 366.5	$ 396.2

The amortization expense related to our intangible assets in the table above is shown in the table below.

	Three Months Ended September 30,		Nine Months Ended September 30,	
In millions	2020	2019	2020	2019
Cost of sales	$ —	$ 0.2	$ 0.1	$ 0.5
Selling, general and administrative expenses	8.2	7.1	24.3	19.7
Total amortization expense[1]	$ 8.2	$ 7.3	$ 24.4	$ 20.2

(1) See Note 4 for more information about the Caprolactone Acquisition, and the related increase in amortization expense.

Based on the current carrying values of intangible assets, estimated pre-tax amortization expense for the next five years is as follows: 2020 - $32.5 million, 2021 - $31.6 million, 2022 - $31.4 million, 2023 - $31.3 million, and 2024 - $31.0 million. The estimated pre-tax amortization expense may fluctuate due to changes in foreign currency.

Note 10: Financial Instruments and Risk Management

Net Investment Hedges

We have fixed-to-fixed cross-currency interest rate swaps with an aggregate notional amount of $166.2 million and a maturity date of July 2023. We designated the swaps to hedge a portion of our net investment in a euro functional currency denominated subsidiary against foreign currency fluctuations. These contracts involve the exchange of fixed U.S. dollars with fixed euro interest payments periodically over the life of the contract and an exchange of the notional amount at maturity. This effectively converts a portion of our U.S. dollar denominated fixed-rate debt from a weighted average rate of 3.79 percent to a euro denominated weighted average fixed-rate debt at a rate of 1.35 percent. Any difference between the fixed interest rate between the U.S. dollar denominated debt to euro denominated debt is recorded as interest income on the condensed consolidated statements of operations. The fair value of the fixed-to-fixed cross currency interest rate swap was a net asset (liability) of $(0.4) million and $3.0 million at September 30, 2020 and December 31, 2019, respectively. During the three and nine months ended September 30, 2020, we recognized net interest income associated with this financial instrument of $0.2 million and $1.5 million, respectively, and during both the three and nine months ended September 30, 2019, we recognized net interest income associated with this financial instrument of $0.9 million and $1.5 million, respectively.

Cash Flow Hedges

Foreign Currency Exchange Risk Management

We manufacture and sell our products in several countries throughout the world and, thus, we are exposed to changes in foreign currency exchange rates. To manage the volatility relating to these exposures, we net the exposures on a consolidated basis to take advantage of natural offsets. To manage the remaining exposure, from time to time, we utilize forward currency exchange contracts and zero cost collar option contracts to minimize the volatility to earnings and cash flows resulting from the effect of fluctuating foreign currency exchange rates on export sales denominated in foreign currencies (principally the euro). These contracts are generally designated as cash flow hedges. Designated cash flow hedges entered to minimize foreign currency exchange risk of forecasted revenue transactions are recorded to "Net sales" on the consolidated statement of operations when the forecasted transaction occurs. As of September 30, 2020, there were $4.0 million open foreign currency derivative contracts. The fair value of the designated foreign currency hedge contracts was an asset (liability) of $(0.1) million and zero at September 30, 2020 and December 31, 2019, respectively.

Commodity Price Risk Management

Certain energy sources used in our manufacturing operations are subject to price volatility caused by weather, supply and demand conditions, economic variables, and other unpredictable factors. This volatility is primarily related to the market pricing of natural gas. To mitigate expected fluctuations in market prices and the volatility to earnings and cash flow resulting from changes to pricing of natural gas purchases, from time to time, we will enter into swap contracts and zero cost collar option contracts and designate these contracts as cash flow hedges. As of September 30, 2020, we had 1.2 million and 1.1 million mmBTUS (millions of British Thermal Units) in aggregate notional volume of outstanding natural gas commodity swap contracts and zero cost collar option contracts, respectively. Designated commodity cash flow hedge gains or losses recorded in Accumulated other comprehensive income ("AOCI") are recognized in "Cost of sales" on the condensed consolidated statements of operations when the inventory is sold. As of September 30, 2020, open commodity contracts hedge forecasted transactions until November 2021. The fair value of the outstanding designated natural gas commodity hedge contracts as of September 30, 2020 and December 31, 2019 was an asset (liability) of $0.3 million and $(0.5) million, respectively.

Interest Rate Risk Management

Our policy is to manage interest expense using a mix of fixed and variable rate debt. To manage interest rate risk effectively, from time to time, we may enter into cash flow interest rate derivative instruments, which can consist of forward starting swaps and treasury locks. In all cases, the notional amount of the interest rate swap agreements is equal to or less than the designated debt being hedged. Designated interest rate cash flow hedge gains or losses recorded in AOCI are recognized in "Interest expense, net" on the condensed consolidated statements of operations on a straight-line basis over the remaining maturity of the underlying debt. These instruments are designated as cash flow hedges.

As of September 30, 2020, we have entered into interest rate swaps with a notional amount of $166.2 million to manage the variability of cash flows in the interest rate payments associated with our existing LIBOR-based interest payments, effectively converting $166.2 million of our floating rate debt to a fixed rate. In accordance with the terms of this instrument, we receive floating rate interest payments based upon three-month U.S. dollar LIBOR and in return are obligated to pay interest at a weighted average fixed rate of 3.79 percent until July 2023. The fair value of the interest rate swap was an asset (liability) of $(9.6) million and $(3.9) million at September 30, 2020 and December 31, 2019, respectively.

Effect of Cash Flow and Net Investment Hedge Accounting on AOCI

In millions	Amount of Gain (Loss) Recognized in AOCI		Amount of Gain (Loss) Reclassified from AOCI into Net income		Location of Gain (Loss) Reclassified from AOCI in Net income
	Three Months Ended September 30,				
	2020	2019	2020	2019	
Cash flow hedging derivatives					
Currency exchange contracts	$ (0.3)	$ —	$ (0.2)	$ —	Net sales
Natural gas contracts	0.4	(0.2)	(0.3)	—	Cost of sales
Interest rate swap contracts	0.8	(0.9)	—	—	Interest expense, net
Total	$ 0.9	$ (1.1)	$ (0.5)	$ —	

	Amount of Gain (Loss) Recognized in AOCI		Amount of Gain (Loss) Recognized in Income on Derivative (Amount Excluded from Effectiveness Testing)		Location of Gain or (Loss) Recognized in Income on Derivative (Amount Excluded from Effectiveness Testing)
	Three Months Ended September 30,				
	2020	2019	2020	2019	
Net investment hedging derivative					
Currency exchange contracts(1)	$ (8.1)	$ 6.9	$ 0.2	$ 0.9	Interest expense, net
Total	$ (8.1)	$ 6.9	$ 0.2	$ 0.9	

In millions	Amount of Gain (Loss) Recognized in AOCI		Amount of Gain (Loss) Reclassified from AOCI into Net income		Location of Gain (Loss) Reclassified from AOCI in Net income
	Nine Months Ended September 30,				
	2020	2019	2020	2019	
Cash flow hedging derivatives					
Currency exchange contracts	$ (0.1)	$ —	$ —	$ —	Net sales
Natural gas contracts	(0.1)	(0.7)	(0.9)	0.6	Cost of sales
Interest rate swap contracts	(5.7)	(5.0)	—	—	Interest expense, net
Total	$ (5.9)	$ (5.7)	$ (0.9)	$ 0.6	

	Amount of Gain (Loss) Recognized in AOCI		Amount of Gain (Loss) Recognized in Income on Derivative (Amount Excluded from Effectiveness Testing)		Location of Gain or (Loss) Recognized in Income on Derivative (Amount Excluded from Effectiveness Testing)
	Nine Months Ended September 30,				
	2020	2019	2020	2019	
Net investment hedging derivative					
Currency exchange contracts(1)	$ (3.5)	$ 6.6	$ 1.5	$ 1.5	Interest expense, net
Total	$ (3.5)	$ 6.6	$ 1.5	$ 1.5	

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(1) Reclassifications from AOCI to Net Income were zero for all periods presented. Gains and losses would be reclassified from AOCI to Other (income) expense, net.

Within the next twelve months, we expect to reclassify $0.1 million of net losses from AOCI to income, before taxes.

Fair Value Measurements

The following information is presented for derivative assets and liabilities that are recorded in the condensed consolidated balance sheets at fair value measured on a recurring basis. See Note 6 financial instruments for more information on our fair value measurements. There were no transfers of assets and liabilities that are recorded at fair value between Level 1 and Level 2 during the periods reported. There were no nonrecurring fair value measurements in the condensed consolidated balance sheets as of September 30, 2020 or December 31, 2019 relating to our derivatives.

In millions	Level 1[1]	Level 2[2]	Level 3[3]	Total
September 30, 2020				
Assets:				
Natural gas contracts [4]	—	0.3	—	0.3
Net investment hedge [5]	—	1.0	—	1.0
Total assets	$ —	$ 1.3	$ —	$ 1.3
Liabilities:				
Currency exchange contracts[6]	—	0.1	—	0.1
Net investment hedge [7]	—	1.4	—	1.4
Interest rate swap contracts [7]	—	9.6	—	9.6
Total liabilities	$ —	$ 11.1	$ —	$ 11.1

In millions	Level 1[1]	Level 2[2]	Level 3[3]	Total
December 31, 2019				
Assets:				
Net investment hedge [5]	$ —	$ 3.0	$ —	$ 3.0
Total assets	$ —	$ 3.0	$ —	$ 3.0
Liabilities:				
Natural gas contracts [6]	$ —	$ 0.5	$ —	$ 0.5
Interest rate swap contracts [7]	—	3.9	—	3.9
Total liabilities	$ —	$ 4.4	$ —	$ 4.4

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(1) Quoted prices in active markets for identical assets.
(2) Quoted prices for similar assets and liabilities in active markets.
(3) Significant unobservable inputs.
(4) Included within "Prepaid and other current assets" on the condensed consolidated balance sheet.
(5) Included within "Other assets" on the condensed consolidated balance sheet.
(6) Included within "Accrued expenses" on the condensed consolidated balance sheet.
(7) Included within "Other liabilities" on the condensed consolidated balance sheet.

Note 11: Debt including Finance Lease Obligations

Current and long-term debt including finance lease obligations consisted of the following:

	September 30, 2020			
In millions, except percentages	**Interest rate**	**Maturity date**	**September 30, 2020**	**December 31, 2019**
Revolving Credit Facility (1)	1.65%	2023	$ 170.0	$ 131.3
Term Loans	1.44%	2022-2023	726.6	740.6
Senior Notes	4.50%	2026	300.0	300.0
Finance lease obligations (2)	7.16%	2027-2035	103.3	80.0
Other	4.77%	2020-2021	5.2	5.9
Total debt including finance lease obligations			1,305.1	1,257.8
Less: debt issuance costs			5.7	6.9
Total debt, including finance lease obligations, net of debt issuance costs			1,299.4	1,250.9
Less: debt maturing within one year (3)			22.4	22.5
Long-term debt including finance lease obligations			$ 1,277.0	$ 1,228.4

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(1) Letters of credit outstanding under the revolving credit facility were $2.4 million and undrawn capacity under the facility was $577.6 million at September 30, 2020.
(2) Includes finance lease obligations of $80.0 million related assets at our Wickliffe, Kentucky facility and $23.3 million related to our corporate headquarters.
(2) Debt maturing within one year is included in "Notes payable and current maturities of long-term debt" on the condensed consolidated balance sheets.

2020 Senior Notes Issuance and Revolving Credit Facility Amendment

On October 28, 2020 we issued $550.0 million aggregate principal amount of 3.875 percent senior unsecured notes due 2028. Also on October 28, 2020, we entered into an Incremental Facility Agreement and Amendment no. 5 to modify our existing credit agreement. See Note 19 for more information on both of these actions.

Debt Covenants

Our 4.50 percent senior unsecured notes due in 2026 (the "Senior Notes") contain certain customary covenants (including covenants limiting Ingevity's and its restricted subsidiaries' ability to grant or permit liens on certain property securing debt, declare or pay dividends, make distributions on or repurchase or redeem capital stock, make investments in unrestricted subsidiaries, engage in sale and lease-back transactions, and engage in a consolidation or merger, or sell, transfer or otherwise dispose of all or substantially all of the assets of our and our restricted subsidiaries, taken as a whole, subject, in each of the above cases, to certain qualifications and exceptions) and events of default (subject in certain cases to customary exceptions, as well as grace and cure periods). The occurrence of an event of default under the Senior Notes could result in the acceleration of the Senior Notes and could cause a cross-default that could result in the acceleration of other indebtedness of Ingevity and its subsidiaries.

The revolving credit facility and term loans contain customary default provisions, including defaults for non-payment, breach of representations and warranties, insolvency, non-compliance with covenants and cross-defaults to other material indebtedness. The occurrence of an uncured event of default under the revolving credit facility and term loans could result in all loans and other obligations becoming immediately due and payable and the facilities being terminated. The revolving credit facility and term loans' financial covenants require Ingevity to maintain on a consolidated basis a maximum total leverage ratio of 4.0 to 1.0 (which may be increased to 4.5 to 1.0 under certain circumstances) and a minimum interest coverage ratio of 3.0 to 1.0. Our actual leverage for the four consecutive quarters ended September 30, 2020 was 3.3, and our actual interest coverage for the four consecutive quarters ended September 30, 2020 was 8.3. We were in compliance with all covenants at September 30, 2020.

Note 12: Equity

The tables below provide a roll forward of equity.

In millions, except per share data in thousands	Common Stock Shares	Common Stock Amount	Additional paid in capital	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	Total Equity
Balance at December 31, 2019	42,675	$ 0.4	$ 112.8	$ 497.2	$ (5.0)	$ (74.6)	$ 530.8
Net income (loss)	—	—	—	45.3	—	—	45.3
Other comprehensive income (loss)	—	—	—	—	(39.1)	—	(39.1)
Common stock issued	161	—	—	—	—	—	—
Tax payments related to vested restricted stock units	—	—	—	—	—	(3.1)	(3.1)
Share repurchase program	—	—	—	—	—	(32.4)	(32.4)
Share-based compensation plans	—	—	0.8	—	—	0.4	1.2
Adoption of accounting standard	—	—	—	(0.6)	—	—	(0.6)
Balance at March 31, 2020	42,836	$ 0.4	$ 113.6	$ 541.9	$ (44.1)	$ (109.7)	$ 502.1
Net income (loss)	—	—	—	20.2	—	—	20.2
Other comprehensive income (loss)	—	—	—	—	(4.1)	—	(4.1)
Common stock issued	5	—	—	—	—	—	—
Exercise of stock options, net	50	—	1.4	—	—	—	1.4
Tax payments related to vested restricted stock units	—	—	—	—	—	0.1	0.1
Share-based compensation plans	—	—	1.3	—	—	1.9	3.2
Balance at June 30, 2020	42,891	$ 0.4	$ 116.3	$ 562.1	$ (48.2)	$ (107.7)	$ 522.9
Net income (loss)	—	—	—	69.9	—	—	69.9
Other comprehensive income (loss)	—	—	—	—	22.6	—	22.6
Common stock issued	3	—	—	—	—	—	—
Exercise of stock options, net	1	—	—	—	—	—	—
Tax payments related to vested restricted stock units	—	—	—	—	—	(0.1)	(0.1)
Share-based compensation plans	—	—	0.5	—	—	1.2	1.7
Balance at September 30, 2020	42,895	$ 0.4	$ 116.8	$ 632.0	$ (25.6)	$ (106.6)	$ 617.0

Ingevity Corporation
Notes to the Condensed Consolidated Financial Statements
September 30, 2020
(Unaudited)

	Common Stock						
In millions, except per share data in thousands	Shares	Amount	Additional paid in capital	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	Total Equity
Balance at December 31, 2018	42,332	$ 0.4	$ 98.3	$ 313.5	$ (17.7)	$ (55.8)	$ 338.7
Net income (loss)	—	—	—	22.7	—	—	22.7
Other comprehensive income (loss)	—	—	—	—	9.1	—	9.1
Common stock issued	276	—	—	—	—	—	—
Exercise of stock options, net	51	—	1.4	—	—	—	1.4
Tax payments related to vested restricted stock units	—	—	—	—	—	(14.3)	(14.3)
Share repurchase program	—	—	—	—	—	(3.3)	(3.3)
Share-based compensation plans	—	—	4.1	—	—	0.3	4.4
Balance at March 31, 2019	42,659	$ 0.4	$ 103.8	$ 336.2	$ (8.6)	$ (73.1)	$ 358.7
Net income (loss)	—	—	—	56.8	—	—	56.8
Other comprehensive income (loss)	—	—	—	—	(19.4)	—	(19.4)
Common stock issued	5	—	—	—	—	—	—
Exercise of stock options, net	6	—	0.2	—	—	—	0.2
Share-based compensation plans	—	—	3.5	—	—	0.9	4.4
Balance at June 30, 2019	42,670	$ 0.4	$ 107.5	$ 393.0	$ (28.0)	$ (72.2)	$ 400.7
Net income (loss)	—	—	—	59.9	—	—	59.9
Other comprehensive income (loss)	—	—	—	—	(18.5)	—	(18.5)
Exercise of stock options, net	2	—	0.1	—	—	—	0.1
Share repurchase program	—	—	—	—	—	(3.1)	(3.1)
Share-based compensation plans	—	—	3.8	—	—	0.4	4.2
Balance at September 30, 2019	42,672	$ 0.4	$ 111.4	$ 452.9	$ (46.5)	$ (74.9)	$ 443.3

Accumulated other comprehensive income (loss)

In millions	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Foreign currency translation				
Beginning balance	$ (36.8)	$ (22.7)	$ 1.5	$ (16.4)
Gains (losses) on foreign currency translation	27.6	(22.9)	(14.2)	(29.0)
Less: tax provision (benefit)	—	—	—	—
Net gains (losses) on foreign currency translation	27.6	(22.9)	(14.2)	(29.0)
Gains (losses) on net investment hedges	(8.1)	6.9	(3.5)	6.6
Less: tax provision (benefit)	(1.9)	1.6	(0.8)	1.5
Net gains (losses) on net investment hedges	(6.2)	5.3	(2.7)	5.1
Other comprehensive income (loss), net of tax	21.4	(17.6)	(16.9)	(23.9)
Ending balance	$ (15.4)	$ (40.3)	$ (15.4)	$ (40.3)
Derivative Instruments				
Beginning balance	$ (8.4)	$ (3.6)	$ (3.5)	$ 0.4
Gains (losses) on derivative instruments	0.9	(1.1)	(5.9)	(5.7)
Less: tax provision (benefit)	0.2	(0.2)	(1.4)	(1.3)
Net gains (losses) on derivative instruments	0.7	(0.9)	(4.5)	(4.4)
(Gains) losses reclassified to net income	0.5	—	0.9	(0.6)
Less: tax (provision) benefit	0.1	—	0.2	(0.1)
Net (gains) losses reclassified to net income	0.4	—	0.7	(0.5)
Other comprehensive income (loss), net of tax	1.1	(0.9)	(3.8)	(4.9)
Ending balance	$ (7.3)	$ (4.5)	$ (7.3)	$ (4.5)
Pension and other postretirement benefits				
Beginning balance	$ (3.0)	$ (1.7)	$ (3.0)	$ (1.7)
Unrealized actuarial gains (losses) and prior service (costs) credits	—	—	—	—
Less: tax provision (benefit)	—	—	—	—
Net actuarial gains (losses) and prior service (costs) credits	—	—	—	—
Actuarial and other (gains) losses, amortization of prior service cost (credits), and settlement and curtailment (income) charge reclassified to net income	0.1	—	0.1	—
Less: tax (provision) benefit	—	—	—	—
Net actuarial and other (gains) losses, amortization of prior service cost (credits), and settlement and curtailment (income) charge reclassified to net income	0.1	—	0.1	—
Other comprehensive income (loss), net of tax	0.1	—	0.1	—
Ending balance	$ (2.9)	$ (1.7)	$ (2.9)	$ (1.7)
Total AOCI ending balance at September 30	$ (25.6)	$ (46.5)	$ (25.6)	$ (46.5)

Reclassifications of accumulated other comprehensive income (loss)

	Three Months Ended September 30,		Nine Months Ended September 30,	
In millions	**2020**	**2019**	**2020**	**2019**
Derivative instruments				
Currency exchange contracts [1]	$ (0.2)	$ —	$ —	$ —
Natural gas contracts [2]	(0.3)	—	(0.9)	0.6
Total before tax	(0.5)	—	(0.9)	0.6
(Provision) benefit for income taxes	0.1	—	0.2	(0.1)
Amount included in net income (loss)	$ (0.4)	$ —	$ (0.7)	$ 0.5
Pension and other post retirement benefits				
Amortization of prior service costs [2]	$ (0.1)	$ —	$ (0.1)	$ —
Amortization of unrecognized net actuarial and other gains (losses)[3]	—	—	—	—
Total before tax	(0.1)	—	(0.1)	—
(Provision) benefit for income taxes	—	—	—	—
Amount included in net income (loss)	$ (0.1)	$ —	$ (0.1)	$ —

(1) Included within "Net sales" on the condensed consolidated statement of operations.
(2) Included within "Cost of sales" on the condensed consolidated statement of operations.
(3) Included within "Other (income) expense, net" on the condensed consolidated statement of operations.

Share Repurchases

On February 28, 2020, our Board of Directors authorized the repurchase of up to $500.0 million of our common stock, and rescinded the prior two authorizations from 2017 and 2018 of $100.0 million and $350.0 million, respectively. The repurchase program does not include a specific timetable or price targets and may be suspended or terminated at any time. Shares may be purchased through open market or privately negotiated transactions at the discretion of management based on its evaluation of market prevailing conditions and other factors.

