

**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, 2021

OR

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

Commission File Number: 001-37586



INGEVITY CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

47-4027764

(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 39,286,199 shares of common stock, \$0.01 par value, outstanding at October 25, 2021.

Ingevity Corporation

INDEX

	Page No.
<u>PART I - FINANCIAL INFORMATION</u>	<u>3</u>
<u>Item 1. Financial Statements</u>	<u>3</u>
<u>Condensed Consolidated Statements of Operations</u>	<u>3</u>
<u>Condensed Consolidated Statements of Comprehensive Income (Loss)</u>	<u>4</u>
<u>Condensed Consolidated Balance Sheets</u>	<u>5</u>
<u>Condensed Consolidated Statements of Cash Flows</u>	<u>6</u>
<u>Notes to the Condensed Consolidated Financial Statements</u>	<u>7</u>
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>29</u>
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	<u>43</u>
<u>Item 4. Controls and Procedures</u>	<u>43</u>
<u>PART II - OTHER INFORMATION</u>	<u>45</u>
<u>Item 1. Legal Proceedings</u>	<u>45</u>
<u>Item 1A. Risk Factors</u>	<u>45</u>
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>46</u>
<u>Item 3. Defaults Upon Senior Securities</u>	<u>46</u>
<u>Item 4. Mine Safety Disclosures</u>	<u>46</u>
<u>Item 5. Other Information</u>	<u>46</u>
<u>Item 6. Exhibits</u>	<u>47</u>
<u>SIGNATURES</u>	<u>48</u>

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

INGEVITY CORPORATION

Condensed Consolidated Statements of Operations (Unaudited)

<i>In millions, except per share data</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Net sales	\$ 376.8	\$ 331.7	\$ 1,055.5	\$ 890.5
Cost of sales	235.0	192.1	647.7	552.4
Gross profit	141.8	139.6	407.8	338.1
Selling, general, and administrative expenses	43.5	34.9	131.0	107.9
Research and technical expenses	6.8	5.2	19.3	16.8
Restructuring and other (income) charges, net	4.1	5.5	12.3	13.3
Acquisition-related costs	0.2	—	0.9	1.7
Other (income) expense, net	84.6	(3.0)	81.6	(0.1)
Interest expense, net	11.6	8.9	36.2	29.8
Income (loss) before income taxes	(9.0)	88.1	126.5	168.7
Provision (benefit) for income taxes	(4.8)	18.2	37.7	33.3
Net income (loss)	<u>\$ (4.2)</u>	<u>\$ 69.9</u>	<u>\$ 88.8</u>	<u>\$ 135.4</u>
Per share data				
Basic earnings (loss) per share	\$ (0.11)	\$ 1.69	\$ 2.22	\$ 3.27
Diluted earnings (loss) per share	(0.11)	1.69	2.21	3.26

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

INGEVITY CORPORATION

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

<i>In millions</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Net income (loss)	\$ (4.2)	\$ 69.9	\$ 88.8	\$ 135.4
Other comprehensive income (loss), net of tax:				
Foreign currency adjustments:				
Foreign currency translation adjustment	(16.7)	27.6	(8.5)	(14.2)
Unrealized gain (loss) on net investment hedges, net of tax provision (benefit) of \$0.9, \$(1.9), \$1.9, and \$(0.8)	2.9	(6.2)	6.1	(2.7)
Total foreign currency adjustments, net of tax provision (benefit) of \$0.9, \$(1.9), \$1.9, and \$(0.8)	(13.8)	21.4	(2.4)	(16.9)
Derivative instruments:				
Unrealized gain (loss), net of tax provision (benefit) of \$0.8, \$0.2, \$1.6, and \$(1.4)	2.8	0.7	5.3	(4.5)
Reclassifications of deferred derivative instruments (gain) loss, included in net income (loss), net of tax (provision) benefit of \$(0.1), \$0.1, \$(0.1), and \$0.2	(0.1)	0.4	(0.2)	0.7
Total derivative instruments, net of tax provision (benefit) of \$0.7, \$0.3, \$1.5, and \$(1.2)	2.7	1.1	5.1	(3.8)
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	0.1
Total pension and other postretirement benefits, net of tax of zero for all periods	—	0.1	0.1	0.1
Other comprehensive income (loss), net of tax provision (benefit) of \$1.6, \$(1.6), \$3.4, and \$(2.0)	(11.1)	22.6	2.8	(20.6)
Comprehensive income (loss)	<u>\$ (15.3)</u>	<u>\$ 92.5</u>	<u>\$ 91.6</u>	<u>\$ 114.8</u>