During the three months ended September 30, 2020, no shares of our common stock were repurchased as we previously suspended share repurchases in light of the uncertainty caused by the COVID-19 pandemic. At September 30, 2020, $467.6 million remained unused under our Board-authorized repurchase program. We record shares of common stock repurchased at cost as treasury stock, resulting in a reduction of stockholders' equity in the condensed consolidated balance sheets. When the treasury shares are contributed under our employee benefit plans or issued for option exercises, we use a first-in, first-out method for determining cost. The difference between the cost of the shares and the market price at the time of contribution to an employee benefit plan is added to or deducted from the related capital in excess of par value of common stock.

Note 13: Retirement Plans

The following table summarizes the components of net periodic benefit cost (income) for our defined benefit pension plans:

	Three Months Ended September 30,			
	Pensions		Other Benefits	
In millions	2020	2019	2020	2019
Components of net periodic benefit cost (income):				
Service cost [1]	$ 0.4	$ 0.2	$ —	$ —
Interest cost [2]	0.3	0.3	—	—
Expected return on plan assets [2]	(0.3)	(0.2)	—	—
Amortization of prior service cost (credit) [1]	0.1	—	—	—
Amortization of net actuarial and other (gain) loss [2]	—	—	—	—
Net periodic benefit cost (income)	$ 0.5	$ 0.3	$ —	$ —

	Nine Months Ended September 30,			
	Pensions		Other Benefits	
In millions	2020	2019	2020	2019
Components of net periodic benefit cost (income):				
Service cost [1]	$ 1.2	$ 0.9	$ —	$ —
Interest cost [2]	0.9	0.8	—	—
Expected return on plan assets [2]	(0.9)	(0.7)	—	—
Amortization of prior service cost (credit) [1]	0.1	—	—	—
Amortization of net actuarial and other (gain) loss [2]	—	—	—	—
Net periodic benefit cost (income)	$ 1.3	$ 1.0	$ —	$ —

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(1) Amounts are recorded to "Cost of sales" on our condensed consolidated statements of operations consistent with the employee compensation costs that participate in the plan.
(2) Amounts are recorded to "Other (income) expense, net" on our condensed consolidated statements of operations.

Contributions

We did not make any voluntary cash contributions to our Union Hourly defined benefit pension plan in the nine months ended September 30, 2020. There are no required cash contributions to our Union Hourly defined benefit pension plan in 2020, and we currently have no plans to make any voluntary cash contributions in 2020.

Note 14: Restructuring and Other (Income) Charges, net

We continually perform strategic reviews and assess the return on our operations which sometimes results in a plan to restructure the business. The cost and benefit of these strategic restructuring initiatives are recorded as restructuring and other (income) charges, net in our condensed consolidated statements of operations. These costs are excluded from our operating segment results.

Detail on the restructuring charges and other (income) charges, net, is provided below.

	Three Months Ended September 30,		Nine Months Ended September 30,	
In millions	**2020**	**2019**	**2020**	**2019**
Gain on sale of assets and businesses	$ —	$ —	$ —	$ (0.4)
Severance and other employee-related costs	0.3	1.7	6.3	1.7
Other	1.7	—	1.7	0.7
Restructuring charges	2.0	1.7	8.0	2.0
Business transformation costs	3.5	—	5.3	—
Other	—	—	—	—
Other (income) charges, net	3.5	—	5.3	—
Total restructuring and other (income) charges, net	$ 5.5	$ 1.7	$ 13.3	$ 2.0

Restructuring charges

2020 activities

During the second quarter of 2020, we implemented a cost reduction initiative to realign our cost structure in response to reduced demand for some of our products in response to the COVID-19 pandemic. As a result of this cost reduction initiative, we recorded $0.3 million and $6.3 million in severance and other employee-related costs in the three and nine months ended September 30, 2020, respectively. Additionally, during the three and nine months ended September 30, 2020, we recorded $1.7 million related to an impairment of an operating lease asset that is no longer in use.

2019 activities

During the third quarter of 2019, we initiated a reorganization as part of an effort to improve our Performance Chemicals' workflow and efficiency to best serve our customers' needs and reduce costs. As a result of this reorganization, we recorded $1.7 million in severance and other employee-related costs in the three and nine months ended September 30, 2019.

In April 2019, we sold assets from the Performance Chemicals derivatives operations in Palmeira, Brazil. These assets were part of a facility that was closed as a result of a restructuring event in 2016. As a result of this sale, we recorded $0.4 million as a gain on sale of assets, as well as $0.7 million related to other miscellaneous exit costs, in the nine months ended September 30, 2019.

Rollforward of Restructuring Reserves

The following table shows a roll forward of restructuring reserves that will result in cash spending.

In millions	**Balance at 12/31/2019[(1)]**	**Change in Reserve[(2)]**	**Cash Payments**	**Other**	**Balance at 9/30/2020[(1)]**
Restructuring Reserves	$ 0.4	6.3	(6.0)	—	$ 0.7

(1) Included in "Accrued Expenses" on the condensed consolidated balance sheets.
(2) Includes severance and other employee-related costs.

Other (income) charges, net

Business transformation initiative costs

In the first quarter of 2020, we embarked upon a business transformation initiative that includes the implementation of an upgraded enterprise resource planning ("ERP") system. This new ERP system will equip our employees with standardized processes and secure integrated technology that enable us to better understand and meet our customers' needs and compete in the marketplace. We expect this business transformation initiative and related ERP implementation to be a complex, multi-year project. It requires the integration of the new ERP system with multiple new and existing information systems and business processes, in order to maintain the accuracy of our books and records and to provide our management team with real-time information important to the operation of our business. Such an implementation initiative is a major financial undertaking and will require substantial time and attention of management and key employees. Costs incurred, during the three and nine months ended September 30, 2020, of $3.5 million and $5.3 million, respectively, represent costs directly associated with the business transformation initiative that, in accordance with GAAP, cannot be capitalized. Over the course of this initiative, we anticipate incurring approximately $60-70 million of total costs, which includes $13-16 million of non-capitalizable costs, $7-8 million of which we expect to be incurred in 2020.

Note 15: Income Taxes

The effective tax rates, including discrete items, were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Effective tax rate	20.7 %	22.6 %	19.7 %	19.3 %

We determine our interim tax provision using an Estimated Annual Effective Tax Rate methodology (“EAETR”). The EAETR is applied to the year-to-date ordinary income, exclusive of discrete items. The tax effects of discrete items are then included to arrive at the total reported interim tax provision.

The determination of the EAETR is based upon a number of estimates, including the estimated annual pre-tax ordinary income in each tax jurisdiction in which we operate. As our projections of ordinary income change throughout the year, the EAETR will change period-to-period. The tax effects of discrete items are recognized in the tax provision in the period they occur. Depending on various factors, such as the item’s significance in relation to total income and the rate of tax applicable in the jurisdiction to which it relates, discrete items in any quarter may materially impact the reported effective tax rate. As a global enterprise, our tax expense may be impacted by changes in tax rates or laws, the finalization of tax audits and reviews, as well as other factors. As such, there may be significant volatility in interim tax provisions.

The below table provides a reconciliation between our reported effective tax rates and the EAETR.

	Three Months Ended September 30,					
	2020			2019		
In millions, except percentages	Before tax	Tax	Effective tax rate % impact	Before tax	Tax	Effective tax rate % impact
Consolidated operations	$ 88.1	$ 18.2	20.7 %	$ 77.4	$ 17.5	22.6 %
Discrete items:						
Restructuring and other (income) charges, net[1]	2.0	0.3		1.7	0.4	
Acquisition and other-related costs [2]	—	—		1.3	0.4	
Other tax only discrete items	—	(0.2)		—	(0.1)	
Total discrete items	2.0	0.1		3.0	0.7	
Consolidated operations, before discrete items	$ 90.1	$ 18.3		$ 80.4	$ 18.2	
Quarterly effect of changes in the EAETR			20.3 %			22.6 %

	Nine Months Ended September 30,					
	2020			2019		
In millions, except percentages	Before tax	Tax	Effective tax rate % impact	Before tax	Tax	Effective tax rate % impact
Consolidated operations	$ 168.7	$ 33.3	19.7 %	$ 172.8	$ 33.4	19.3 %
Discrete items:						
Restructuring and other (income) charges, net[1]	8.0	1.7		2.0	0.4	
Acquisition and other-related costs [2]	1.7	0.4		33.3	6.0	
Other tax only discrete items	—	1.0		—	6.7	
Total discrete items	9.7	3.1		35.3	13.1	
Consolidated operations, before discrete items	$ 178.4	$ 36.4		$ 208.1	$ 46.5	
EAETR [3]			20.4 %			22.3 %

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(1) See Note 14 for more information on our restructuring and other (income) charges, net.
(2) See Note 4 for more information on our acquisition and other-related costs.
(3) Decrease in EAETR for the nine months ended September 30, 2020, as compared to September 30, 2019, is due to a change in the mix of forecasted earnings in various tax jurisdictions with varying rates, reduction of the officer's compensation limitation due to forfeited equity awards already disallowed for tax purposes, as well as an increased benefit due to the generation of additional state tax credits as a result of the new corporate headquarters.

At September 30, 2020 and December 31, 2019, we had deferred tax assets of $9.8 million and $13.0 million, respectively, resulting from certain historical net operating losses from our Brazilian operations and U.S. state tax credits for which a valuation allowance has been established. The ultimate realization of these deferred tax assets depends on the generation of future taxable income during the periods in which these net operating losses and tax credits are available to be used. In evaluating the realizability of these deferred tax assets, we consider projected future taxable income and tax planning strategies in making our assessment. As of September 30, 2020, we cannot objectively assert that these deferred tax assets are more likely than not to be realized and therefore we have maintained a valuation allowance. We intend to continue maintaining a valuation allowance on these deferred tax assets until there is sufficient evidence to support the reversal of all or some portion of these allowances. A release of all or a portion of the valuation allowance could be possible, if we determine that sufficient positive evidence becomes available to allow us to reach a conclusion that the valuation allowance will no longer be needed. A release of the valuation allowance would result in the recognition of certain deferred tax assets and a reduction to income tax expense for the period the release is recorded. However, the exact timing and amount of the valuation allowance release are subject to change based on the level of profitability that we are able to actually achieve.

Note 16: Commitments and Contingencies

Legal Proceedings

We are from time to time, involved in routine litigation and other legal matters incidental to our operations. None of the litigation or other legal matters in which we are currently involved, individually or in the aggregate, is material to our consolidated financial condition, liquidity, or results of operations nor are we aware of any material pending or contemplated proceedings.

Note 17: Segment Information

	Three Months Ended September 30,		Nine Months Ended September 30,	
In millions	**2020**	**2019**	**2020**	**2019**
Net sales				
Performance Materials	$ 143.8	$ 130.2	$ 349.3	$ 362.4
Performance Chemicals	187.9	229.7	541.2	627.1
Total net sales (1)	$ 331.7	$ 359.9	$ 890.5	$ 989.5
Segment EBITDA (2)				
Performance Materials	$ 80.4	$ 54.2	$ 164.9	$ 154.7
Performance Chemicals	47.2	59.8	122.1	151.1
Total segment EBITDA (2)	$ 127.6	$ 114.0	$ 287.0	$ 305.8
Interest expense, net	(8.9)	(12.1)	(29.8)	(36.3)
(Provision) benefit for income taxes	(18.2)	(17.5)	(33.3)	(33.4)
Depreciation and amortization - Performance Materials	(8.0)	(6.0)	(22.5)	(17.6)
Depreciation and amortization - Performance Chemicals	(17.1)	(15.5)	(51.0)	(43.8)
Restructuring and other income (charges), net (3)	(5.5)	(1.7)	(13.3)	(2.0)
Acquisition and other-related costs (4)	—	(1.3)	(1.7)	(33.3)
Net income (loss)	$ 69.9	$ 59.9	$ 135.4	$ 139.4

(1) Relates to external customers only, all intersegment sales and related profit have been eliminated in consolidation.

(2) Segment EBITDA is the primary measure used by our chief operating decision maker to evaluate the performance of and allocate resources among our operating segments. Segment EBITDA is defined as segment revenue less segment operating expenses (segment operating expenses consist of costs of sales, selling, general and administrative expenses, other (income) expense, net, excluding depreciation and amortization). We have excluded the following items from segment EBITDA: interest expense, net, associated with corporate debt facilities, income taxes, depreciation, amortization, restructuring and other (income) charges, net, acquisition and other-related costs, pension and postretirement settlement and curtailment (income) charges.

(3) Income (charges) for all periods presented relate to restructuring activity and costs associated with the business transformation initiative. For the three and nine months ended September 30, 2020, charges of $2.6 million and $5.4 million relate to the Performance Materials segment, respectively, and charges of $2.9 million and $7.9 million relate to the Performance Chemicals segment. For the three and nine months ended September 30, 2019, all charges relate to the Performance Chemicals segment. For more detail on the charges incurred see Note 14 within these condensed consolidated financial statements.

(4) Charges associated with the acquisition and integration of the Caprolactone Business. For more detail on the charges incurred see Note 4 within these condensed consolidated financial statements.

Note 18: Earnings (Loss) per Share

Basic earnings (loss) per share is computed by dividing net income (loss) for the period by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share is computed by dividing net income (loss) for the period by the weighted average number of common shares and potentially dilutive common shares outstanding for the period. The calculation of diluted net income per share excludes all antidilutive common shares.

	Three Months Ended September 30,		Nine Months Ended September 30,	
In millions, except share and per share data	**2020**	**2019**	**2020**	**2019**
Net income (loss)	$ 69.9	$ 59.9	$ 135.4	$ 139.4
Basic and Diluted earnings (loss) per share				
Basic earnings (loss) per share	$ 1.69	$ 1.42	$ 3.27	$ 3.33
Diluted earnings (loss) per share	1.69	1.41	3.26	3.30
Shares *(in thousands)*				
Weighted average number of common shares outstanding - Basic	41,276	42,299	41,400	41,793
Weighted average additional shares assuming conversion of potential common shares	175	344	179	408
Shares - diluted basis	41,451	42,643	41,579	42,201

The following average number of potential common shares were antidilutive, and therefore, were not included in the diluted earnings per share calculation:

	Three Months Ended September 30,		Nine Months Ended September 30,	
In thousands	**2020**	**2019**	**2020**	**2019**
Average number of potential common shares - antidilutive	173	118	205	103

Note 19: Subsequent Event

2020 Senior Notes

On October 28, 2020, we issued $550.0 million aggregate principal amount of 3.875 percent senior unsecured notes due 2028 (the "Notes"). The Notes were issued pursuant to an indenture dated as of October 28, 2020 (the "Indenture"), by and among Ingevity, the subsidiary guarantors party thereto and U.S. Bank National Association, as trustee. The Notes were offered and sold only to persons reasonably believed to be qualified institutional buyers pursuant to Rule 144A and to certain non-U.S. persons outside the U.S. pursuant to Regulation S under the Securities Act of 1933, as amended (the "Securities Act"). The Notes have not been registered under the Securities Act or any state securities laws and may not be offered or sold in the U.S. absent registration or an applicable exemption from the registration requirements of the Securities Act and applicable state laws.

The net proceeds from the sale of the Notes, after deducting anticipated financing fees of $8 million were approximately $542 million. We intend to use the net proceeds from the sale of the Notes to repay our existing $375.0 million term loan facility due in August 2022, with the remainder being utilized to repay outstanding balances under our revolving credit facility.

Interest payments on the Notes are due semiannually in arrears on November 1st and May 1st of each year, beginning on May 1, 2021, at a rate of 3.875 percent per year. The Notes will mature on November 1, 2028.

Revolving Credit Facility

On October 28, 2020, we entered into Amendment no. 5 (the “Amendment no. 5") to our existing credit agreement, dated as of March 7, 2016 (“Credit Agreement”) (as amended, supplemented or otherwise modified prior to the date hereof, including pursuant to Amendment no. 4, dated as of March 7, 2019, Amendment no. 3, dated as of March 7, 2019, the Incremental Facility Agreement and Amendment no. 2, dated as of August 7, 2018, the Incremental Facility Agreement and Amendment No. 1, dated as of August 21, 2017, and the Credit Agreement). Among other things, Amendment no. 5 extends the maturity date with respect to our revolving credit facility from August 7, 2023 to October 28, 2025 and reduced the aggregate principal amount of revolving commitments thereunder from $750.0 million to $500.0 million.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Introduction

Management's discussion and analysis of Ingevity's financial condition and results of operations ("MD&A") is provided as a supplement to the condensed consolidated financial statements and related notes included elsewhere herein to help provide an understanding of our financial condition, changes in financial condition and results of our operations.

Cautionary Statements About Forward-Looking Statements

This section and other parts of this Quarterly Report on Form 10-Q contain forward-looking statements, within the meaning of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and the Private Securities Litigation Reform Act of 1995 that reflect our current expectations, beliefs, plans or forecasts with respect to, among other things, future events and financial performance. Forward-looking statements are often characterized by words or phrases such as "may," "will," "could," "should," "would," "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," "target," "prospects," "potential" and "forecast," and other words, terms and phrases of similar meaning. Forward-looking statements involve estimates, expectations, projections, goals, forecasts, assumptions, risks and uncertainties. We caution readers that a forward-looking statement is not a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking statement. Such risks and uncertainties include, among others, those discussed in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2019 (the "2019 Annual Report") and Part II, Item 1A of our Quarterly Report on Form 10-Q for the quarters ended March 31, 2020 and September 30, 2020, as well as in our unaudited condensed consolidated financial statements, related notes, and the other information appearing elsewhere in this report and our other filings with the Securities and Exchange Commission (the "SEC"). We do not intend, and undertake no obligation, to update any of our forward-looking statements after the date of this report to reflect actual results or future events or circumstances. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. In addition to any such risks, uncertainties and other factors discussed elsewhere herein, risks, uncertainties and other factors that could cause or contribute to actual results differing materially from those expressed or implied by the forward-looking statements include, but are not limited to the following:

- adverse effects from the novel coronavirus ("COVID-19") pandemic;
- we are exposed to risks that the expected benefits from the Caprolactone Acquisition may not be realized or will not be realized in the expected time period, the risk that the acquired business will not be integrated successfully and the risk of significant transaction costs and unknown or understated liabilities;
- we may be adversely affected by general economic and financial conditions beyond our control;
- we are exposed to risks related to our international sales and operations;
- our reported results could be adversely affected by currency exchange rates and currency devaluation could impair our competitiveness;
- our operations outside the U.S. require us to comply with a number of U.S. and foreign regulations, violations of which could have a material adverse effect on our financial condition and results of operations;
- we may be adversely affected by changes in trade policy, including the imposition of tariffs and the resulting consequences;
- our engineered polymers product line may be adversely affected by the United Kingdom's withdrawal from the European Union;
- we are dependent upon attracting and retaining key personnel;
- adverse conditions in the global automotive market or adoption of alternative and new technologies may adversely affect demand for our automotive carbon products;
- we face competition from producers of alternative products and new technologies, and new or emerging competitors;
- we face competition from infringing intellectual property activity;
- if increasingly more stringent air quality standards worldwide are not adopted, our growth could be impacted;

- we may be adversely affected by a decrease in government infrastructure spending;
- our printing inks business serves customers in a market that is facing declining volumes and downward pricing;
- our Performance Chemicals segment is highly dependent on crude tall oil ("CTO") which is limited in supply;
- lack of access to sufficient CTO would impact our ability to produce CTO-based products;
- a prolonged period of low energy prices may materially impact our results of operations;
- we are dependent upon third parties for the provision of certain critical operating services at several of our facilities;
- the occurrence of natural disasters, such as hurricanes, winter or tropical storms, earthquakes, tornadoes, floods, fires or other unanticipated problem such as labor difficulties (including work stoppages), equipment failure or unscheduled maintenance and repair, which could result in operational disruptions of varied duration;
- from time to time, we are called upon to protect our intellectual property rights and proprietary information though litigation and other means;
- if we are unable to protect our intellectual property and other proprietary information, we may lose significant competitive advantage;
- information technology security breaches and other disruptions;
- complications with the design or implementation of our new enterprise resource planning system;
- government policies and regulations, including, but not limited to, those affecting the environment, climate change, tax policies, tariffs and the chemicals industry; and
- losses due to lawsuits arising out of environmental damage or personal injuries associated with chemical or other manufacturing processes.

Overview

Ingevity is a leading global manufacturer of specialty chemicals and high performance activated carbon materials. We provide innovative solutions to meet our customers' unique and demanding requirements through proprietary formulated products. We report in two business segments, Performance Materials and Performance Chemicals.

Our Performance Materials segment consists of our automotive technologies and process purification product lines. Performance Materials manufactures products in the form of powder, granular, extruded pellets, extruded honeycombs, and activated carbon sheets. Automotive technologies products are sold into gasoline vapor emission control applications within the automotive industry, while process purification products are sold into the food, water, beverage, and chemical purification industries.

Our Performance Chemicals segment consists of our pavement technologies, oilfield technologies, industrial specialties, and engineered polymers product lines. Performance Chemicals manufactures products derived from CTO and lignin extracted from the kraft paper making process as well as caprolactone monomers and derivatives derived from cyclohexanone and hydrogen peroxide. Performance Chemicals products serve as critical inputs used in a variety of high performance applications, including pavement preservation, pavement adhesion promotion, and warm mix paving (pavement technologies product line), oil well service additives, oil production, and downstream application chemicals (oilfield technologies product line), printing inks, adhesives, agrochemicals, lubricants, and industrial intermediates (industrial specialties product line), coatings, resins, elastomers, adhesives, and bio-plastics (engineered polymers product line).

Recent Developments

2020 Senior Notes

On October 28, 2020, we issued $550.0 million aggregate principal amount of 3.875 percent senior unsecured notes due 2028 (the "Notes"). The Notes were issued pursuant to an indenture dated as of October 28, 2020 (the "Indenture"), by and among Ingevity, the subsidiary guarantors party thereto and U.S. Bank National Association, as trustee. The Notes were offered and sold only to persons reasonably believed to be qualified institutional buyers pursuant to Rule 144A and to certain non-U.S. persons outside the U.S. pursuant to Regulation S under the Securities Act of 1933, as amended (the "Securities Act"). The

Notes have not been registered under the Securities Act or any state securities laws and may not be offered or sold in the U.S. absent registration or an applicable exemption from the registration requirements of the Securities Act and applicable state laws.

The net proceeds from the sale of the Notes, after deducting anticipated financing fees of $8 million were approximately $542 million. We intend to use the net proceeds from the sale of the Notes to repay our existing $375.0 million term loan facility due in August 2022, with the remainder being utilized to repay outstanding balances under our revolving credit facility.

Interest payments on the Notes are due semiannually in arrears on November 1st and May 1st of each year, beginning on May 1, 2021, at a rate of 3.875 percent per year. The Notes will mature on November 1, 2028.

Revolving Credit Facility

On October 28, 2020, we entered into Amendment no. 5 (the “Amendment no. 5") to our existing credit agreement, dated as of March 7, 2016 (“Credit Agreement”) (as amended, supplemented or otherwise modified prior to the date hereof, including pursuant to Amendment no. 4, dated as of March 7, 2019, Amendment no. 3, dated as of March 7, 2019, the Incremental Facility Agreement and Amendment no. 2, dated as of August 7, 2018, the Incremental Facility Agreement and Amendment No. 1, dated as of August 21, 2017, and the Credit Agreement). Among other things, Amendment no. 5 extends the maturity date with respect to our revolving credit facility from August 7, 2023 to October 28, 2025 and reduced the aggregate principal amount of revolving commitments thereunder from $750.0 million to $500.0 million.

Coronavirus Pandemic

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic and recommended containment and mitigation measures worldwide. COVID-19 has led to adverse impacts on the U.S. and global economies, and created uncertainty regarding potential impacts to our supply chain, operations, and customer demand. We have been classified as an essential business in the jurisdictions that have made this determination to date, allowing us to continue operations. However, our facilities - as well as the operations of our suppliers, customers, third-party sales representatives, and distributors - have been, and will continue to be, disrupted by governmental and private sector responses to COVID-19. This includes business shutdowns, work-from-home orders and social distancing protocols, travel or health-related restrictions, as well as quarantines, self-isolations, and disruptions to transportation channels.

On March 27, 2020, the U.S. government enacted the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”), which includes modifications to the limitation on business interest expense and net operating loss provisions, and provides a payment delay of employer payroll taxes during 2020 after the date of enactment. We estimate the payment of approximately $5.3 million of employer payroll taxes otherwise due in 2020 will be delayed with 50 percent due by December 31, 2021 and the remaining 50 percent by December 31, 2022. The CARES Act is not expected to have a material impact on our condensed consolidated financial statements.

In order to strengthen our short-term liquidity and to ensure financial flexibility, in March 2020, we drew down $250 million from our revolving credit facility as a precautionary measure and also suspended our share repurchase program. During the three and nine months ended September 30, 2020, we paid back $50 million and $205 million, respectively, of this drawn down amount. We also implemented work-from-home policies and protocols for the majority of our global salaried workforce, as well as social distancing practices to ensure the safety of our employees at our manufacturing facilities. During the second quarter, we decreased production at some of our U.S. and China based manufacturing plants due to COVID-19 customer demand impacts and implemented a cost reduction initiative further described in Note 14. During the third quarter, we resumed normal production at all manufacturing plants as customer demand improved.

While the disruptions caused by the pandemic are currently expected to be temporary, there is uncertainty regarding the virus's duration and severity. COVID-19 has impacted, and will continue to impact, our results of operations, financial position, and liquidity.

Employees

On September 1, 2020, John C. Fortson was named the Company's President and chief executive officer, and joined the Company's Board of Directors. He will continue to serve as the Company's chief financial officer and treasurer on an interim basis until a permanent replacement is named.

During the first quarter of 2020, at our Wickliffe, Kentucky Performance Materials' manufacturing facility, the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL-CIO-CLC ratified a three-year collective bargaining agreement ("CBA"), which expires February 1, 2023. Additionally, at our Crossett, Arkansas Performance Chemicals' manufacturing facility, the International Association of Machinists and Aerospace Workers agreed to extend the existing CBA by one year until January 15, 2021 in exchange for economic considerations. We have no other CBAs set to expire in 2020.

Results of Operations

In millions	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Net sales	$ 331.7	$ 359.9	$ 890.5	$ 989.5
Cost of sales	192.1	220.4	552.4	618.5
Gross profit	139.6	139.5	338.1	371.0
Selling, general and administrative expenses	34.9	40.7	107.9	122.3
Research and technical expenses	5.2	4.9	16.8	15.0
Restructuring and other (income) charges, net	5.5	1.7	13.3	2.0
Acquisition-related costs	—	1.3	1.7	24.9
Other (income) expense, net	(3.0)	1.4	(0.1)	(2.3)
Interest expense, net	8.9	12.1	29.8	36.3
Income (loss) before income taxes	88.1	77.4	168.7	172.8
Provision (benefit) for income taxes	18.2	17.5	33.3	33.4
Net income (loss)	$ 69.9	$ 59.9	$ 135.4	$ 139.4

<u>Net sales and Gross profit</u>

The table below shows the 2020 Net sales and percentage variances from 2019:

		Percentage change vs. prior year			
In millions, except percentages	Net sales	Total change	Currency effect	Price/Mix	Volume
Three months ended September 30, 2020	$ 331.7	(8)%	—%	2%	(10)%
Nine months ended September 30, 2020	$ 890.5	(10)%	—%	1%	(11)%

Three Months Ended September 30, 2020 vs. 2019

Net sales decrease of $28.2 million in 2020 was primarily driven by unfavorable volume of $34.3 million due to the impacts of COVID-19, which was slightly offset by favorable pricing and product mix of $5.5 million. A volume decline in Performance Chemicals, was partially offset by an increase in Performance Materials. Additionally, favorable foreign currency exchange impacted Net sales by $0.6 million, primarily related to euro and Chinese renminbi denominated sales.

Gross profit increased by $0.1 million driven by favorable pricing and product mix of $10.5 million and decreased manufacturing costs of $0.6 million due to reduced spending, offset by unfavorable sales volume of $10.7 million, mainly related to COVID-19, and unfavorable foreign currency exchange of $0.3 million. Refer to the Segment Operating Results section included within this MD&A for more information on the drivers to the changes in gross profit period over period for both segments.

Nine Months Ended September 30, 2020 vs. 2019

Net sales decrease of $99.0 million in 2020 was primarily driven by unfavorable volume declines in both of our segments for a combined impact of $106.2 million due to the impacts of COVID-19, which was slightly offset by favorable pricing and product mix of $10.0 million. Additionally, favorable foreign currency exchange impacted Net sales by $2.8 million, primarily related to euro and Chinese renminbi denominated sales. For additional information regarding the impact of the Caprolactone Acquisition for the nine months ended September 30, 2020 and 2019, see Segment Operating Results - Performance Chemicals section included within this MD&A.

Gross profit decline of $32.9 million was driven by unfavorable sales volume of $51.5 million and increased manufacturing costs of $2.3 million due to reduced plant throughput, both related to COVID-19, as well as unfavorable foreign currency exchange of $1.5 million. Additionally, the prior year was negatively impacted by inventory step-up amortization related to the Caprolactone Acquisition of $8.4 million. These negative impacts were slightly offset by favorable pricing and product mix of $14.0 million. Refer to the Segment Operating Results section included within this MD&A for more information on the drivers to the changes in gross profit period over period for both segments.

Selling, general and administrative expenses

Three Months Ended September 30, 2020 vs. 2019

Selling, general and administrative expenses ("SG&A") decreased $5.8 million in 2020 compared to 2019. The decrease in SG&A is due to a decrease in employee-related incentive costs of $2.6 million. Additionally, SG&A decreased due to reduced travel and other miscellaneous costs of $2.1 million, due to the COVID-19 pandemic, and decreased legal costs of $2.4 million. These positive impacts were partially offset by an increase in amortization costs associated with intangible assets acquired from the Caprolactone Acquisition (see Note 4 within the condensed consolidated financial statements for more information) and an increase in our credit allowance reserve which increased by a combined $1.3 million. SG&A expenses as a percentage of Net sales decreased to 10.5 percent for the three months ended September 30, 2020 from 11.3 percent in 2019, driven by lower spending due to COVID-19 and decreased employee-related costs.

Nine Months Ended September 30, 2020 vs. 2019

SG&A decreased $14.4 million in 2020 compared to 2019. The decrease in SG&A is primarily due to a decrease in employee-related incentive costs of $9.4 million. Additionally, SG&A decreased due to reduced travel and other miscellaneous costs of $8.9 million, due to the COVID-19 pandemic, and decreased legal costs of $2.3 million. This positive impact was partially offset by an increase in amortization costs associated with intangible assets acquired from the Caprolactone Acquisition (see Note 4 within the condensed consolidated financial statements for more information) and an increase in our credit allowance reserve which increased by a combined $6.2 million. SG&A expenses as a percentage of Net sales decreased slightly to 12.1 percent for the nine months ended September 30, 2020 from 12.4 percent in 2019, driven by the lower spending due to COVID-19 and decreased employee-related costs.

Research and technical expenses

Three Months Ended September 30, 2020 vs. 2019

Research and technical expenses as a percentage of Net sales remained relatively consistent period over period, increasing to 1.6 percent from 1.4 percent for the three months ended September 30, 2020 and 2019, respectively.

Nine Months Ended September 30, 2020 vs. 2019

Research and technical expenses as a percentage of Net sales remained relatively consistent period over period, increasing to 1.9 percent from 1.5 percent for the nine months ended September 30, 2020 and 2019, respectively.

Restructuring and other (income) charges, net

Three and Nine Months Ended September 30, 2020 vs. 2019

Restructuring and other (income) charges, net were $5.5 million and $13.3 million for the three and nine months ended September 30, 2020, and $1.7 million and $2.0 million for the three and nine months ended September 30, 2019, respectively. See Note 14 within the condensed consolidated financial statements for more information.

Acquisition-related costs

Three and Nine Months Ended September 30, 2020 vs. 2019

Acquisition-related costs of zero and $1.7 million for the three and nine months ended September 30, 2020, and $1.3 million and $24.9 million for the three and nine months ended September 30, 2019, respectively, were incurred in connection with the Caprolactone Acquisition. See Note 4 within the condensed consolidated financial statements for more information.

Other (income) expense, net

Three and Nine Months Ended September 30, 2020 vs. 2019

	Three Months Ended September 30,		Nine Months Ended September 30,	
In millions	**2020**	**2019**	**2020**	**2019**
Foreign currency exchange (income) loss	$ (3.0)	$ 1.6	$ (2.4)	$ (1.0)
Royalty and sundry (income) loss	(0.1)	(0.1)	(0.3)	(0.3)
Impairment of equity investment [(1)]	—	—	1.4	—
Other (income) expense, net	0.1	(0.1)	1.2	(1.0)
Total Other (income) expense, net	$ (3.0)	$ 1.4	$ (0.1)	$ (2.3)

(1) Represents an impairment charge recorded during the nine months ended September 30, 2020 related to an equity investment within our Performance Materials segment.

Interest expense, net

Three and Nine Months Ended September 30, 2020 vs. 2019

In millions	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Interest expense on finance lease obligations	$ 1.9	$ 1.5	4.9	4.6
Interest expense on revolving credit and term loan facilities(1)	4.5	9.5	18.3	27.0
Interest expense on senior notes(1)	3.5	3.8	10.7	10.9
Interest income associated with our Restricted investment	(0.5)	(0.5)	(1.5)	(1.5)
Capitalized interest	(0.2)	(0.5)	(0.6)	(1.3)
Fixed-to-fixed cross-currency interest rate swap(2)	(0.2)	(0.9)	(1.5)	(1.5)
Other interest (income) expense, net	(0.1)	(0.8)	(0.5)	(1.9)
Total Interest expense, net	$ 8.9	$ 12.1	$ 29.8	$ 36.3

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(1) See Note 11 within the condensed consolidated financial statements for more information.
(2) See Note 10 within the condensed consolidated financial statements for more information.

Provision (benefit) for income taxes

Three and Nine Months Ended September 30, 2020 vs. 2019

For the three months ended September 30, 2020 and 2019, our effective tax rate was 20.7 percent and 22.6 percent, respectively. Excluding discrete items, the effective rate was 20.3 percent compared to 22.6 percent in the three months ended September 30, 2020 and 2019, respectively. For the nine months ended September 30, 2020 and 2019, our effective tax rate was 19.7 percent and 19.3 percent, respectively. Excluding discrete items, the effective rate was 20.4 percent compared to 22.3 percent in the nine months ended September 30, 2020 and 2019, respectively. An explanation of the change in the effective tax rate is presented in Note 15 to the condensed consolidated financial statements.

Segment Operating Results

In addition to the information discussed above, the following sections discuss the results of operations for both of Ingevity's segments. Our segments are (i) Performance Materials and (ii) Performance Chemicals. Segment Earnings before Interest, Taxes, Depreciation and Amortization ("EBITDA") is the primary measure used by the Company's chief operating decision maker to evaluate the performance of and allocate resources among our operating segments. Segment EBITDA is defined as segment revenue less segment operating expenses (segment operating expenses consist of costs of sales, selling, general and administrative expenses, other (income) expense, net, excluding depreciation and amortization). We have excluded the following items from segment EBITDA: interest expense, net associated with corporate debt facilities, income taxes, depreciation, amortization, restructuring and other (income) charges, net, acquisition and other-related costs, pension and postretirement settlement and curtailment (income) charges.

In general, the accounting policies of the segments are the same as those described in the Summary of Significant Accounting Policies in the Annual Consolidated Financial Statements included in our 2019 Annual Report.

Performance Materials

In millions	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Automotive Technologies product line	$ 136.9	$ 120.5	$ 324.5	$ 334.1
Process Purification product line	6.9	9.7	24.8	28.3
Total Performance Materials - Net sales	$ 143.8	$ 130.2	$ 349.3	$ 362.4
Segment EBITDA	$ 80.4	$ 54.2	$ 164.9	$ 154.7

Comparison of Three and Nine Months Ended September 30, 2020 vs. 2019

Performance Materials ***(In millions, except percentages)***	Net sales	Percentage change vs. prior year: Total change	Currency effect	Price/Mix	Volume
Three months ended September 30, 2020	$ 143.8	10 %	— %	3 %	7 %
Nine months ended September 30, 2020	$ 349.3	(4) %	— %	3 %	(7) %

Three Months Ended September 30, 2020 vs. 2019

Segment net sales for the Performance Materials segment were $143.8 million and $130.2 million for the three months ended September 30, 2020 and 2019, respectively. The sales increase in 2020 was primarily driven by $9.3 million in volume growth in automotive products, as well as favorable pricing and product mix of $3.6 million and foreign currency exchange $0.7 million.

Segment EBITDA for the Performance Materials segment was $80.4 million and $54.2 million for the three months ended September 30, 2020 and 2019, respectively. Segment EBITDA increased $26.2 million primarily due to favorable volume of $6.5 million, decreased manufacturing costs of $3.9 million, favorable pricing and product mix of $8.6 million and decreased SG&A and research and technical expenses of $3.0 million, primarily due to lower legal costs and employee-related costs. Favorable foreign currency exchange and other miscellaneous income also contributed to the increase in Segment EBITDA by $4.2 million.

Nine Months Ended September 30, 2020 vs. 2019

Segment net sales for the Performance Materials segment were $349.3 million and $362.4 million for the nine months ended September 30, 2020 and 2019, respectively. The sales decrease of $13.1 million in 2020 was primarily driven by $24.3 million in volume decline in automotive products related to the COVID-19 pandemic and unfavorable foreign currency exchange of $0.4 million. These declines were partially offset by favorable pricing and product mix of $11.6 million.

Segment EBITDA for the Performance Materials segment was $164.9 million and $154.7 million for the nine months ended September 30, 2020 and 2019, respectively. Segment EBITDA increased $10.2 million primarily due to favorable pricing and product mix of $15.1 million, lower manufacturing costs of $4.3 million and decreased SG&A and research and technical expenses of $6.7 million, primarily related to lower employee-related costs. These increases were partially offset by unfavorable volume of $17.0 million. Favorable foreign currency exchange, the impairment of an equity investment, and increased other miscellaneous expenses also impacted Segment EBITDA by a net of $1.1 million.

Performance Chemicals

In millions	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Oilfield Technologies product line	$ 14.0	$ 27.6	$ 58.4	$ 86.5
Pavement Technologies product line	72.5	69.8	157.1	152.9
Industrial Specialties product line	76.1	99.9	232.5	296.8
Engineered Polymers product line	25.3	32.4	93.2	90.9
Total Performance Chemicals - Net sales	$ 187.9	$ 229.7	$ 541.2	$ 627.1
Segment EBITDA	$ 47.2	$ 59.8	$ 122.1	$ 151.1

Comparison of Three and Nine Months Ended September 30, 2020 vs. 2019

Performance Chemicals ***(In millions, except percentages)***	Net sales	Total change	Currency effect	Price/Mix	Volume
		Percentage change vs. prior year			
Three months ended September 30, 2020	$ 187.9	(18)%	— %	1 %	(19)%
Nine months ended September 30, 2020	$ 541.2	(14)%	(1) %	— %	(13)%

Caprolactone Business

The Caprolactone Business has been integrated into our Performance Chemicals segment and has been included within our results of operations since it was acquired on February 13, 2019. The information presented below for the nine months ended September 30, 2020 includes the full results of the acquisition as compared to the historical results of the nine months ended September 30, 2019. For a pro forma comparative analysis of 2020 versus 2019 results, refer to the section below titled "Performance Chemicals Pro Forma Financial Results with the Caprolactone Business."

Three Months Ended September 30, 2020 vs. 2019

Segment net sales for the Performance Chemicals segment were $187.9 million and $229.7 million for the three months ended September 30, 2020 and 2019, respectively. The sales decrease was driven mainly by unfavorable volume of $43.6 million, consisting of declines in industrial specialties ($24.1 million), oilfield technologies ($14.0 million), and engineered polymers ($7.1 million), offset slightly by an increase in pavement technologies ($1.6 million). This decline in volume was partially offset by favorable pricing and product mix of $1.9 million, driven by increases in pavement technologies ($1.2 million), industrial specialties ($0.3 million) and oilfield technologies ($0.4 million). Additionally, unfavorable foreign currency exchange impacted Net sales by $0.1 million.

Segment EBITDA for the Performance Chemicals segment was $47.2 million and $59.8 million for the three months ended September 30, 2020 and 2019, respectively. Segment EBITDA decreased by $12.6 million primarily due to a decline in volume of $17.2 million, higher manufacturing costs of $1.7 million due to reduced plant throughput, and unfavorable foreign currency exchange and increased other miscellaneous costs of $0.4 million. These unfavorable operating results were partially offset by favorable pricing and product mix of $1.9 million and lower SG&A expenses of $4.8 million.

Nine Months Ended September 30, 2020 vs. 2019

Segment net sales for the Performance Chemicals segment were $541.2 million and $627.1 million for the nine months ended September 30, 2020 and 2019, respectively. The sales decrease of $85.9 million was driven mainly by unfavorable volume of $81.9 million, consisting of volume increases in engineered polymers ($2.7 million) and pavement technologies products ($2.1 million), and volume declines in industrial specialties ($58.4 million) and oilfield technologies

($28.3 million). Segment net sales were also impacted by unfavorable pricing and product mix of $1.6 million, driven by a decline in industrial specialties ($4.6 million), which was partially offset by favorable pricing and product mix in oilfield technologies ($0.3 million) and pavement technologies ($2.7 million). Additionally, unfavorable foreign currency exchange impacted Net sales by $2.4 million.

Segment EBITDA for the Performance Chemicals segment was $122.1 million and $151.1 million for the nine months ended September 30, 2020 and 2019, respectively. Segment EBITDA decreased by $29.0 million primarily due to a decline in volume of $34.5 million, unfavorable pricing and product mix of $1.1 million, higher manufacturing costs of $1.0 million due to reduced plant throughput, and unfavorable foreign currency exchange and increased other miscellaneous costs of $4.2 million. These unfavorable operating results were partially offset by lower SG&A expenses of $11.8 million.

Performance Chemicals Pro Forma Financial Results with the Caprolactone Business

We believe that reviewing our operating results by combining actual and pro forma results for our Performance Chemicals segment is useful in identifying trends in, or reaching conclusions regarding, overall operating performance. Our pro forma segment information includes adjustments as if the acquisition had occurred on January 1, 2019. Our pro forma results are adjusted for the effects of acquisition accounting but do not include adjustments for costs related to integration activities, cost savings or synergies that have or might be achieved by the combined businesses. Pro forma amounts presented are not necessarily indicative of what our results would have been had we operated the Caprolactone Business since January 1, 2019, nor are the pro forma amounts necessarily indicative of future results.

Performance Chemicals Pro Forma Financial Results Comparison

In millions	Nine Months Ended September 30, 2020	2019 Pro Forma
Net sales		
Performance Chemicals, as reported (1)	$ 541.2	$ 627.1
Caprolactone Business, pro forma (2)	—	17.7
Net Sales (3)	$ 541.2	$ 644.8
Segment EBITDA		
Performance Chemicals, as reported (1)	$ 122.1	$ 151.1
Caprolactone Business, pro forma (2)	—	5.5
Segment EBITDA(3)	$ 122.1	$ 156.6

(1) As reported amounts are the results of operations of Performance Chemicals, including the results of the Caprolactone Business, post acquisition date of February 13, 2019.
(2) Pro forma amounts include historical results of the Caprolactone Business, prior to the acquisition date of February 13, 2019. These amounts also include adjustments as if the acquisition had occurred on January 1, 2019, including the effects of purchase accounting. The pro forma amounts do not include adjustments for expenses related to integration activities, cost savings, or synergies that have been or may have been realized had we acquired the business on January 1, 2019.
(3) The pro forma combined results are not necessarily indicative of what the results would have been had we acquired the Caprolactone Business on January 1, 2019, nor are they indicative of future results.

Performance Chemicals Pro Forma Net Sales Comparison

In millions	Nine Months Ended September 30, 2020	2019 Pro Forma
Oilfield Technologies product line	$ 58.4	$ 86.5
Pavement Technologies product line	157.1	152.9
Industrial Specialties product line	232.5	296.8
Engineered Polymers product line	93.2	108.6
Net Sales - Performance Chemicals	$ 541.2	$ 644.8

Pro Forma Comparison of Nine Months Ended September 30, 2020 vs. 2019

		Percentage change vs. prior year			
Performance Chemicals ***(In millions, except percentages)***	Net sales	Total change	Currency effect	Price/Mix	Volume
Nine months ended September 30, 2020	$ 541.2	(16)%	— %	— %	(16) %

Pro Forma Results Comparison - Nine Months Ended September 30, 2020 vs. 2019

Segment Net Sales for the Performance Chemicals segment were $541.2 million and $644.8 million for the nine months ended September 30, 2020 and 2019, respectively. The Net sales decrease was driven mainly by unfavorable volume of $99.6 million, which consisted of unfavorable volumes in industrial specialties ($58.4 million), oilfield technologies ($28.3

million), and engineered polymers ($15.0 million), offset partially by a volume increase in pavement technologies ($2.1 million). Also contributing to the decline was unfavorable pricing and product mix of $1.6 million, driven by unfavorable pricing and product mix in industrial specialties ($4.6 million), offset partially by favorable pricing and product mix in oilfield technologies ($0.3 million) and pavement technologies ($2.7 million). Unfavorable foreign currency exchange also impacted Net sales by $2.4 million.

Segment EBITDA for the Performance Chemicals segment was $122.1 million and $156.6 million for the nine months ended September 30, 2020 and 2019, respectively. Segment EBITDA decreased by $34.5 million primarily due to decreased volumes of $39.9 million, increased manufacturing cost stemming from reduced plant throughput of $3.3 million, unfavorable pricing and product mix of $1.1 million, which were partially offset by $13.5 million of lower SG&A expenses. Unfavorable foreign currency exchange and other miscellaneous income also impacted Segment EBITDA by a net of $3.7 million.

Use of Non-GAAP Financial Measure - Adjusted EBITDA

Ingevity has presented the financial measure, Adjusted EBITDA, defined below, which has not been prepared in accordance with GAAP and has provided a reconciliation to net income, the most directly comparable financial measure calculated in accordance with GAAP. Adjusted EBITDA is not meant to be considered in isolation or as a substitute for the most directly comparable financial measure calculated in accordance with GAAP. Adjusted EBITDA is utilized by management as a measure of profitability.

We believe this non-GAAP financial measure provides management as well as investors, potential investors, securities analysts and others with useful information to evaluate the performance of the business, because such measure, when viewed together with our financial results computed in accordance with GAAP, provides a more complete understanding of the factors and trends affecting our historical financial performance and projected future results. We believe Adjusted EBITDA is a useful measure because it excludes the effects of investment activities as well as non-operating activities.

Adjusted EBITDA is defined as net income (loss) plus provision (benefit) for income taxes, interest expense, net, depreciation, amortization, restructuring and other (income) charges, net, acquisition and other-related costs, and pension and postretirement settlement and curtailment (income) charges.

This non-GAAP measure is not intended to replace the presentation of financial results in accordance with GAAP and investors should consider the limitations associated with these non-GAAP measures, including the potential lack of comparability of these measures from one company to another. A reconciliation of Adjusted EBITDA to net income is set forth within this section.

Reconciliation of Net Income (Loss) to Adjusted EBITDA

In millions	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Net income (loss) (GAAP)	$ 69.9	$ 59.9	$ 135.4	$ 139.4
Interest expense, net	8.9	12.1	29.8	36.3
Provision (benefit) for income taxes	18.2	17.5	33.3	33.4
Depreciation and amortization - Performance Materials	8.0	6.0	22.5	17.6
Depreciation and amortization - Performance Chemicals	17.1	15.5	51.0	43.8
Restructuring and other (income) charges, net	5.5	1.7	13.3	2.0
Acquisition and other-related costs [(1)]	—	1.3	1.7	33.3
Adjusted EBITDA (Non-GAAP)	$ 127.6	$ 114.0	$ 287.0	$ 305.8

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(1) These charges are associated with the acquisition and integration of the Caprolactone Business for both periods and also charges associated with the acquisition and integration of Georgia-Pacific's Pine Chemical business during the nine months ended September 30, 2019. See below for more detail on the charges incurred.

In millions	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Legal and professional service fees	$ —	$ 1.3	$ 1.7	$ 12.2
Loss on hedging purchase price	—	—	—	12.7
Acquisition-related costs	$ —	$ 1.3	$ 1.7	$ 24.9
Inventory fair value step-up amortization [(i)]	—	—	—	8.4
Acquisition and other-related costs	$ —	$ 1.3	$ 1.7	$ 33.3

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(i) Included within "Cost of sales" on the condensed consolidated statements of operations.

Adjusted EBITDA

Three and Nine Months Ended September 30, 2020 vs. 2019

The factors that impacted adjusted EBITDA period to period are the same factors that affected earnings discussed in the Results of Operations and Segment Operating Results sections included within this MD&A.

Current Company Outlook

In millions	FY2020 Guidance
Net sales	$1,150 - $1,200
Adjusted EBITDA	$355 - $365
Operating Cash Flow	~$260
Capital Expenditures	~$85
Free Cash Flow*	~$175

*Calculated as Operating Cash Flow less Capital Expenditures

While we continue to navigate through uncertainties due to COVID-19, we are increasing and narrowing our prior guidance of sales between $1.15 billion and $1.20 billion and Adjusted EBITDA between $355 million and $365 million.

Additionally, we continue to expect capital expenditures of $85 million, and operating cash flow for the year of approximately $260 million.

A reconciliation of net income to adjusted EBITDA as projected for 2020 is not provided. Ingevity does not forecast net income as it cannot, without unreasonable effort, estimate or predict with certainty various components of net income. These components, net of tax, include further restructuring and other income (charges), net; additional acquisition and other related costs in connection with the acquisition of the Caprolactone Business; additional pension and postretirement settlement and curtailment (income) charges; and revisions due to future guidance and assessment of U.S. tax reform. Additionally, discrete tax items could drive variability in our projected effective tax rate. All of these components could significantly impact such financial measures. Further, in the future, other items with similar characteristics to those currently included in adjusted EBITDA, that have a similar impact on comparability of periods, and which are not known at this time, may exist and impact adjusted EBITDA.

Liquidity and Capital Resources

The primary source of liquidity for Ingevity's business is the cash flow provided by operations. We expect our cash flow provided by operations combined with cash on hand and available capacity under our revolving credit facility to be sufficient to meet our working capital needs. Over the next twelve months, we expect to make interest payments, capital expenditures, expenditures related to our business transformation initiative, principal repayments, purchases pursuant to our stock repurchase program, income tax payments, incur additional spending associated with our Performance Materials' intellectual property litigation, and may incur additional acquisition-related cost payments. In addition, from time to time we may repurchase any of our outstanding 4.50 percent senior unsecured notes due in 2026 in open market or privately negotiated transactions or otherwise. We believe our sources of liquidity will be sufficient to fund our planned operations and meet our interest and other contractual obligations for at least the next twelve months. As of September 30, 2020, our undrawn capacity under our revolving credit facility was $577.6 million. Refer to the section entitled "Recent Developments" within this Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations for information regarding our 2020 Senior Notes issuance and amendments to our revolving credit facility both of which occurred subsequent to September 30, 2020. In addition, we also evaluate and consider strategic acquisitions, and joint ventures, as well as other transactions to create stockholder value and enhance financial performance. Such transactions may require cash expenditures. In connection with such transactions, or to fund other anticipated uses of cash, we may modify our existing revolving credit and term loan facilities, seek additional debt financing, issue equity securities, or some combination thereof.

Cash and cash equivalents totaled $198.2 million at September 30, 2020, which includes the remaining $45 million outstanding of our $250 million draw down from our revolving credit facility during Q1 2020 to strengthen short term liquidity and to ensure financial flexibility in light of the uncertainty caused by the COVID-19 pandemic. Management continuously monitors deposit concentrations and the credit quality of the financial institutions that hold Ingevity's cash and cash equivalents, as well as the credit quality of its insurance providers, customers and key suppliers.

Due to the global nature of our operations, a portion of our cash is held outside the U.S. The cash and cash equivalents balance at September 30, 2020 included $77.5 million held by our foreign subsidiaries. Cash and earnings of our foreign subsidiaries are generally used to finance our foreign operations and capital expenditures. We believe that our foreign holdings of cash will not have a material adverse impact on our U.S. liquidity. Management does not currently expect to repatriate cash earnings from our foreign operations in order to fund U.S. operations. If these earnings were distributed, such amounts would be subject to U.S. federal income tax at the statutory rate less the available foreign tax credits, if any, and potentially subject to withholding taxes in the various jurisdictions. The potential tax implications of the repatriation of unremitted earnings are driven by facts at the time of distribution, therefore, it is not practicable to estimate the income tax liabilities that might be incurred if such cash and earnings were repatriated to the U.S.

Other Potential Liquidity Needs

Share Repurchases

On February 28, 2020, our Board of Directors authorized the repurchase of up to $500.0 million of our common stock, and rescinded the prior two authorizations from 2017 and 2018 of $100.0 million and $350.0 million, respectively. The share repurchase program does not include a specific timetable or price targets and may be suspended or terminated at any time. Shares may be purchased through open market or privately negotiated transactions at the discretion of management based on its evaluation of market prevailing conditions and other factors. During March 2020, we suspended share repurchases in light of the uncertainty caused by the COVID-19 pandemic. At September 30, 2020, $467.6 million remained unused under our Board-authorized repurchase program.

Capital Expenditures

Projected 2020 capital expenditures are $85 million. We have no material commitments associated with these projected capital expenditures as of September 30, 2020.

Cash flow comparison of Nine Months Ended September 30, 2020 and 2019

	Nine Months Ended September 30,	
In millions	**2020**	**2019**
Net cash provided by (used in) operating activities	$ 199.1	$ 190.2
Net cash provided by (used in) investing activities	(78.4)	(622.4)
Net cash provided by (used in) financing activities	14.8	433.6

Cash flows provided by (used in) operating activities

During the first nine months of 2020, cash flow provided by operations increased primarily due to increased earnings and improved collection of accounts receivable. Below provides a description of the changes to working capital during the first nine months of 2020 (i.e. current assets and current liabilities).

Current Assets and Liabilities

In millions	**September 30, 2020**	**December 31, 2019**
Cash and cash equivalents	$ 198.2	$ 56.5
Accounts receivable, net	154.3	150.0
Inventories, net	204.0	212.5
Prepaid and other current assets	44.5	44.2
Total current assets	$ 601.0	$ 463.2

Current assets as of September 30, 2020, increased $137.8 million compared to December 31, 2019, primarily due to increases in cash. Cash and cash equivalents increased by $141.7 million, compared to the balance at December 31, 2019, mainly due to the drawdown of our revolving credit facility to strengthen our short term liquidity in response to the uncertainties caused by the COVID-19 pandemic. Accounts receivable, net as of September 30, 2020, increased $4.3 million due to increased sales during the quarter ended September 30, 2020, compared to the quarter ended December 31, 2019. These increases were offset by a decrease of $8.5 million in inventories, net due to increased sales in the quarter ended September 30, 2020. Additionally, prepaid and other current assets decreased $0.3 million.

In millions	September 30, 2020		December 31, 2019	
Accounts payable	$	84.8	$	99.1
Accrued expenses		36.0		33.3
Accrued payroll and employee benefits		16.0		28.2
Current operating lease liabilities		16.6		17.1
Notes payable and current maturities of long-term debt		22.4		22.5
Income taxes payable		3.1		15.3
Total current liabilities	$	178.9	$	215.5

Current liabilities as of September 30, 2020, decreased by $36.6 million compared to December 31, 2019, primarily driven by a decrease in Accounts payable, Accrued payroll and employee benefits, Current operating lease liabilities, Notes payable and current maturities of long-term debt, and Income taxes payable. This decrease was offset partially by an increase in Accrued expenses.

Cash flows provided by (used in) investing activities

Cash used by investing activities in the nine months ended September 30, 2020 was $78.4 million and was primarily driven by capital expenditures. In the nine months ended September 30, 2020 and 2019, capital spending included the base maintenance capital supporting ongoing operations and growth spending primarily related to the construction of Performance Materials activated carbon manufacturing facilities in Waynesboro, Georgia, Wickliffe, Kentucky, and Covington, Virginia as well as expansion at our Performance Chemicals Warrington, United Kingdom facility.

Capital expenditure categories	Nine Months Ended September 30,			
In millions	2020		2019	
Maintenance	$	31.8	$	27.5
Safety, health and environment		9.3		7.6
Growth and cost improvement		9.9		44.7
Total capital expenditures	$	51.0	$	79.8

Cash flows provided by (used in) financing activities

Cash provided by financing activities in the nine months ended September 30, 2020 was $14.8 million and was driven by net borrowings of $38.8 million under our revolving credit facility, offset by payments on long-term borrowings of $14.1 million, tax payments related to withholdings on restricted stock unit vestings of $3.0 million, and the repurchase of common stock of $32.4 million. Cash provided by financing activities in the nine months ended September 30, 2019 was $433.6 million and was primarily driven by net borrowings of $193.0 million from our revolving credit facility and $375.0 million from the amendment to our term loan facility, offset by payments on long-term borrowings of $117.8 million, tax payments related to withholdings on restricted stock unit vestings of $14.3 million, and the repurchase of common stock of $6.4 million.

Off-Balance Sheet Arrangements

We are not a party to any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on our financial condition, results of operations or cash flows.

Contractual Obligations

Information related to our contractual commitments at December 31, 2019 can be found in a table included within Part II, Item 7 of our 2019 Annual Report. Except as described above, there have been no material changes to our contractual commitments during the nine months ended September 30, 2020.

New Accounting Guidance

Refer to the Note 3 to the condensed consolidated financial statements for a full description of recent accounting pronouncements including the respective expected dates of adoption and expected effects on our condensed consolidated financial statements.

Critical Accounting Policies

Our condensed consolidated financial statements are prepared in conformity with GAAP. The preparation of our financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. We have described our accounting policies in Note 3 to our Annual Consolidated Financial Statements included in our 2019 Annual Report. We have reviewed these accounting policies, identifying those that we believe to be critical to the preparation and understanding of our financial statements. Critical accounting policies are central to our presentation of results of operations and financial condition and require management to make estimates and judgments on certain matters. We base our estimates and judgments on historical experience, current conditions and other reasonable factors. Our critical accounting policies have not substantially changed from those described in the 2019 Form 10-K.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Foreign currency exchange rate risk

We have foreign-based operations, primarily in Europe, South America and Asia, which accounted for approximately 22 percent of our net sales in the first nine months of 2020. Ingevity's significant operations outside the U.S. have designated the local currency as their functional currency. The primary currencies for which we have exchange rate exposure are the U.S. dollar versus the euro, the Japanese yen and the Chinese renminbi. In addition, certain of our domestic operations have sales to foreign customers. In the conduct of our foreign operations, we also make inter-company sales. All of this exposes us to the effect of changes in foreign currency exchange rates. Our earnings are therefore subject to change due to fluctuations in foreign currency exchange rates when the earnings in foreign currencies are translated into U.S. dollars. Foreign exchange forward contracts are used to hedge firm and highly anticipated foreign currency cash flows. The U.S. dollar versus the euro is our most significant foreign currency exposure. A hypothetical 10 percent change in the average euro to U.S. dollar exchange rate during the nine months ended September 30, 2020, would have changed our net sales and income before income taxes by approximately $2.8 million or less than one percent and $2.4 million or one percent, respectively.

Interest rate risk

Our revolving credit facility and term loan facility each include a variable interest rate component. As a result, we are subject to interest rate risk with respect to such floating-rate debt. A 100 basis point increase in the variable interest rate component of our borrowings as of September 30, 2020 would increase our annual interest expense by approximately $9.0 million or 27 percent.

We have entered into fixed-to-fixed cross-currency interest rate swaps with an aggregate notional amount of $166.2 million to limit exposure to interest rate increases related to a portion of the Company's floating rate indebtedness. This swap agreement hedges a portion of contractual floating rate interest through its expiration in July 2023. As a result, the Company's weighted average effective interest rate on the notional amount floating rate indebtedness will be 3.79% through May 2021. The fair value of this instrument at September 30, 2020 was an asset (liability) of $(0.4) million.

Other market risks

Information about our other remaining market risks for the period ended September 30, 2020 does not differ materially from that discussed under Item 7A of our 2019 Annual Report.

ITEM 4. CONTROLS AND PROCEDURES

a) Evaluation of Disclosure Controls and Procedures

Ingevity maintains a system of disclosure controls and procedures designed to give reasonable assurance that information required to be disclosed in Ingevity's reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. These controls and procedures also give reasonable assurance that information required to be disclosed in such reports is accumulated and communicated to management to allow timely decisions regarding required disclosures.

As of September 30, 2020, Ingevity's Chief Executive Officer, who currently also serves as Ingevity’s Chief Financial Officer ("CEO and CFO"), together with management, conducted an evaluation of the effectiveness of Ingevity's disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act. Based on that evaluation, the CEO and CFO concluded that these disclosure controls and procedures are effective at the reasonable assurance level described above.

b) Changes in Internal Control over Financial Reporting

There has been no change in Ingevity's internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) of the Exchange Act) that occurred during the quarter ended September 30, 2020 that has materially affected, or is reasonably likely to materially affect, Ingevity's internal control over financial reporting. We have not experienced any material impact to our internal controls over financial reporting despite the fact that many of our employees are working remotely due to the COVID-19 pandemic. We are continually monitoring and assessing the COVID-19 pandemic and its impact on the design and operating effectiveness of our internal controls over financial reporting.

We are also in the beginning stages of a multi-year implementation of a new global enterprise resource planning (“ERP”) system, which will replace our existing operating and financial systems. The implementation is expected to occur in phases over the next several years. Currently, we have had no changes in our internal controls over financial reporting with respect to this implementation, however, as the implementation progresses, we will give appropriate consideration to whether any process changes necessitate changes in the design of and testing for effectiveness of internal controls over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are, from time to time, involved in routine litigation and other legal matters incidental to our operations. None of the litigation or other legal matters in which we are currently involved, individually or in the aggregate, is material to our consolidated financial condition, liquidity, or results of operations nor are we aware of any material pending or contemplated proceedings.

ITEM 1A. RISK FACTORS

We updated certain of our previously disclosed risk factors in the offering materials for the senior notes offering discussed under Recent Developments—2020 Senior Notes Issuance and Revolving Credit Facility Amendment in MD&A. Other than these updated risk factors, which are provided below, there have been no material changes in our risk factors as discussed in Part I, Item 1A of the 2019 Annual Report and Part II, Item 1A of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2020.

We are exposed to the risks inherent in international sales and operations.

In 2019, sales outside of the U.S. made up approximately 40 percent of our total sales, and we sell our products to customers in approximately 75 countries. We have exposure to risks of operating in many foreign countries, including:

- fluctuations in foreign currency exchange rates, including the euro, pound sterling, Japanese yen and Chinese renminbi;
- restrictions on, or difficulties and costs associated with, the repatriation of cash from foreign countries to the U.S.;
- difficulties and costs associated with complying with a wide variety of complex laws, treaties and regulations;
- unexpected changes in political or regulatory environments;
- earnings and cash flows that may be subject to tax withholding requirements or the imposition of tariffs, exchange controls or other restrictions;
- political and economic instability;
- unforeseen public health crises, such as pandemic and epidemic diseases (including the recent coronavirus disease 2019 (COVID-19) (the "Coronavirus"));
- import and export restrictions, tariffs, and other trade barriers or retaliatory actions;
- difficulties in maintaining overseas subsidiaries and international operations;
- difficulties in obtaining approval for significant transactions;
- government limitations on foreign ownership;
- government takeover or nationalization of business; and
- government mandated price controls.

Any one or more of the above factors could adversely affect our international operations and could significantly affect our financial condition and results of operations. We have also expanded our participation in certain markets. As our international operations and activities expand, we inevitably have greater exposure to the risks of operating in many foreign countries.

Adverse conditions in the automotive market may adversely affect demand for our automotive carbon products.

Sales of our automotive activated carbon products are tied to global automobile production levels. Automotive production in the markets we serve can be affected by macro-economic factors such as interest rates, fuel prices, shifts in vehicle mix (including shifts toward alternative energy vehicles), consumer confidence, employment trends, regulatory and legislative oversight requirements and trade agreements. For example, the global economic downturn in 2008/2009 led to a drastic reduction in vehicle sales and an even greater reduction in vehicle production as OEMs right-sized their inventories to meet the lower sales volumes. Regional disruptions due to localized natural disasters or multi-month strikes at suppliers or OEMs can also significantly impact vehicle production and therefore demand for our automotive carbon. Additionally, if the Coronavirus pandemic continues, it could negatively impact demand for automotive sales, which would adversely impact sales of our carbon products, as was the case in the second quarter of 2020. The extent to which the Coronavirus pandemic impacts our results will depend on future developments, which are highly uncertain and cannot be predicted, including the severity of the Coronavirus, actions to contain the Coronavirus or treat its impact, among others.

The Company's oilfield technologies business is significantly affected by trends in oil and natural gas prices that affect the level of exploration, development and production activity.

Demand for our oilfield technologies services and products is particularly sensitive to the level of exploration, development and production activity of, and the corresponding capital spending by, oil and natural gas companies, including national oil companies. The level of exploration, development and production activity is directly affected by trends in oil and natural gas prices, which historically have been volatile. Crude oil prices have declined significantly since 2014, with West Texas Intermediate oil spot prices declining from a high of $108 per barrel in June 2014 to a low of $27 per barrel in February 2016, a level which had not been experienced since 2003. In 2020, pricing has moved from $58 per barrel in January to a low of $16 per barrel in April to $41 per barrel in September. Unless potential hostilities between the U.S. and Iran escalate, pricing is not currently forecasted to change significantly from these levels during 2020. While these pricing levels are significantly above the February 2016 levels, they remain off their highs seen in the last decade.

Any prolonged low pricing environment for oil and natural gas is likely to result in reduced demand for our oilfield technology products, which may have a material adverse effect on our results of operations.

Disruptions at any of our manufacturing facilities or within our supply chain could negatively impact our production, financial condition and results of operations.

An operational disruption in any of our facilities could negatively impact production and our financial results. The occurrence of a natural disaster, such as a hurricane, tropical storm, earthquake, tornado, severe weather, flood, fire, as well as risk that may result from climate change, could cause operational disruptions. Additionally, other unanticipated problems such as labor difficulties, health epidemics (including the recent Coronavirus pandemic), equipment failure, capacity expansion difficulties or unscheduled maintenance could also cause operational disruptions of varied duration. These types of disruptions could materially adversely affect our financial condition and results of operations to varying degrees dependent upon the facility, the duration of the disruption, our ability to shift business to another facility or find alternative sources of materials or energy. In certain cases, we have some products that are only made at one facility. For example, in the case of our Waynesboro, Georgia facility, while we have some redundancies within the facility, we only have one facility that makes our extruded honeycomb products. In the case of our Warrington, UK facility, while we have some redundancies within the facility, we only have one facility that makes our caprolactone products. As other examples, in our Charleston SC facility, we source black liquor from an adjacent paper mill to isolate and subsequently modify lignin to serve our agriculture customers while we make the vast majority of our ink resin products in our DeRidder, Louisiana facility. While we have redundancies within these facilities, we have limited ability to make these products at other facilities. Finally, the Coronavirus pandemic is causing travel disruptions, quarantines and/or closures, which could result in disruptions to our manufacturing and production operations at our facilities, as well as those of our suppliers and customers. Any losses due to these events may not be covered by our existing insurance policies or may be subject to certain deductibles.

We could be similarly adversely affected by disruptions within our supply chain and transportation network. Our products are transported by truck, rail, barge or ship by third-party providers. The costs of transporting our products could be negatively affected by factors outside of our control, including rail service interruptions or rate increases, extreme weather events, tariffs, rising fuel costs and capacity constraints. Significant delays or increased costs affecting these transportation methods could materially affect our financial condition and results of operations. Disruptions at our suppliers could lead to short term or longer rises in raw material or energy costs and/or reduced availability of materials or energy, potentially affecting our financial condition and results of operations. For example, Solvay is our primary provider of hydrogen peroxide to our Warrington, UK Performance Chemicals facility, which is co-located with the Solvay Warrington, UK chemical plant ("Solvay Plant"). Disruptions at the Solvay Plant impacting Solvay's ability to supply hydrogen peroxide could adversely affect our financial condition and results of operations. See also "—General Business and Economic Risks—Our engineered polymers product line may be adversely affected by the United Kingdom's withdrawal from the European Union."

As we rely on information technologies to conduct our business, security breaches and other disruptions could compromise our information and expose us to liability, which could cause our business and reputation to suffer.

We rely on information technologies, some of which are managed by third parties, to manage the day-to-day operations and activities of our business, operate elements of our manufacturing facilities, manage our customer and vendor transactions, and maintain our financial, accounting and business records. In addition, we collect and store certain data, including proprietary business information, and may have access to confidential or personal information that is subject to privacy and security laws and regulations.

The secure processing, maintenance and transmission of sensitive, confidential and personal data is critical to our operations and business strategy. We follow industry best practices and have instituted a system of security policies, procedures, capabilities, and internal controls designed to protect this information. Additionally, we engage third-party threat detection and monitoring services which includes a global cyber security incident response team. Despite our security design and controls, and those of our third-party providers, we may be vulnerable to cyber- attacks, computer viruses, security breaches, inadvertent or intentional employee actions, system failures and other risks that could potentially lead to the compromising of sensitive, confidential or personal data, improper use of our, or our third-party provider systems, solutions or networks, unauthorized access, use, disclosure, modification or destruction of information, and operational disruptions. In addition, the global regulatory environment pertaining to information security and privacy is increasingly demanding, with new and changing requirements, such as the European Union's General Data Protection Regulation ("GDPR"), California Consumer Privacy Act ("CCPA"), and the China Cybersecurity Law. GDPR, which applies to the collection, use, retention, security, processing, and transfer of personally identifiable information of residents of EU countries, mandates new compliance obligations, and imposes significant fines and sanctions for violations. CCPA requires companies to provide new data disclosure, access, deletion and opt-out rights to consumers in California. Implementing and complying with these laws and regulations may be more costly or take longer than we anticipate, or could otherwise affect our business operations. Such breaches, cyber incidents and disruptions, or failure to comply with laws and regulations related to information security or privacy, could result in legal claims or proceedings against us by governmental entities or individuals, significant fines, penalties or judgements, disruption of our operations, remediation requirements, changes to our business practices, and damage to our reputation, which could adversely affect our business, financial condition or results of operations.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Issuer Purchases of Equity Securities

On February 28, 2020, our Board of Directors authorized the repurchase of up to $500.0 million of our common stock, and rescinded the prior two authorizations from 2017 and 2018 of $100.0 million and $350.0 million, respectively. The repurchase program does not include a specific timetable or price targets and may be suspended or terminated at any time. Shares may be purchased through open market or privately negotiated transactions at the discretion of management based on its evaluation of market prevailing conditions and other factors. During the three months ended September 30, 2020, no shares of our common stock were repurchased as we previously suspended share repurchases in light of the uncertainty caused by the COVID-19 pandemic. At September 30, 2020, $467.6 million remained unused under our Board-authorized repurchase program.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit No.	Description of Exhibit
3.1*	Second Amended and Restated Certificate of Incorporation of Ingevity Corporation (incorporated by reference to Exhibit 3.1 to Form 8-K (File No. 001-37586) filed April 25, 2019).
3.2*	Amended and Restated Bylaws of Ingevity Corporation (incorporated by reference to Exhibit 3.2 to Form 8-K (File No. 001-37856) filed April 25, 2019).
4.1*	Indenture, dated as of October 28, 2020, among Ingevity Corporation, the guarantors party thereto and U. S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 to Form 8-K (File No. 001-37586) filed October 28, 2020).
10.1*	Incremental Facility Agreement and Amendment No. 5, by and among Ingevity Corporation, Ingevity Holdings SPRL, the other loan parties party thereto, the lenders party thereto and JPMorgan Chase Bank, N.A., as successor administrative agent and Wells Fargo Bank, N.A., as resigning administrative agent (incorporated by reference to Exhibit 10.1 to Form 8-K (File No. 001-37586) filed October 28, 2020).
10.2*+	Change in control and severance agreement between Ingevity Corporation and John C. Fortson dated August 21, 2020 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, as filed with the U.S. Securities and Exchange Commission on August 24,2020).
10.3+	Change in control and severance agreement between Ingevity Corporation and Erik S. Ripple dated October 21, 2020.
10.4+	Change in control and severance agreement between Ingevity Corporation and John Stephen Maurer dated October 20, 2020.
31.1	Rule 13a-14(a)/15d-14(a) Certification of the Company’s Principal Executive Officer and Principal Financial Officer.
32.1	Section 1350 Certification of the Company’s Principal Executive Officer and Principal Financial Officer. The information contained in this Exhibit shall not be deemed filed with the Securities and Exchange Commission nor incorporated by reference in any registration statement filed by the registrant under the Securities Act of 1933, as amended.
101	Inline XBRL Instance Document and Related Items - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
104	The cover page from the Company’s Quarterly Report on Form 10-Q formatted in Inline XBRL (included in Exhibit 101).

*Incorporated by reference
+ Management contract or compensatory plan or arrangement

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

INGEVITY CORPORATION
(Registrant)

By: /S/ JOHN C. FORTSON

John C. Fortson
President and Chief Executive Officer
(Principal Executive Officer, Principal Financial Officer and Duly Authorized Officer)

Date: October 29, 2020

[Certain information in this exhibit has been omitted pursuant to Item 601(b)(10) of Regulation S-K. Such information is not material and would likely cause competitive harm to the registrant if publicly disclosed.]

SEVERANCE AND CHANGE OF CONTROL AGREEMENT

THIS SEVERANCE AND CHANGE OF CONTROL AGREEMENT (the "Agreement") by and between Ingevity Corporation, a Delaware corporation (together with its Affiliated Companies, as hereafter defined, being the "Company"), and Erik S. Ripple (the "Executive") is dated as of the date set forth under the Company's signature.

RECITALS

WHEREAS, the Board of Directors of the Company (the "Board") has determined that it is in the best interests of the Company and its shareholders to assure that the Company will have the continued dedication and objectivity of the Executive, to provide the Executive with an incentive to continue his or her employment, and to motivate the Executive to achieve and exceed performance goals. The Board also believes it is imperative to diminish the inevitable distraction of the Executive by virtue of the personal uncertainties and risks created by certain involuntary terminations of employment absent Cause (as defined below), to encourage the Executive's full attention and dedication to the Company currently, and to provide the Executive with compensation and benefits arrangements that are competitive with those of other corporations. In addition, the success of the Company's business depends in part on the preservation of its confidential information, trade secrets and goodwill in the markets in which it competes. The Board and Executive have agreed to certain reasonable restrictions on Executive's post-employment activities to protect these legitimate business interests. Therefore, in order to accomplish these objectives, the Board caused the Company to enter into this Agreement.

NOW, THEREFORE, IT IS HEREBY AGREED as follows:

1. Change of Control. For the purpose of this Agreement, a "Change of Control" shall mean:

(a) An acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 30% or more of either (i) the then-outstanding shares of Common Stock (the "Outstanding Company Common Stock") or (ii) the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); excluding, however, the following: (A) any acquisition directly from the Company, other than an acquisition by virtue of the exercise of a conversion privilege unless the security being so converted itself was acquired directly from the Company, (B) any repurchase by the Company, (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any entity controlled by the Company, or (D) any acquisition pursuant to a transaction that complies with clauses (i), (ii) and (iii) of subsection (c) of this Section 1(a); or

(b) Individuals who, as of the date hereof, constitute the Board (such Board shall be hereinafter referred to as the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that, for purposes of this Section 1(b), any individual who becomes a member of the Board subsequent to the date hereof, whose election, or nomination for election by the Company's stockholders, was approved by a vote of at least a majority of those individuals who are members of the Board and who were also members of the Incumbent Board (or deemed to be such pursuant to this proviso) shall be considered as though such individual were a member of the Incumbent Board; provided, further, that any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board shall not be so considered as a member of the Incumbent Board; or

(c) The consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company (a "Business Combination"); excluding, however, such a Business Combination pursuant to which (i) all or substantially all of the individuals and entities who are the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Business Combination will beneficially own, directly or indirectly, more than 50% of, respectively, the outstanding shares of common stock, and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation that as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be, (ii) no Person (other than the Company, any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) will beneficially own, directly or indirectly, 30% or more of, respectively, the outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the outstanding voting securities of such corporation entitled to vote generally in the election of directors except to the extent that such ownership derives from ownership of a 30% or more interest in the Outstanding Company Common Stock and/or Outstanding Company Voting Securities that existed prior to the Business Combination, and (iii) individuals who were members of the Incumbent Board will constitute at least a majority of the members of the board of directors of the corporation resulting from such Business Combination; or

(d) The approval by stockholders of a complete liquidation or dissolution of the Company.

2. Certain Other Definitions.

(a) "Affiliated Companies" or "Affiliated Company" shall include any company controlled by, controlling or under common control with the Company.

(b) The "Change of Control Period" means the period commencing on the Effective Date and ending on the second anniversary of such date. The Change of Control Period shall terminate upon the termination of the Executive's employment for any reason.

(c) "Competitive Product or Service" means any product or service that is substantially the same as or similar to any product or service sold or provided by Company during the "Restricted Period" (as defined below) and/or any product or service meant to accomplish the same or a similar purpose as, and/or to serve as a substitute for, products or services sold or provided by Company during the Term.

(d) "Company Competitor" means any business providing a Competitive Product or Service, and for the avoidance of doubt, includes the Named Company Competitors set forth on Exhibit B to this Agreement.

(e) "Confidential Information" means information relating to the Company or any of the Affiliated Companies, which has value to the Company or its Affiliated Companies and is not generally available to the public. This includes, but is not limited to, Customer lists, Company know-how, designs, formulae, processes, devices, machines, business contracts, financial data, inventions, research or development projects, plans for future development, materials of a business nature including marketing information, strategies and concepts, and pricing strategies.

(f) "Customer" means any person or entity that is a customer of Company as of the Termination Date (i.e, has an ongoing business relationship as of that date, whether or not there are then current outstanding commitments). Customer shall also include any prospective customer whose business you have actively been seeking on behalf of the Company within the six months prior to your Termination Date.

(g) The "Effective Date" shall mean the first date during the Employment Period on which a Change of Control occurs.

(h) The "Employment Period" shall mean the period commencing on the date hereof and ending on the third anniversary of the date hereof, as subsequently extended as described below. The Employment Period shall be automatically extended for successive one-year periods unless the Company notifies the Executive in writing, at least six months prior to the end of the then current term that the Employment Period will not be extended. The Employment Period shall further be automatically extended immediately prior to any Change in Control such that the Employment Period (and this Agreement) shall be in effect throughout the entire Change in Control Period.

(i) "Indirect Customer" means any person or entity to whom Ingevity's direct Customer supplies product that incorporates the Company's products. In the case of the Company's automotive carbon business, Indirect Customer includes the automobile manufacturers and any business that supplies product to an automobile manufacturer that includes the Company's products.

(j) "Named Company Competitors" means those companies identified as such on Exhibit B.

(k) "Peer Executives" shall mean, at any given time, the other persons employed by the Company or any of the Affiliated Companies who were, immediately before the Effective Date, party to agreements with the Company substantially in the form of this Agreement.

(l) “Separation from Service” shall mean a separation from service as defined in Treasury Regulation Section 1.409A-1(h).

(m) “Supplier” means any supplier or vendor of any product or service to Company that Company, in turn, provides to or procures for any Customer.

(n) “Relevant Time” shall mean immediately before the Effective Date.

(o) “Restricted Period” means the Employment Period, including any extension or renewal thereof, plus a period of twelve (12) months following termination of Executive's employment with Company for any reason. In the event Executive is found by a Court of competent jurisdiction to have violated any of the provisions of Sections 10-14 of this Agreement, the Restricted Period shall be extended by any such period of non-compliance.

(p) “Territory” means the territory set forth in Exhibit C to this Agreement.

3. Employment Term: The Company herby agrees to continue the Executive in its employ, subject to the terms and conditions of this Agreement, for the Employment Period.

4. Terms of Employment.

(a) Position and Duties.

i. During the Change of Control Period, there shall be no material reduction in any of the Executive’s position, authority, duties, responsibilities or salary grade as compared to those held, exercised and assigned to the Executive at the Relevant Time. Notwithstanding the foregoing, a change in title by itself shall not be a violation of this Section 4(a)(i); provided that the Executive continues to have responsibilities and authority that are, in the aggregate and in all material respects, comparable to those held by the Executive at the Relevant Time.

ii. During the Change of Control Period, the Executive’s services shall be performed at the location where the Executive was employed immediately preceding the Effective Date, or at any other location that does not result in the Executive’s commuting distance from the Executive’s residence being increased by more than 30 miles; provided, that if the Executive voluntarily changes his or her residence after the Effective Date, then a new work location shall not be considered to have increased the Executive’s commuting distance by more than 30 miles unless such an increase both (1) occurs in relation to the Executive’s new residence; and (2) would have occurred even if the Executive had not changed his or her residence.

iii. During the Change of Control Period, and excluding any periods of vacation and sick leave to which the Executive is entitled, the Executive agrees to devote reasonable attention and time during normal business hours to the business and affairs of the Company and, to the extent necessary to discharge the responsibilities assigned to the Executive hereunder, to use the Executive’s reasonable good faith efforts to perform such responsibilities consistent with his or her past practice. During the Change of Control or Employment Periods it shall not be a violation of this Agreement for the Executive to (A) serve on corporate, civic or charitable boards or committees; (B) deliver lectures, fulfill speaking engagements or teach at educational institutions; or (C) manage personal investments, so long as such activities do not significantly interfere with the performance of the Executive's responsibilities as an employee of the Company in accordance with this Agreement. It is expressly understood and agreed that to the extent that any such other activities have been conducted by the Executive prior to the Effective Date, the continued conduct of such activities (or the conduct of activities similar in nature and scope thereto) subsequent to the Effective Date shall not thereafter be deemed to interfere with the performance of the Executive's responsibilities to the Company.

(b) Compensation.

i. Base Salary. During the Change of Control Period, the Executive shall receive an annual base salary ("Annual Base Salary") which shall be not less than the Executive's annual base salary from the Company and the Affiliated Companies as in effect immediately before the Effective Date. Any increase in Annual Base Salary during the Change of Control Period shall not serve to limit or reduce any other obligation to the Executive under this Agreement, and the Annual Base Salary shall not be reduced during the Change of Control Period.

ii. Incentive Compensation Opportunities. In addition to the Annual Base Salary, the Executive shall be granted, during the Change of Control Period, cash-based and equity-based awards representing the opportunity to earn incentive compensation on terms and conditions no less favorable to the Executive, in the aggregate, than those provided generally at any time after the Effective Date to the Peer Executives or, if more favorable to the Executive, than those provided by the Company and the Affiliated Companies for the Executive at the Relevant Time. In determining whether the Executive's incentive compensation opportunities during the Change of Control Period meet the requirements of the preceding sentence, there shall be taken into account all relevant terms and conditions, including, without limitation and to the extent applicable, the potential value of such awards at minimum, target and maximum performance levels, and the difficulty of achieving the applicable performance goals.

iii. Savings Plans. During the Change of Control Period, the Executive shall be entitled to participate in all savings plans, practices, policies and programs applicable generally to the Peer Executives, on comparable terms and conditions, but in no event shall such plans, practices, policies and programs provide the Executive with savings opportunities, in each case, less favorable, in the aggregate, to the Executive than those provided by the Company and the Affiliated Companies to the Executive at the Relevant Time.

iv. Welfare Benefit Plans. During the Change of Control Period, the Executive and/or the Executive's family, as the case maybe, shall be eligible for participation in and shall receive all benefits under welfare benefit plans, practices, policies and programs provided by the Company and the Affiliated Companies (including, without limitation, medical, prescription, dental, disability, employee life, group life, accidental death and travel accident insurance plans and programs) (collectively, "Welfare Benefits") to the extent applicable generally to the Peer Executives, on comparable terms and conditions, but in no event shall such Welfare Benefits for the Executive be substantially less favorable, in the aggregate, to the Executive than the Welfare Benefits provided by the Company and the Affiliated Companies to the Executive at the Relevant Time.

5. Termination of Employment.

(a) Cause. The Company may terminate the Executive's employment during the Employment Period for Cause or without Cause. For purposes of this Agreement, "Cause" shall mean:

i. the willful or gross neglect by the Executive to perform his or her employment duties with the Company or one of its Affiliated Companies in any material respect; or

ii. the plea of guilty or nolo contendere to, or conviction for, the commission of a felony offense by the Executive; or

iii. a material breach by the Executive of a fiduciary duty owed to the Company or one of its Affiliated Companies; or

iv. a material breach by the Executive of any nondisclosure, non-solicitation or non-competition obligation owed to the Company or any of its Affiliated Companies; or

v. a clearly established, willful and material violation by the Executive of the Company's Code of Conduct; or

vi. a willful and material act by the Executive that represents a gross breach of trust that is inconsistent with the Executive's position of authority with the Company and is materially and demonstrably injurious to the Company including through potential loss of reputation.

Prior to a termination for Cause, except in the case of a termination for (a)(ii) or in the case of a matter where there can be no reasonable opportunity to cure, the Executive shall be given notice and an opportunity to effectuate a cure as determined by the Company in its reasonable discretion.

For purposes of this provision, no act or failure to act, on the part of the Executive, shall be considered "willful" unless it is done, or omitted to be done, by the Executive in bad faith or without reasonable belief that the Executive's action or omission was in the best interests of the Company. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or upon the instructions of the Chief Executive Officer or a senior officer of the Company or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by the Executive in good faith and in the best interests of the Company.

(b) Good Reason. The Executive's employment may be terminated by the Executive for Good Reason but only after a Change of Control during the Change of Control Period. Good Reason shall mean:

i. A material diminution in the Executive's Annual Base Salary;

ii. A material diminution in the Executive's authority, duties, or responsibilities (other than as permitted by Section 4(a)(i) hereof);

iii. A material change in the geographic location at which the Executive must perform services for the Company in violation of Section 4(a)(ii) hereof; or

iv. Any other action or inaction that constitutes a material breach by the Company of this Agreement

(c) Notice of Termination; Opportunity to Cure. Any termination by the Company for Cause, or by the Executive for Good Reason, shall be communicated by Notice of Termination to the other party hereto given in accordance with Section 20(c) of this Agreement. For purposes of this Agreement, a "Notice of Termination" means a written notice which (i) indicates the specific termination provision in this Agreement relied upon; (ii) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated and (iii) specifies the Date of Termination (as defined below). If the Executive is terminating employment for Good Reason: (i) the Executive shall give the Company the Notice of Termination within 60 days following the event giving rise to the Executive's Good Reason termination; and (ii) the Company shall have a period of 30 days after receiving the Notice of Termination to remedy the action or inaction on which Good Reason is based. If the Company fails to remedy the action or inaction on which Good Reason is based within such 30-day period, the Executive may terminate his or her or her employment for Good Reason within 30 days after the end of the cure period.

(d) Date of Termination. "Date of Termination" means if the Executive's employment is terminated by the Company or by the Executive, the date of receipt of the Notice of Termination or any date within 30 days thereafter that is specified in the Notice of Termination.

6. Obligations of the Company upon Termination.

(a) Involuntary Termination of Employment, other than for Cause, absent a Change of Control. If the Company terminates the Executive's employment other than for Cause prior to a Change of Control:

i. The Company shall pay to the Executive (in the form and at the times described below) the following:

a. Within five days of the Date of Termination, a single lump sum of: (1) the Executive's then current unpaid and outstanding Annual Base Salary through the Date of Termination; (2) the Executive's annual incentive assuming target performance for the calendar year in which the Date of Termination occurs (the "Target Incentive") prorated by multiplying such Target Incentive by a fraction, the numerator of which is the number of days in the current fiscal year through the Date of Termination, and the denominator of which is 365; plus (3) any accrued unpaid vacation pay, and

b. A severance payment equal to one (1) times the sum of (x) the Executive's then current base salary and (y) the Executive's Target Incentive, payable monthly over a one-year period.

ii. The Company shall also pay the Executive a lump sum cash payment within five days following the Executive's Date of Termination equal to the cost of health coverage for one year, based on the monthly COBRA cost of such coverage under the Company's health plan pursuant to Section 4980B of the Internal Revenue Code of 1986, as amended (the "Code") on the Date of Termination.

iii. The Company shall, at its sole expense as incurred, provide the Executive with outplacement services the scope and provider of which shall be reasonable and consistent with industry practice for similarly situated executives and consistent with Section 19(b) of this Agreement.

iv. To the extent not already paid or provided, the Company shall timely pay or provide the Executive with any other benefits in accordance with the terms of the applicable plans.

(b) Involuntary Termination of Employment, other than for Cause, or Good Reason Termination, following a Change of Control. If during the Change of Control Period, the Company shall terminate the Executive's employment other than for Cause, or the Executive shall terminate employment for Good Reason:

i. The Company shall pay to the Executive (in the form and at the times described below) the following:

a. Within five days of the Date of Termination a single lump sum of: (1) the Executive's then current unpaid and outstanding Annual Base Salary through the Date of Termination; (2) the Executive's annual incentive assuming target performance for the calendar year in which the Date of Termination occurs (the "Target Incentive") prorated by multiplying such Target Incentive by a fraction, the numerator of which is the number of days in the current fiscal year through the Date of Termination, and the denominator of which is 365; plus (3) any unpaid accrued vacation pay, and

b. Within five days of the Date of Termination (unless otherwise prohibited by Section 19 (c)), a Severance payment equal to two (2) times the sum of (x) the Executive's Annual Base Salary and (y) the Executive's Target Incentive, payable in a single lump sum.

ii. The Company shall also pay the Executive a lump sum cash payment within five days following the Executive's Date of Termination equal to the cost of health coverage for two years, based on the monthly COBRA cost of such coverage under the Company's health plan pursuant to Section 4980B of the Code on the Date of Termination.

iii. The Company shall, at its sole expense as incurred, provide the Executive with outplacement services the scope and provider of which shall be reasonable and consistent with industry practice for similarly situated executives and consistent with Section 19(b) of this Agreement.

iv. The Company shall timely pay or deliver to the Executive any vested incentive compensation (equity and/or cash) in accordance with the terms of the Company's 2016 Omnibus Incentive Plan (or a successor plan, as applicable) and the terms and conditions of the applicable award agreements thereunder, as approved by the Compensation Committee of the Board of Directors.

v. To the extent not already paid or provided, the Company shall timely pay or provide the Executive with any other benefits in accordance with the terms of the applicable plans.

Notwithstanding the foregoing, except with respect to payments and benefits under Sections 6(a)(i)(a)(1), 6(a)(i)(a)(3), 6(b)(i)(a)(1) and 6(b)(i)(a)(3), all payments and benefits to be provided under this Section 6(a) shall be subject to the Executive's execution and non-revocation of a release substantially in the form attached hereto as Exhibit A. To the extent required by Section 409A of the Code, if payments and benefits subject to a release could be paid in two taxable years pursuant to the terms of this Section 6(a), such payments and benefits shall be paid in the later taxable year.

(c) Cause: Other than for Good Reason. If the Executive's employment is terminated for Cause during the Employment Period, the Company shall provide to the Executive the Executive's then current and outstanding base salary through the Date of Termination, and any other vested benefits payable under applicable plans, and shall have no other obligations under this Severance and Change of Control Agreement.

7. Non-exclusivity of Rights. Nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any plan, program, policy or practice provided by the Company or any of the Affiliated Companies and for which the Executive may qualify, nor, subject to Section 21(g), shall anything herein limit or otherwise affect such rights as the Executive may have under any contract or agreement with the Company or any of the Affiliated Companies. Amounts that are vested benefits or that the Executive is otherwise entitled to receive under any plan, policy, practice or program of or any contract or agreement with the Company or any of the Affiliated Companies at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement. Notwithstanding the foregoing, if the Executive receives the payments and

benefits pursuant to Section 6(a) or 6(b) of this Agreement, the Executive shall not be entitled to any severance pay or benefits under any severance plan, program or policy of the Company and the Affiliated Companies, unless otherwise specifically provided therein in a specific reference to this Agreement.

8. Full Settlement. Except with respect to Executive's violation of Sections 10 through 14 of this Agreement, the Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action that the Company may have against the Executive or others. In the event of a violation by Executive of any provision of Sections 10 through 14 of this Agreement, the Company may elect to terminate any Severance payments owed to Executive pursuant to Section 6(a)(i)(b) or 6(b)(i)(b), as of the date of such violation.

9. Parachute Payments.

(a) Notwithstanding any other provisions of this Agreement to the contrary, in the event that it shall be determined that any payment or distribution in the nature of compensation (within the meaning of Section 280G(b)(2) of the Code) to or for the benefit of the Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (the "Payments"), would constitute an "excess parachute payment" within the meaning of Section 280G of the Code, the Company shall reduce (but not below zero) the aggregate present value of the Payments under the Agreement to the Reduced Amount (as defined below), if reducing the Payments under this Agreement will provide the Executive with a greater net after-tax amount than would be the case if no such reduction was made. The Payments shall be reduced as described in the preceding sentence only if (i) the net amount of the Payments, as so reduced (and after subtracting the net amount of federal, state and local income and payroll taxes on the reduced Payments), is greater than or equal to (ii) the net amount of the Payments without such reduction (but after subtracting the net amount of federal, state and local income and payroll taxes on the Payments and the amount of Excise Tax (as defined below) to which the Executive would be subject with respect to the unreduced Payments). Only amounts payable under this Agreement shall be reduced pursuant to this Section 9, and any reduction shall be made in accordance with Section 409A of the Code.

(b) The "Reduced Amount" shall be an amount expressed in present value that maximizes the aggregate present value of Payments under this Agreement without causing any Payment under this Agreement to be subject to the Excise Tax, determined in accordance with Section 280G(d)(4) of the Code. The term "Excise Tax" means the excise tax imposed under Section 4999 of the Code, together with any interest or penalties imposed with respect to such excise tax.

(c) All determinations to be made under this Section 9 shall be made by such certified public accounting firm as may be designated by the Company (the "Accounting Firm"), which shall provide detailed supporting calculations both to the Company and the Executive within 15 business days of the receipt of notice from the Executive that there has been a Payment, or such earlier time as is requested by the Company. All fees and expenses of the

Accounting Firm shall be borne solely by the Company. Any determination by the Accounting Firm shall be binding upon the Company and the Executive.

10. Nondisclosure of Confidential Information. The Executive shall hold in a fiduciary capacity for the benefit of the Company all Confidential Information. During the Employment Period and after termination of the Executive's employment with the Company, for a five year period, the Executive shall not, without the prior written consent of the Company or as may otherwise be required by law or legal process, communicate, disclose or use any Confidential Information to or on behalf of anyone other than the Company and those designated by it. In no event shall an asserted violation of the provisions of this Section 10 constitute a basis for deferring or withholding any amounts otherwise payable to the Executive under this Agreement.

11. Return of Company's Property. Upon termination of employment with the Company, or at any time upon the Company's request, Executive shall promptly deliver to the Company all equipment, inventory, drawings, blueprints, manuals, letters, contracts, agreements, notes, notebook records, electronic media, reports, memoranda, formulae, all Confidential Information and all other materials relating to the Company's business, including all copies thereof, which are in the possession, custody or control of Executive.

12. Noncompetition and Nonsolicitation. Executive acknowledges and agrees that Confidential Information and Company's goodwill, Customer and Supplier relationships are among Company's most valuable business assets. Executive further acknowledges that his or her position is one of trust, and that he or she will receive and have access to the highest levels of Confidential Information during the Employment Period. Accordingly, Executive expressly covenants and agrees that he or she will not, during the Restricted Period**,** directly or indirectly, for Executive's benefit or the benefit of others, whether direct or indirect, as an employee, independent contractor, owner, shareholder, partner, limited partner, or otherwise:

(a) own, manage, operate, control or participate in the ownership, management, operation or control of, or be connected as an officer, employee, partner, director, independent contractor or in any other similar capacity with, or have any financial interest in, any Named Company Competitor, or aid or assist any Named Company Competitor in any manner that enhances the ability of such Named Company Competitor to develop, market, sell or provide Competitive Products or Services;

(b) in the Territory, own, manage, operate, control or participate in the ownership, management, operation or control of, or be connected as an officer, employee, partner, director, independent contractor or in any other similar capacity with, or have any financial interest in, any Company Competitor, or aid or assist any Company Competitor in any manner that enhances the ability of such Company Competitor to develop, market, sell or provide Competitive Products or Services; provided nothing in this clause (b) shall restrict Executive from employment with a division or business unit of a Company Competitor that does not provide Competitive Products or Services, or from employment with a Company Competitor where the Executive's responsibilities and activities do not involve the development, marketing, sale or provision of Competitive Products or Services (provided further, for the avoidance of doubt, that all other terms of this Section 12 continue to apply);

(c) aid or assist any person or entity for the purpose of the development, marketing, sale or provision of Competitive Products or Services.

(d) solicit, persuade or induce any individual who is, or was at any time during the last twelve (12) months of the Executive's employment by the Company, an employee of the Company, for the purpose of engaging in the development, marketing, sale or provision of Competitive Products or Services: (i) to terminate or refrain from renewing or extending such employment by the Company, or (ii) to become employed by or enter into a contractual relationship with the Executive or any other individual, person or entity;

(e) solicit, persuade or induce any individual, person or entity which is, or was at any time during the last twelve (12) months of Executive’s employment with the Company, a Supplier of critical components to the Company, including, for the avoidance of doubt, any Supplier of Crude Tall Oil, to terminate, reduce or refrain from renewing or extending such Supplier’s contractual or other relationship with the Company, or otherwise materially changing such Suppliers volume, terms and conditions; or

(f) solicit, persuade or induce any Customer or Indirect Customer: (i) to terminate, reduce or refrain from renewing, extending, or entering into contractual or other relationships with the Company with regard to the purchase of Competitive Products or Services, or (ii) to become a customer of or enter into any contractual or other business relationship with the Executive or any other individual, person or entity for the purpose of purchasing Competitive Products or Services.

Nothing in the Agreement should be read as limiting Executive from owning less than a five percent share of publicly-traded stock of any entity.

13. Inventions and Discoveries. Executive acknowledges and agrees that Executive's work product and work in process, which includes, but is not limited to, inventions, discoveries, improvements, and business, financial, or marketing concepts (hereinafter referred to as "Employee Work Products") that are conceived or made by Executive, either alone or in conjunction with others, shall be “works made for hire" under the U.S. Copyright Act, 17 U.S.C. §101, et seq., provided such Employee Work Products were (i) conceived or made in performance of Executive's duties for Company; (ii) conceived or made using information received during the course of Executive's employment with the Company, including, but not limited to, Confidential Information; (iii) used during the course of employment with the Company; and/or (iv) conceived or made using the Company's facilities and/or equipment. All such Employee Work Products are the property of the Company and all intellectual property rights thereto including, but not limited to, all patents, copyrights, trademarks, manufacturing know-how and trade secrets, shall be the exclusive property of the Company. Executive agrees to disclose promptly to the Company any and all Employee Work Products and to assign all of Executive's interest in the Employee Work Products to the Company or its designee. Whenever requested to do so by the Company, Executive shall execute, at Company's expense, any and all applications, assignments, or other documents that Company shall deem necessary to protect the Company’s interest in the Employee Work Products.

14. Non-disparagement. Executive agrees that he or she will make no unfavorable or disparaging comments, orally or in writing, regarding Company, its Affiliated Companies or their operations, policies, or procedures, and that to do so will constitute a material breach of this Agreement.

15. Remedies. Executive acknowledges and agrees that the Company's remedy at law for a breach or threatened breach of any of the provisions of this Agreement, including but not limited to those of Sections 10-14, would be inadequate and difficult to ascertain. Therefore, in the event of a breach or threatened breach by the Executive of any of the provisions of this Agreement, it is agreed that in addition to the Company's remedy at law, the Company shall be entitled to appropriate equitable relief in the form of specific performance, preliminary or permanent injunction, temporary restraining order or any other appropriate equitable remedy which may then be available.

16. Executive Acknowledgements

(a) Executive expressly acknowledges and agrees that (i) the restrictions set forth in this Agreement including, but not limited to, those of Sections 10-14, are reasonable in nature, scope and otherwise; (ii) the restrictions set forth in this Agreement including, but not limited to, those of Sections 10-14, are necessary to protect the Company's assets and legitimate business interests; and (iii) Executive's agreement to observe the restrictions set forth in this Agreement is material consideration for Executive's employment with the Company; (iii) all or a portion of the severance payable under this Agreement shall be considered reasonable compensation payable in consideration of the Executive's covenant not to compete, the precise amount to be determined in accordance with Section 9(c) hereof; and (iv) Executive's agreement to observe the restrictions set forth in this Agreement is in material consideration for the protections and valuable consideration given Executive relative to Change-in-Control and severance arrangements.

(b) Executive warrants and represents to the Company that Executive's capabilities and experience are such that the restrictive covenants set forth in Sections 10-14 will not prevent Executive from earning a livelihood and that Executive will be fully able to earn an adequate livelihood if any such restrictive covenants should be specifically enforced against him.

17. Reports to Regulatory and Investigative Bodies.

(a) Trade Secrets Act. Pursuant to the federal Defend Trade Secrets Act, Executive acknowledges that he has been notified of the following: An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that: (A) is made in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. An individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual (i) files any document containing the trade secret under seal, and (ii) does not disclose the trade secret, except pursuant to court order.

(b) Government Agencies. Notwithstanding any other provision in this Agreement, this Agreement does not prohibit Executive from: (1) filing a charge with or communicating with the National Labor Relations Board, the Equal Employment Opportunity Commission, or another federal, state or local government official for the purpose of reporting or investigating a suspected violation of law; or (2) communicating directly with the U.S. Securities and Exchange Commission about a possible securities law violation.

18. Successors.

(a) This Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns. Except as provided in Section 18(c), without the prior written consent of the Executive this Agreement shall not be assignable by the Company.

(c) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

19. Section 409A.

(a) Compliance. This Agreement is intended to comply with the requirements of Section 409A of the Code, and shall in all respects be administered in accordance with Section 409A of the Code and the regulations issued thereunder. ; provided, however, that the tax treatment of benefits under this Agreement is not warranted or guaranteed Notwithstanding anything in the Agreement to the contrary, distributions may only be made under the Agreement upon a Section 409A "separation from service" or other event permitted by Section 409A, and in a manner permitted by Section 409A of the Code or an applicable exemption. For purposes of Section 409A of the Code, the right to a series of payments under the Agreement shall be treated as a right to a series of separate payments. The Executive may not, directly or indirectly designate the calendar year of a payment.

(b) Reimbursements. All reimbursements and in-kind benefits provided under the Agreement shall be made or provided in accordance with the requirements of Section 409A of the Code, including: (i) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during each calendar year cannot affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other calendar year; (ii) any reimbursement of an eligible expense shall be paid to the Executive on or before the last day of the calendar year following the calendar year in which the expense was incurred; (iii) any right to reimbursements or in-kind benefits under this Agreement shall not be subject to liquidation or exchange for another benefit; and (iv) reimbursement shall be provided for expenses incurred during the period specified in this Agreement, or if no such period is specified, during the Executive's lifetime. If reimbursements are made with respect to outplacement services or outplacement services are provided, such reimbursements or outplacement services shall be provided in accordance with the requirements of Section 409A, including the requirement that such reimbursements be incurred or services be provided by the end of the second year after the year in which the Date of Termination occurs and all reimbursement payments be made by the end of the third year after the year in which the Date of Termination occurs.

(c) Specified Employee. Notwithstanding any provision in this Agreement to the contrary, if the Executive is a "specified employee" of a publicly traded corporation under Section 409A on the Executive's Date of Termination and if payment of any amount under this Agreement is required to be delayed for a period of six months after separation from service pursuant to Section 409A of the Code, payment of such amount shall be delayed as required by Section 409A of the Code, and the accumulated postponed amount shall be paid in a lump sum payment within 10 days after the end of the six-month period. If the Executive dies during the postponement period prior to the payment of postponed amount, the amounts withheld on account of Section 409A of the Code shall be paid to the personal representative of the Executive's estate within 60 days after the date of Executive's death. A "specified employee" shall mean an employee who, at any time during the 12-month period ending on the identification date, is a "specified employee" under Section 409A of the Code, as determined by the Compensation Committee of the Board. The determination of "specified employees," including the number and identity of persons considered "specified employees" and the identification date, shall be made by the Compensation Committee in accordance with the provisions of Sections 416(i) and 409A of the Code and the regulations issued thereunder.

20. Recoupment. Any amounts paid to Executive hereunder shall be subject to recoupment pursuant to the terms of any recoupment policy the Company may adopt and as such policy may be from time to time amended, in any case as in effect immediately prior to the Effective Date.

21. Miscellaneous.

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives The parties agree that any controversy or claim arising out of or relating to this Agreement shall be brought in courts of the State of Delaware or in the United States District Court in Delaware, and the parties hereby waive any claim or defense that such forum in inconvenient or otherwise improper.

(b) The provisions of Sections 10-14 of this Agreement shall survive the termination of the Executive's employment with the Company.

(c) All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

<u>If to the Executive</u>:
<u>U.S. Address</u> <u>China Address</u>

[INTENTIONNALY OMITTED]

<u>If to the Company</u>:
Ingevity Corporation
4920 O'Hear Avenue
Suite 400
North Charleston, SC 29405
Attention: General Counsel

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(d) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement. Whenever possible, each provision or portion of any provision of this Agreement shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provision or portion of any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule, such invalidity, illegality or unenforceability shall not affect any other provision or portion of any provision, and this Agreement shall be reformed, construed, and enforced as if such invalid, illegal or unenforceable provision or portion of any provision had never been contained herein. If a final judicial determination is made by a court having jurisdiction that the time or scope of any provision in this Agreement is unreasonable or otherwise unenforceable, such provision shall not be rendered void but shall be deemed amended to apply to the maximum extent the court determines enforceable.

(c) The Company may withhold from any amounts payable under this Agreement such U.S. federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(e) The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder, including, without limitation, the right of the Executive to terminate employment for Good Reason pursuant to Section 5(c)(i)-(iv) of this Agreement, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(f) The terms of this Agreement, upon its execution, supersede any other agreement between the parties with respect to the subject matter hereof. The Executive and the Company acknowledge that, except as may otherwise be provided under any other written agreement between the Executive and the Company, the employment of the Executive by the Company is "at will", subject in full to the obligations of the Company under Section 6 and set forth elsewhere herein.

(g) In the event of a conflict between the terms of this Agreement and the terms of any individual grant, the terms of this Agreement, representing the decision of the Compensation Committee, shall govern.

IN WITNESS WHEREOF, the Executive has hereunto set the Executive's hand and, pursuant to the authorization from its Board of Directors, the Company has caused this Agreement to be executed in its name on its behalf, all as of the day and year first set forth below.

INGEVITY CORPORATION	EXECUTIVE
By /s/ John C. Fortson	/s/ Erik S. Ripple
John C. Fortson	Erik S. Ripple
President and Chief Executive Officer	

Dated as of October 21, 2020

EXHIBIT A

RELEASE

In consideration of the severance benefits offered to me by Ingevity Corporation (the “Company”) under the Severance and Change of Control Agreement dated as of _______________ (the “Agreement”) and other consideration, I on behalf of myself, and on behalf of my heirs, administrators, representatives, successors, and assigns (the “Releasors”), hereby release acquit and forever discharge the Company, all of its past, present and future subsidiaries and affiliates and all of their respective directors, officers, employees, agents, trustees, partners, shareholders, consultants, independent contractors and representatives, all of their respective heirs, successors, and assigns and all persons acting by, through, under or in concert with them (the “Releasees”) from any and all claims, charges, complaints, obligations, promises, agreements, controversies, damages, remedies, demands, actions, causes of action, suits, rights, costs, debts, expenses and liabilities that the Releasors might otherwise have asserted arising out of my employment with the Company and its subsidiaries and affiliates, including the termination of that employment.

However, the Releasors are not releasing any rights under (i) any qualified employee retirement plan; (ii) any claim for compensation and benefits to be provided to me under the Agreement; (ii) any claim for vested benefits or benefits that I am otherwise entitled to receive under any plan, policy, practice or program of or any contract or agreement with the Company or any of the Affiliated Companies at or subsequent to the Date of Termination; (iii) any claim related to my indemnification as an officer, director and employee of the Affiliated Companies under the Company’s Certificate of Incorporation or By-Laws; or (iv) any rights or claims that may arise after the date on which I sign this release (the “Release”). Those rights shall survive unaffected by this Release.

I understand that, as a consequence of my signing this Release, I am giving up, any and all rights I might otherwise have with respect to my employment and the termination of that employment including but not limited to rights under (1) the Age Discrimination in Employment Act of 1967, as amended; (2) any and all other federal, state, or municipal laws prohibiting discrimination in employment on the basis of sex, race, national origin, religion, age, handicap, or other invidious factor, or retaliation; and (3) any and all theories of contract or tort law related to my employment or termination thereof, whether based on common law or otherwise.

I acknowledge and agree that:

A. The benefits I am receiving under the Agreement constitute consideration over and above any benefits that I might be entitled to receive without executing this Release.

B. The Company advised me in writing to consult with an attorney prior to signing this Release.

C. I was given a period of at least twenty-one (21) days within which to consider this Release; and

D. The Company has advised me of my statutory right to revoke my agreement to this Release at any time within seven (7) days of my signing this Release by delivering written notice of such revocation to [name and address of Company contact], and this Release shall be come final and binding if no such notice of revocation is received by the Company within such seven (7) period.

I warrant and represent that my decision to sign this Release was (1) entirely voluntary on my part; (2) not made in reliance on any inducement, promise, or representation, whether express or implied, other than the inducements, representations, and promises expressly set forth herein and in the Agreement and (3) did not result from any threats or other coercive activities to induce my agreement to this Release.

If I exercise my right to revoke this Release within seven (7) days of my execution of this Release, I warrant and represent that I will: (1) notify the Company in writing, in accordance with the attached Agreement, of my revocation of this Release, and (2) simultaneously return in full any consideration received from the Company or any employee benefit plan sponsored by the Company.

The parties agree that this release shall not affect the rights and responsibilities of the US Equal Employment Opportunity Commission (hereinafter “EEOC”) to enforce the Age Discrimination in Employment Act of 1967, as amended and other laws. In addition, the parties agree that this release shall not be used to justify interfering with my protected right to file a charge or participate in an investigation or proceeding conducted by the EEOC. The parties further agree that the Releasors knowingly and voluntarily waive all rights or claims that arose prior to the date hereof that the Releasors may have against the Releasees to receive any benefit or remedial relief (including, but not limited to, reinstatement, back pay, front pay, damages, attorneys’ fees, experts’ fees) as a consequence of any investigation or proceeding conducted by the EEOC.

The provisions of this Release are severable, and if any part of it is found to be unenforceable, the other paragraphs shall remain fully valid and enforceable. This Release shall be construed in accordance with its fair meaning and in accordance with the laws of the State of Delaware, without regard to conflicts of laws principles. Capitalized terms used but not defined herein shall have the meanings set forth in the Severance and Change of Control Agreement. I further warrant and represent that I fully understand and appreciate the consequences of my signing this Release. Notwithstanding any other provision in this Release, the parties agree that this Release does not prohibit me from: (1) filing a charge with or communicating with the National Labor Relations Board, the Equal Employment Opportunity Commission, or another federal, state or local government official for the purpose of reporting or investigating a suspected violation of law; or (2) communicating directly with the U.S. Securities and Exchange Commission about a possible securities law violation.

[Signature Block]

EXHIBIT B

NAMED COMPANY COMPETITORS

“Named Company Competitor” means [omitted].

EXHIBIT C

TERRITORY

"Territory" means [omitted]

[Certain information in this exhibit has been omitted pursuant to Item 601(b)(10) of Regulation S-K. Such information is not material and would likely cause competitive harm to the registrant if publicly disclosed.]

SEVERANCE AND CHANGE OF CONTROL AGREEMENT

THIS SEVERANCE AND CHANGE OF CONTROL AGREEMENT (the "Agreement") by and between Ingevity Corporation, a Delaware corporation (together with its Affiliated Companies, as hereafter defined, being the "Company"), and John Stephen Maurer (the "Executive") is dated as of the date set forth under the Company's signature.

RECITALS

WHEREAS, the Board of Directors of the Company (the "Board") has determined that it is in the best interests of the Company and its shareholders to assure that the Company will have the continued dedication and objectivity of the Executive, to provide the Executive with an incentive to continue his or her employment, and to motivate the Executive to achieve and exceed performance goals. The Board also believes it is imperative to diminish the inevitable distraction of the Executive by virtue of the personal uncertainties and risks created by certain involuntary terminations of employment absent Cause (as defined below), to encourage the Executive's full attention and dedication to the Company currently, and to provide the Executive with compensation and benefits arrangements that are competitive with those of other corporations. In addition, the success of the Company's business depends in part on the preservation of its confidential information, trade secrets and goodwill in the markets in which it competes. The Board and Executive have agreed to certain reasonable restrictions on Executive's post-employment activities to protect these legitimate business interests. Therefore, in order to accomplish these objectives, the Board caused the Company to enter into this Agreement.

NOW, THEREFORE, IT IS HEREBY AGREED as follows:

1. Change of Control. For the purpose of this Agreement, a "Change of Control" shall mean:

   (a) An acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 30% or more of either (i) the then-outstanding shares of Common Stock (the "Outstanding Company Common Stock") or (ii) the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); excluding, however, the following: (A) any acquisition directly from the Company, other than an acquisition by virtue of the exercise of a conversion privilege unless the security being so converted itself was acquired directly from the Company, (B) any repurchase by the Company, (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any entity controlled by the Company, or (D) any acquisition pursuant to a transaction that complies with clauses (i), (ii) and (iii) of subsection (c) of this Section 1(a); or

   (b) Individuals who, as of the date hereof, constitute the Board (such Board shall be hereinafter referred to as the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that, for purposes of this Section 1(b), any individual who becomes a member of the Board subsequent to the date hereof, whose election, or nomination for election by the Company's stockholders, was approved by a vote of at least a majority of those individuals who are members of the Board and who were also members of the Incumbent Board (or deemed to be such pursuant to this proviso) shall be considered as though such individual were a member of the Incumbent Board; provided, further, that any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board shall not be so considered as a member of the Incumbent Board; or

(c) The consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company (a "Business Combination"); excluding, however, such a Business Combination pursuant to which (i) all or substantially all of the individuals and entities who are the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Business Combination will beneficially own, directly or indirectly, more than 50% of, respectively, the outstanding shares of common stock, and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation that as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be, (ii) no Person (other than the Company, any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) will beneficially own, directly or indirectly, 30% or more of, respectively, the outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the outstanding voting securities of such corporation entitled to vote generally in the election of directors except to the extent that such ownership derives from ownership of a 30% or more interest in the Outstanding Company Common Stock and/or Outstanding Company Voting Securities that existed prior to the Business Combination, and (iii) individuals who were members of the Incumbent Board will constitute at least a majority of the members of the board of directors of the corporation resulting from such Business Combination; or

(d) The approval by stockholders of a complete liquidation or dissolution of the Company.

2. Certain Other Definitions.

(a) "Affiliated Companies" or "Affiliated Company" shall include any company controlled by, controlling or under common control with the Company.

(b) The "Change of Control Period" means the period commencing on the Effective Date and ending on the second anniversary of such date. The Change of Control Period shall terminate upon the termination of the Executive's employment for any reason.

(c) “Competitive Product or Service” means any product or service that is substantially the same as or similar to any product or service sold or provided by Company during the “Restricted Period” (as defined below) and/or any product or service meant to accomplish the same or a similar purpose as, and/or to serve as a substitute for, products or services sold or provided by Company during the Term.

(d) “Company Competitor” means any business providing a Competitive Product or Service, and for the avoidance of doubt, includes the Named Company Competitors set forth on Exhibit B to this Agreement.

(e) “Confidential Information” means information relating to the Company or any of the Affiliated Companies, which has value to the Company or its Affiliated Companies and is not generally available to the public. This includes, but is not limited to, Customer lists, Company know-how, designs, formulae, processes, devices, machines, business contracts, financial data, inventions, research or development projects, plans for future development, materials of a business nature including marketing information, strategies and concepts, and pricing strategies.

(f) “Customer” means any person or entity that is a customer of Company as of the Termination Date (i.e, has an ongoing business relationship as of that date, whether or not there are then current outstanding commitments). Customer shall also include any prospective customer whose business you have actively been seeking on behalf of the Company within the six months prior to your Termination Date.

(g) The “Effective Date” shall mean the first date during the Employment Period on which a Change of Control occurs.

(h) The “Employment Period” shall mean the period commencing on the date hereof and ending on the third anniversary of the date hereof, as subsequently extended as described below. The Employment Period shall be automatically extended for successive one-year periods unless the Company notifies the Executive in writing, at least six months prior to the end of the then current term that the Employment Period will not be extended. The Employment Period shall further be automatically extended immediately prior to any Change in Control such that the Employment Period (and this Agreement) shall be in effect throughout the entire Change in Control Period.

(i) “Indirect Customer” means any person or entity to whom Ingevity’s direct Customer supplies product that incorporates the Company’s products. In the case of the Company’s automotive carbon business, Indirect Customer includes the automobile manufacturers and any business that supplies product to an automobile manufacturer that includes the Company’s products.

(j) “Named Company Competitors” means those companies identified as such on Exhibit B.

(k) “Peer Executives” shall mean, at any given time, the other persons employed by the Company or any of the Affiliated Companies who were, immediately before the Effective Date, party to agreements with the Company substantially in the form of this Agreement.

(l) “Separation from Service” shall mean a separation from service as defined in Treasury Regulation Section 1.409A-1(h).

(m) “Supplier” means any supplier or vendor of any product or service to Company that Company, in turn, provides to or procures for any Customer.

(n) “Relevant Time” shall mean immediately before the Effective Date.

(o) “Restricted Period” means the Employment Period, including any extension or renewal thereof, plus a period of twelve (12) months following termination of Executive's employment with Company for any reason. In the event Executive is found by a Court of competent jurisdiction to have violated any of the provisions of Sections 10-14 of this Agreement, the Restricted Period shall be extended by any such period of non-compliance.

(p) “Territory” means the territory set forth in Exhibit C to this Agreement.

3. Employment Term: The Company herby agrees to continue the Executive in its employ, subject to the terms and conditions of this Agreement, for the Employment Period.

4. Terms of Employment.

(a) Position and Duties.

i. During the Change of Control Period, there shall be no material reduction in any of the Executive’s position, authority, duties, responsibilities or salary grade as compared to those held, exercised and assigned to the Executive at the Relevant Time. Notwithstanding the foregoing, a change in title by itself shall not be a violation of this Section 4(a)(i); provided that the Executive continues to have responsibilities and authority that are, in the aggregate and in all material respects, comparable to those held by the Executive at the Relevant Time.

ii. During the Change of Control Period, the Executive’s services shall be performed at the location where the Executive was employed immediately preceding the Effective Date, or at any other location that does not result in the Executive’s commuting distance from the Executive’s residence being increased by more than 30 miles; provided, that if the Executive voluntarily changes his or her residence after the Effective Date, then a new work location shall not be considered to have increased the Executive’s commuting distance by more than 30 miles unless such an increase both (1) occurs in relation to the Executive’s new residence; and (2) would have occurred even if the Executive had not changed his or her residence.

iii. During the Change of Control Period, and excluding any periods of vacation and sick leave to which the Executive is entitled, the Executive agrees to devote reasonable attention and time during normal business hours to the business and affairs of the Company and, to the extent necessary to discharge the responsibilities assigned to the Executive hereunder, to use the Executive’s reasonable good faith efforts to perform such responsibilities consistent with his or her past practice. During the Change of Control or Employment Periods it shall not be a violation of this Agreement for the Executive to (A) serve on corporate, civic or charitable boards or committees; (B) deliver lectures, fulfill speaking engagements or teach at educational institutions; or (C) manage personal investments, so long as such activities do not significantly interfere with the performance of the Executive's responsibilities as an employee of the Company in accordance with this Agreement. It is expressly understood and agreed that to the extent that any such other activities have been conducted by the Executive prior to the Effective Date, the continued conduct of such activities (or the conduct of activities similar in nature and scope thereto) subsequent to the Effective Date shall not thereafter be deemed to interfere with the performance of the Executive's responsibilities to the Company.

(b) Compensation.

i. Base Salary. During the Change of Control Period, the Executive shall receive an annual base salary ("Annual Base Salary") which shall be not less than the Executive's annual base salary from the Company and the Affiliated Companies as in effect immediately before the Effective Date. Any increase in Annual Base Salary during the Change of Control Period shall not serve to limit or reduce any other obligation to the Executive under this Agreement, and the Annual Base Salary shall not be reduced during the Change of Control Period.

ii. Incentive Compensation Opportunities. In addition to the Annual Base Salary, the Executive shall be granted, during the Change of Control Period, cash-based and equity-based awards representing the opportunity to earn incentive compensation on terms and conditions no less favorable to the Executive, in the aggregate, than those provided generally at any time after the Effective Date to the Peer Executives or, if more favorable to the Executive, than those provided by the Company and the Affiliated Companies for the Executive at the Relevant Time. In determining whether the Executive's incentive compensation opportunities during the Change of Control Period meet the requirements of the preceding sentence, there shall be taken into account all relevant terms and conditions, including, without limitation and to the extent applicable, the potential value of such awards at minimum, target and maximum performance levels, and the difficulty of achieving the applicable performance goals.

iii. Savings Plans. During the Change of Control Period, the Executive shall be entitled to participate in all savings plans, practices, policies and programs applicable generally to the Peer Executives, on comparable terms and conditions, but in no event shall such plans, practices, policies and programs provide the Executive with savings opportunities, in each case, less favorable, in the aggregate, to the Executive than those provided by the Company and the Affiliated Companies to the Executive at the Relevant Time.

iv. Welfare Benefit Plans. During the Change of Control Period, the Executive and/or the Executive's family, as the case maybe, shall be eligible for participation in and shall receive all benefits under welfare benefit plans, practices, policies and programs provided by the Company and the Affiliated Companies (including, without limitation, medical, prescription, dental, disability, employee life, group life, accidental death and travel accident insurance plans and programs) (collectively, "Welfare Benefits") to the extent applicable generally to the Peer Executives, on comparable terms and conditions, but in no event shall such Welfare Benefits for the Executive be substantially less favorable, in the aggregate, to the Executive than the Welfare Benefits provided by the Company and the Affiliated Companies to the Executive at the Relevant Time.

5. Termination of Employment.

(a) Cause. The Company may terminate the Executive's employment during the Employment Period for Cause or without Cause. For purposes of this Agreement, "Cause" shall mean:

i. the willful or gross neglect by the Executive to perform his or her employment duties with the Company or one of its Affiliated Companies in any material respect; or

ii. the plea of guilty or nolo contendere to, or conviction for, the commission of a felony offense by the Executive; or

iii. a material breach by the Executive of a fiduciary duty owed to the Company or one of its Affiliated Companies; or

iv. a material breach by the Executive of any nondisclosure, non-solicitation or non-competition obligation owed to the Company or any of its Affiliated Companies; or

v. a clearly established, willful and material violation by the Executive of the Company's Code of Conduct; or

vi. a willful and material act by the Executive that represents a gross breach of trust that is inconsistent with the Executive's position of authority with the Company and is materially and demonstrably injurious to the Company including through potential loss of reputation.

Prior to a termination for Cause, except in the case of a termination for (a)(ii) or in the case of a matter where there can be no reasonable opportunity to cure, the Executive shall be given notice and an opportunity to effectuate a cure as determined by the Company in its reasonable discretion.

For purposes of this provision, no act or failure to act, on the part of the Executive, shall be considered "willful" unless it is done, or omitted to be done, by the Executive in bad faith or without reasonable belief that the Executive's action or omission was in the best interests of the Company. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or upon the instructions of the Chief Executive Officer or a senior officer of the Company or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by the Executive in good faith and in the best interests of the Company.

(b) Good Reason. The Executive's employment may be terminated by the Executive for Good Reason but only after a Change of Control during the Change of Control Period. Good Reason shall mean:

i. A material diminution in the Executive's Annual Base Salary;

ii. A material diminution in the Executive's authority, duties, or responsibilities (other than as permitted by Section 4(a)(i) hereof);

iii. A material change in the geographic location at which the Executive must perform services for the Company in violation of Section 4(a)(ii) hereof; or

iv. Any other action or inaction that constitutes a material breach by the Company of this Agreement

(c) Notice of Termination; Opportunity to Cure. Any termination by the Company for Cause, or by the Executive for Good Reason, shall be communicated by Notice of Termination to the other party hereto given in accordance with Section 20(c) of this Agreement. For purposes of this Agreement, a "Notice of Termination" means a written notice which (i) indicates the specific termination provision in this Agreement relied upon; (ii) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated and (iii) specifies the Date of Termination (as defined below). If the Executive is terminating employment for Good Reason: (i) the Executive shall give the Company the Notice of Termination within 60 days following the event giving rise to the Executive's Good Reason termination; and (ii) the Company shall have a period of 30 days after receiving the Notice of Termination to remedy the action or inaction on which Good Reason is based. If the Company fails to remedy the action or inaction on which Good Reason is based within such 30-day period, the Executive may terminate his or her or her employment for Good Reason within 30 days after the end of the cure period.

(d) Date of Termination. "Date of Termination" means if the Executive's employment is terminated by the Company or by the Executive, the date of receipt of the Notice of Termination or any date within 30 days thereafter that is specified in the Notice of Termination.

6. Obligations of the Company upon Termination.

(a) Involuntary Termination of Employment, other than for Cause, absent a Change of Control. If the Company terminates the Executive's employment other than for Cause prior to a Change of Control:

i. The Company shall pay to the Executive (in the form and at the times described below) the following:

a. Within five days of the Date of Termination, a single lump sum of: (1) the Executive's then current unpaid and outstanding Annual Base Salary through the Date of Termination; (2) the Executive's annual incentive assuming target performance for the calendar year in which the Date of Termination occurs (the "Target Incentive") prorated by multiplying such Target Incentive by a fraction, the numerator of which is the number of days in the current fiscal year through the Date of Termination, and the denominator of which is 365; plus (3) any accrued unpaid vacation pay, and

b. A severance payment equal to one (1) times the sum of (x) the Executive's then current base salary and (y) the Executive's Target Incentive, payable monthly over a one-year period.

ii. The Company shall also pay the Executive a lump sum cash payment within five days following the Executive's Date of Termination equal to the cost of health coverage for one year, based on the monthly COBRA cost of such coverage under the Company's health plan pursuant to Section 4980B of the Internal Revenue Code of 1986, as amended (the "Code") on the Date of Termination.

iii. The Company shall, at its sole expense as incurred, provide the Executive with outplacement services the scope and provider of which shall be reasonable and consistent with industry practice for similarly situated executives and consistent with Section 19(b) of this Agreement.

iv. To the extent not already paid or provided, the Company shall timely pay or provide the Executive with any other benefits in accordance with the terms of the applicable plans.

(b) Involuntary Termination of Employment, other than for Cause, or Good Reason Termination, following a Change of Control. If during the Change of Control Period, the Company shall terminate the Executive's employment other than for Cause, or the Executive shall terminate employment for Good Reason:

i. The Company shall pay to the Executive (in the form and at the times described below) the following:

a. Within five days of the Date of Termination a single lump sum of: (1) the Executive's then current unpaid and outstanding Annual Base Salary through the Date of Termination; (2) the Executive's annual incentive assuming target performance for the calendar year in which the Date of Termination occurs (the "Target Incentive") prorated by multiplying such Target Incentive by a fraction, the numerator of which is the number of days in the current fiscal year through the Date of Termination, and the denominator of which is 365; plus (3) any unpaid accrued vacation pay, and

b. Within five days of the Date of Termination (unless otherwise prohibited by Section 19 (c)), a Severance payment equal to two (2) times the sum of (x) the Executive's Annual Base Salary and (y) the Executive's Target Incentive, payable in a single lump sum.

ii. The Company shall also pay the Executive a lump sum cash payment within five days following the Executive's Date of Termination equal to the cost of health coverage for two years, based on the monthly COBRA cost of such coverage under the Company's health plan pursuant to Section 4980B of the Code on the Date of Termination.

iii. The Company shall, at its sole expense as incurred, provide the Executive with outplacement services the scope and provider of which shall be reasonable and consistent with industry practice for similarly situated executives and consistent with Section 19(b) of this Agreement.

iv. The Company shall timely pay or deliver to the Executive any vested incentive compensation (equity and/or cash) in accordance with the terms of the Company's 2016 Omnibus Incentive Plan (or a successor plan, as applicable) and the terms and conditions of the applicable award agreements thereunder, as approved by the Compensation Committee of the Board of Directors.

v. To the extent not already paid or provided, the Company shall timely pay or provide the Executive with any other benefits in accordance with the terms of the applicable plans.

Notwithstanding the foregoing, except with respect to payments and benefits under Sections 6(a)(i)(a)(1), 6(a)(i)(a)(3), 6(b)(i)(a)(1) and 6(b)(i)(a)(3), all payments and benefits to be provided under this Section 6(a) shall be subject to the Executive's execution and non-revocation of a release substantially in the form attached hereto as Exhibit A. To the extent required by Section 409A of the Code, if payments and benefits subject to a release could be paid in two taxable years pursuant to the terms of this Section 6(a), such payments and benefits shall be paid in the later taxable year.

(c) Cause: Other than for Good Reason. If the Executive's employment is terminated for Cause during the Employment Period, the Company shall provide to the Executive the Executive's then current and outstanding base salary through the Date of Termination, and any other vested benefits payable under applicable plans, and shall have no other obligations under this Severance and Change of Control Agreement.

7. Non-exclusivity of Rights. Nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any plan, program, policy or practice provided by the Company or any of the Affiliated Companies and for which the Executive may qualify, nor, subject to Section 21(g), shall anything herein limit or otherwise affect such rights as the Executive may have under any contract or agreement with the Company or any of the Affiliated Companies. Amounts that are vested benefits or that the Executive is otherwise entitled to receive under any plan, policy, practice or program of or any contract or agreement with the Company or any of the Affiliated Companies at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement. Notwithstanding the foregoing, if the Executive receives the payments and

benefits pursuant to Section 6(a) or 6(b) of this Agreement, the Executive shall not be entitled to any severance pay or benefits under any severance plan, program or policy of the Company and the Affiliated Companies, unless otherwise specifically provided therein in a specific reference to this Agreement.

8. Full Settlement. Except with respect to Executive's violation of Sections 10 through 14 of this Agreement, the Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action that the Company may have against the Executive or others. In the event of a violation by Executive of any provision of Sections 10 through 14 of this Agreement, the Company may elect to terminate any Severance payments owed to Executive pursuant to Section 6(a)(i)(b) or 6(b)(i)(b), as of the date of such violation.

9. Parachute Payments.

(a) Notwithstanding any other provisions of this Agreement to the contrary, in the event that it shall be determined that any payment or distribution in the nature of compensation (within the meaning of Section 280G(b)(2) of the Code) to or for the benefit of the Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (the "Payments"), would constitute an "excess parachute payment" within the meaning of Section 280G of the Code, the Company shall reduce (but not below zero) the aggregate present value of the Payments under the Agreement to the Reduced Amount (as defined below), if reducing the Payments under this Agreement will provide the Executive with a greater net after-tax amount than would be the case if no such reduction was made. The Payments shall be reduced as described in the preceding sentence only if (i) the net amount of the Payments, as so reduced (and after subtracting the net amount of federal, state and local income and payroll taxes on the reduced Payments), is greater than or equal to (ii) the net amount of the Payments without such reduction (but after subtracting the net amount of federal, state and local income and payroll taxes on the Payments and the amount of Excise Tax (as defined below) to which the Executive would be subject with respect to the unreduced Payments). Only amounts payable under this Agreement shall be reduced pursuant to this Section 9, and any reduction shall be made in accordance with Section 409A of the Code.

(b) The "Reduced Amount" shall be an amount expressed in present value that maximizes the aggregate present value of Payments under this Agreement without causing any Payment under this Agreement to be subject to the Excise Tax, determined in accordance with Section 280G(d)(4) of the Code. The term "Excise Tax" means the excise tax imposed under Section 4999 of the Code, together with any interest or penalties imposed with respect to such excise tax.

(c) All determinations to be made under this Section 9 shall be made by such certified public accounting firm as may be designated by the Company (the "Accounting Firm"), which shall provide detailed supporting calculations both to the Company and the Executive within 15 business days of the receipt of notice from the Executive that there has been a Payment, or such earlier time as is requested by the Company. All fees and expenses of the

Accounting Firm shall be borne solely by the Company. Any determination by the Accounting Firm shall be binding upon the Company and the Executive.

10. Nondisclosure of Confidential Information. The Executive shall hold in a fiduciary capacity for the benefit of the Company all Confidential Information. During the Employment Period and after termination of the Executive's employment with the Company, for a five year period, the Executive shall not, without the prior written consent of the Company or as may otherwise be required by law or legal process, communicate, disclose or use any Confidential Information to or on behalf of anyone other than the Company and those designated by it. In no event shall an asserted violation of the provisions of this Section 10 constitute a basis for deferring or withholding any amounts otherwise payable to the Executive under this Agreement.

11. Return of Company's Property. Upon termination of employment with the Company, or at any time upon the Company's request, Executive shall promptly deliver to the Company all equipment, inventory, drawings, blueprints, manuals, letters, contracts, agreements, notes, notebook records, electronic media, reports, memoranda, formulae, all Confidential Information and all other materials relating to the Company's business, including all copies thereof, which are in the possession, custody or control of Executive.

12. Noncompetition and Nonsolicitation. Executive acknowledges and agrees that Confidential Information and Company's goodwill, Customer and Supplier relationships are among Company's most valuable business assets. Executive further acknowledges that his or her position is one of trust, and that he or she will receive and have access to the highest levels of Confidential Information during the Employment Period. Accordingly, Executive expressly covenants and agrees that he or she will not, during the Restricted Period**,** directly or indirectly, for Executive's benefit or the benefit of others, whether direct or indirect, as an employee, independent contractor, owner, shareholder, partner, limited partner, or otherwise:

(a) own, manage, operate, control or participate in the ownership, management, operation or control of, or be connected as an officer, employee, partner, director, independent contractor or in any other similar capacity with, or have any financial interest in, any Named Company Competitor, or aid or assist any Named Company Competitor in any manner that enhances the ability of such Named Company Competitor to develop, market, sell or provide Competitive Products or Services;

(b) in the Territory, own, manage, operate, control or participate in the ownership, management, operation or control of, or be connected as an officer, employee, partner, director, independent contractor or in any other similar capacity with, or have any financial interest in, any Company Competitor, or aid or assist any Company Competitor in any manner that enhances the ability of such Company Competitor to develop, market, sell or provide Competitive Products or Services; provided nothing in this clause (b) shall restrict Executive from employment with a division or business unit of a Company Competitor that does not provide Competitive Products or Services, or from employment with a Company Competitor where the Executive's responsibilities and activities do not involve the development, marketing, sale or provision of Competitive Products or Services (provided further, for the avoidance of doubt, that all other terms of this Section 12 continue to apply);

(c) aid or assist any person or entity for the purpose of the development, marketing, sale or provision of Competitive Products or Services.

(d) solicit, persuade or induce any individual who is, or was at any time during the last twelve (12) months of the Executive's employment by the Company, an employee of the Company, for the purpose of engaging in the development, marketing, sale or provision of Competitive Products or Services: (i) to terminate or refrain from renewing or extending such employment by the Company, or (ii) to become employed by or enter into a contractual relationship with the Executive or any other individual, person or entity;

(e) solicit, persuade or induce any individual, person or entity which is, or was at any time during the last twelve (12) months of Executive's employment with the Company, a Supplier of critical components to the Company, including, for the avoidance of doubt, any Supplier of Crude Tall Oil, to terminate, reduce or refrain from renewing or extending such Supplier's contractual or other relationship with the Company, or otherwise materially changing such Suppliers volume, terms and conditions; or

(f) solicit, persuade or induce any Customer or Indirect Customer: (i) to terminate, reduce or refrain from renewing, extending, or entering into contractual or other relationships with the Company with regard to the purchase of Competitive Products or Services, or (ii) to become a customer of or enter into any contractual or other business relationship with the Executive or any other individual, person or entity for the purpose of purchasing Competitive Products or Services.

Nothing in the Agreement should be read as limiting Executive from owning less than a five percent share of publicly-traded stock of any entity.

13. Inventions and Discoveries. Executive acknowledges and agrees that Executive's work product and work in process, which includes, but is not limited to, inventions, discoveries, improvements, and business, financial, or marketing concepts (hereinafter referred to as "Employee Work Products") that are conceived or made by Executive, either alone or in conjunction with others, shall be "works made for hire" under the U.S. Copyright Act, 17 U.S.C. §101, et seq., provided such Employee Work Products were (i) conceived or made in performance of Executive's duties for Company; (ii) conceived or made using information received during the course of Executive's employment with the Company, including, but not limited to, Confidential Information; (iii) used during the course of employment with the Company; and/or (iv) conceived or made using the Company's facilities and/or equipment. All such Employee Work Products are the property of the Company and all intellectual property rights thereto including, but not limited to, all patents, copyrights, trademarks, manufacturing know-how and trade secrets, shall be the exclusive property of the Company. Executive agrees to disclose promptly to the Company any and all Employee Work Products and to assign all of Executive's interest in the Employee Work Products to the Company or its designee. Whenever requested to do so by the Company, Executive shall execute, at Company's expense, any and all applications, assignments, or other documents that Company shall deem necessary to protect the Company's interest in the Employee Work Products.

14. Non-disparagement. Executive agrees that he or she will make no unfavorable or disparaging comments, orally or in writing, regarding Company, its Affiliated Companies or their operations, policies, or procedures, and that to do so will constitute a material breach of this Agreement.

15. Remedies. Executive acknowledges and agrees that the Company's remedy at law for a breach or threatened breach of any of the provisions of this Agreement, including but not limited to those of Sections 10-14, would be inadequate and difficult to ascertain. Therefore, in the event of a breach or threatened breach by the Executive of any of the provisions of this Agreement, it is agreed that in addition to the Company's remedy at law, the Company shall be entitled to appropriate equitable relief in the form of specific performance, preliminary or permanent injunction, temporary restraining order or any other appropriate equitable remedy which may then be available.

16. Executive Acknowledgements

(a) Executive expressly acknowledges and agrees that (i) the restrictions set forth in this Agreement including, but not limited to, those of Sections 10-14, are reasonable in nature, scope and otherwise; (ii) the restrictions set forth in this Agreement including, but not limited to, those of Sections 10-14, are necessary to protect the Company's assets and legitimate business interests; and (iii) Executive's agreement to observe the restrictions set forth in this Agreement is material consideration for Executive’s employment with the Company; (iii) all or a portion of the severance payable under this Agreement shall be considered reasonable compensation payable in consideration of the Executive’s covenant not to compete, the precise amount to be determined in accordance with Section 9(c) hereof; and (iv) Executive’s agreement to observe the restrictions set forth in this Agreement is in material consideration for the protections and valuable consideration given Executive relative to Change-in-Control and severance arrangements.

(b) Executive warrants and represents to the Company that Executive's capabilities and experience are such that the restrictive covenants set forth in Sections 10-14 will not prevent Executive from earning a livelihood and that Executive will be fully able to earn an adequate livelihood if any such restrictive covenants should be specifically enforced against him.

17. Reports to Regulatory and Investigative Bodies.

(a) Trade Secrets Act. Pursuant to the federal Defend Trade Secrets Act, Executive acknowledges that he has been notified of the following: An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that: (A) is made in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. An individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual (i) files any document containing the trade secret under seal, and (ii) does not disclose the trade secret, except pursuant to court order.

(b) Government Agencies. Notwithstanding any other provision in this Agreement, this Agreement does not prohibit Executive from: (1) filing a charge with or communicating with the National Labor Relations Board, the Equal Employment Opportunity Commission, or another federal, state or local government official for the purpose of reporting or investigating a suspected violation of law; or (2) communicating directly with the U.S. Securities and Exchange Commission about a possible securities law violation.

18. Successors.

(a) This Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns. Except as provided in Section 18(c), without the prior written consent of the Executive this Agreement shall not be assignable by the Company.

(c) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

19. Section 409A.

(a) Compliance. This Agreement is intended to comply with the requirements of Section 409A of the Code, and shall in all respects be administered in accordance with Section 409A of the Code and the regulations issued thereunder. ; provided, however, that the tax treatment of benefits under this Agreement is not warranted or guaranteed Notwithstanding anything in the Agreement to the contrary, distributions may only be made under the Agreement upon a Section 409A "separation from service" or other event permitted by Section 409A, and in a manner permitted by Section 409A of the Code or an applicable exemption. For purposes of Section 409A of the Code, the right to a series of payments under the Agreement shall be treated as a right to a series of separate payments. The Executive may not, directly or indirectly designate the calendar year of a payment.

(b) Reimbursements. All reimbursements and in-kind benefits provided under the Agreement shall be made or provided in accordance with the requirements of Section 409A of the Code, including: (i) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during each calendar year cannot affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other calendar year; (ii) any reimbursement of an eligible expense shall be paid to the Executive on or before the last day of the calendar year following the calendar year in which the expense was incurred; (iii) any right to reimbursements or in-kind benefits under this Agreement shall not be subject to liquidation or exchange for another benefit; and (iv) reimbursement shall be provided for expenses incurred during the period specified in this Agreement, or if no such period is specified, during the Executive's lifetime. If reimbursements are made with respect to outplacement services or outplacement services are provided, such reimbursements or outplacement services shall be provided in accordance with the requirements of Section 409A, including the requirement that such reimbursements be incurred or services be provided by the end of the second year after the year in which the Date of Termination occurs and all reimbursement payments be made by the end of the third year after the year in which the Date of Termination occurs.

(c) Specified Employee. Notwithstanding any provision in this Agreement to the contrary, if the Executive is a "specified employee" of a publicly traded corporation under Section 409A on the Executive's Date of Termination and if payment of any amount under this Agreement is required to be delayed for a period of six months after separation from service pursuant to Section 409A of the Code, payment of such amount shall be delayed as required by Section 409A of the Code, and the accumulated postponed amount shall be paid in a lump sum payment within 10 days after the end of the six-month period. If the Executive dies during the postponement period prior to the payment of postponed amount, the amounts withheld on account of Section 409A of the Code shall be paid to the personal representative of the Executive's estate within 60 days after the date of Executive's death. A "specified employee" shall mean an employee who, at any time during the 12-month period ending on the identification date, is a "specified employee" under Section 409A of the Code, as determined by the Compensation Committee of the Board. The determination of "specified employees," including the number and identity of persons considered "specified employees" and the identification date, shall be made by the Compensation Committee in accordance with the provisions of Sections 416(i) and 409A of the Code and the regulations issued thereunder.

20. Recoupment. Any amounts paid to Executive hereunder shall be subject to recoupment pursuant to the terms of any recoupment policy the Company may adopt and as such policy may be from time to time amended, in any case as in effect immediately prior to the Effective Date.

21. Miscellaneous.

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives The parties agree that any controversy or claim arising out of or relating to this Agreement shall be brought in courts of the State of Delaware or in the United States District Court in Delaware, and the parties hereby waive any claim or defense that such forum in inconvenient or otherwise improper.

(b) The provisions of Sections 10-14 of this Agreement shall survive the termination of the Executive's employment with the Company.

(c) All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

<u>If to the Executive</u>:
[INTENTIONNALY OMITTED]

<u>If to the Company</u>:
Ingevity Corporation
4920 O'Hear Avenue
Suite 400
North Charleston, SC 29405
Attention: General Counsel

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(d) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement. Whenever possible, each provision or portion of any provision of this Agreement shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provision or portion of any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule, such invalidity, illegality or unenforceability shall not affect any other provision or portion of any provision, and this Agreement shall be reformed, construed, and enforced as if such invalid, illegal or unenforceable provision or portion of any provision had never been contained herein. If a final judicial determination is made by a court having jurisdiction that the time or scope of any provision in this Agreement is unreasonable or otherwise unenforceable, such provision shall not be rendered void but shall be deemed amended to apply to the maximum extent the court determines enforceable.

(c) The Company may withhold from any amounts payable under this Agreement such U.S. federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(e) The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder, including, without limitation, the right of the Executive to terminate employment for Good Reason pursuant to Section 5(c)(i)-(iv) of this Agreement, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(f) The terms of this Agreement, upon its execution, supersede any other agreement between the parties with respect to the subject matter hereof. The Executive and the Company acknowledge that, except as may otherwise be provided under any other written agreement between the Executive and the Company, the employment of the Executive by the Company is "at will", subject in full to the obligations of the Company under Section 6 and set forth elsewhere herein.

(g) In the event of a conflict between the terms of this Agreement and the terms of any individual grant, the terms of this Agreement, representing the decision of the Compensation Committee, shall govern.

IN WITNESS WHEREOF, the Executive has hereunto set the Executive's hand and, pursuant to the authorization from its Board of Directors, the Company has caused this Agreement to be executed in its name on its behalf, all as of the day and year first set forth below.

INGEVITY CORPORATION	EXECUTIVE
By /s/ John C. Fortson	/s/ John Stephen Maurer
John C. Fortson	John Stephen Maurer
President and Chief Executive Officer	

Dated as of October 20, 2020

EXHIBIT A

<u>RELEASE</u>

In consideration of the severance benefits offered to me by Ingevity Corporation (the “Company”) under the Severance and Change of Control Agreement dated as of _______________ (the “Agreement”) and other consideration, I on behalf of myself, and on behalf of my heirs, administrators, representatives, successors, and assigns (the “Releasors”), hereby release acquit and forever discharge the Company, all of its past, present and future subsidiaries and affiliates and all of their respective directors, officers, employees, agents, trustees, partners, shareholders, consultants, independent contractors and representatives, all of their respective heirs, successors, and assigns and all persons acting by, through, under or in concert with them (the “Releasees”) from any and all claims, charges, complaints, obligations, promises, agreements, controversies, damages, remedies, demands, actions, causes of action, suits, rights, costs, debts, expenses and liabilities that the Releasors might otherwise have asserted arising out of my employment with the Company and its subsidiaries and affiliates, including the termination of that employment.

However, the Releasors are not releasing any rights under (i) any qualified employee retirement plan; (ii) any claim for compensation and benefits to be provided to me under the Agreement; (ii) any claim for vested benefits or benefits that I am otherwise entitled to receive under any plan, policy, practice or program of or any contract or agreement with the Company or any of the Affiliated Companies at or subsequent to the Date of Termination; (iii) any claim related to my indemnification as an officer, director and employee of the Affiliated Companies under the Company’s Certificate of Incorporation or By-Laws; or (iv) any rights or claims that may arise after the date on which I sign this release (the “Release”). Those rights shall survive unaffected by this Release.

I understand that, as a consequence of my signing this Release, I am giving up, any and all rights I might otherwise have with respect to my employment and the termination of that employment including but not limited to rights under (1) the Age Discrimination in Employment Act of 1967, as amended; (2) any and all other federal, state, or municipal laws prohibiting discrimination in employment on the basis of sex, race, national origin, religion, age, handicap, or other invidious factor, or retaliation; and (3) any and all theories of contract or tort law related to my employment or termination thereof, whether based on common law or otherwise.

I acknowledge and agree that:

A. The benefits I am receiving under the Agreement constitute consideration over and above any benefits that I might be entitled to receive without executing this Release.

B. The Company advised me in writing to consult with an attorney prior to signing this Release.

C. I was given a period of at least twenty-one (21) days within which to consider this Release; and

D. The Company has advised me of my statutory right to revoke my agreement to this Release at any time within seven (7) days of my signing this Release by delivering written notice of such revocation to [name and address of Company contact], and this Release shall be come final and binding if no such notice of revocation is received by the Company within such seven (7) period.

I warrant and represent that my decision to sign this Release was (1) entirely voluntary on my part; (2) not made in reliance on any inducement, promise, or representation, whether express or implied, other than the inducements, representations, and promises expressly set forth herein and in the Agreement and (3) did not result from any threats or other coercive activities to induce my agreement to this Release.

If I exercise my right to revoke this Release within seven (7) days of my execution of this Release, I warrant and represent that I will: (1) notify the Company in writing, in accordance with the attached Agreement, of my revocation of this Release, and (2) simultaneously return in full any consideration received from the Company or any employee benefit plan sponsored by the Company.

The parties agree that this release shall not affect the rights and responsibilities of the US Equal Employment Opportunity Commission (hereinafter "EEOC") to enforce the Age Discrimination in Employment Act of 1967, as amended and other laws. In addition, the parties agree that this release shall not be used to justify interfering with my protected right to file a charge or participate in an investigation or proceeding conducted by the EEOC. The parties further agree that the Releasors knowingly and voluntarily waive all rights or claims that arose prior to the date hereof that the Releasors may have against the Releasees to receive any benefit or remedial relief (including, but not limited to, reinstatement, back pay, front pay, damages, attorneys' fees, experts' fees) as a consequence of any investigation or proceeding conducted by the EEOC.

The provisions of this Release are severable, and if any part of it is found to be unenforceable, the other paragraphs shall remain fully valid and enforceable. This Release shall be construed in accordance with its fair meaning and in accordance with the laws of the State of Delaware, without regard to conflicts of laws principles. Capitalized terms used but not defined herein shall have the meanings set forth in the Severance and Change of Control Agreement. I further warrant and represent that I fully understand and appreciate the consequences of my signing this Release. Notwithstanding any other provision in this Release, the parties agree that this Release does not prohibit me from: (1) filing a charge with or communicating with the National Labor Relations Board, the Equal Employment Opportunity Commission, or another federal, state or local government official for the purpose of reporting or investigating a suspected violation of law; or (2) communicating directly with the U.S. Securities and Exchange Commission about a possible securities law violation.

[Signature Block]

EXHIBIT B

NAMED COMPANY COMPETITORS

"Named Company Competitor" means [omitted].

EXHIBIT C

TERRITORY

"Territory" means [omitted]

Exhibit 31.1

CERTIFICATIONS

I, John C. Fortson, certify that:

1. I have reviewed this report on Form 10-Q of Ingevity Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 29, 2020

By: /S/ JOHN C. FORTSON

John C. Fortson
President and Chief Executive Officer
(Principal Executive Officer and Principal Financial Officer)

Exhibit 32.1

Certification of CEO Pursuant to
18 U.S.C. Section 1350,
As Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

I, John C. Fortson, President and Chief Executive Officer of Ingevity Corporation (“the Company”), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, based on my knowledge that:

1. the Quarterly Report on Form 10-Q of the Company for the quarter ended September 30, 2020 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: October 29, 2020

/S/ JOHN C. FORTSON

John C. Fortson
President and Chief Executive Officer
(Principal Executive Officer and Principal Financial Officer)