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, 2021	December 31, 2020
	(Unaudited)	
Assets		
Cash and cash equivalents	\$ 269.4	\$ 257.7
Accounts receivable, net of allowance for credit losses of \$1.9 million - 2021 and \$1.9 million - 2020	175.8	148.0
Inventories, net	228.3	189.0
Prepaid and other current assets	46.8	34.0
Current assets	720.3	628.7
Property, plant and equipment, net	701.2	703.6
Operating lease assets, net	50.7	49.1
Goodwill	440.7	445.3
Other intangibles, net	344.8	373.3
Deferred income taxes	6.9	8.1
Restricted investment, net of allowance for credit losses of \$0.5 million - 2021 and \$0.9 million - 2020	75.5	73.6
Other assets	86.1	52.8
Total Assets	\$ 2,426.2	\$ 2,334.5
Liabilities		
Accounts payable	\$ 127.4	\$ 104.2
Accrued expenses	46.1	46.6
Accrued payroll and employee benefits	34.6	25.1
Current operating lease liabilities	16.4	16.2
Notes payable and current maturities of long-term debt	19.5	26.0
Income taxes payable	3.6	5.3
Current liabilities	247.6	223.4
Long-term debt including finance lease obligations	1,254.4	1,267.4
Noncurrent operating lease liabilities	35.7	34.7
Deferred income taxes	116.3	117.0
Other liabilities	127.7	49.9
Total Liabilities	1,781.7	1,692.4
Commitments and contingencies (Note 14)		
Equity		
Preferred stock (par value \$0.01 per share; 50,000,000 shares authorized; zero issued and outstanding - 2021 and 2020)	—	—
Common stock (par value \$0.01 per share; 300,000,000 shares authorized; issued: 43,091,948 - 2021 and 42,912,846 - 2020; outstanding: 39,374,530 - 2021 and 40,509,997 - 2020)	0.4	0.4
Additional paid-in capital	133.4	121.3
Retained earnings	766.8	678.0
Accumulated other comprehensive income (loss)	7.5	4.7
Treasury stock, common stock, at cost (3,717,418 shares - 2021 and 2,402,849 shares - 2020)	(263.6)	(162.3)
Total Equity	644.5	642.1
Total Liabilities and Equity	\$ 2,426.2	\$ 2,334.5

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

INGEVITY CORPORATION
Condensed Consolidated Statements of Cash Flows (Unaudited)

<i>In millions</i>	Nine Months Ended September 30,	
	2021	2020
Cash provided by (used in) operating activities:		
Net income (loss)	\$ 88.8	\$ 135.4
Adjustments to reconcile net income (loss) to cash provided by (used in) operating activities:		
Depreciation and amortization	81.7	73.5
Non cash operating lease costs	12.9	13.6
Deferred income taxes	(2.2)	11.3
Share-based compensation	9.8	4.3
Other non-cash items	10.6	14.9
Changes in operating assets and liabilities, net of effect of acquisitions:		
Accounts receivable, net	(28.2)	(5.6)
Inventories, net	(39.2)	9.0
Prepaid and other current assets	(7.5)	1.5
Accounts payable	20.3	(8.5)
Accrued expenses	(0.2)	3.3
Accrued payroll and employee benefits	9.6	(12.1)
Income taxes	(4.6)	(19.2)
Operating leases	(15.3)	(13.8)
Litigation expense	85.0	—
Changes in other operating assets and liabilities, net	(4.5)	(8.5)
Net cash provided by (used in) operating activities	\$ 217.0	\$ 199.1
Cash provided by (used in) investing activities:		
Capital expenditures	\$ (66.4)	\$ (51.0)
Finance lease expenditures	—	(23.8)
Purchase of strategic investments	(16.5)	—
Other investing activities, net	(0.5)	(3.6)
Net cash provided by (used in) investing activities	\$ (83.4)	\$ (78.4)
Cash provided by (used in) financing activities:		
Proceeds from revolving credit facility	\$ —	\$ 346.1
Payments on revolving credit facility	—	(307.3)
Payments on long-term borrowings	(18.8)	(14.1)
Finance lease obligations, net	(0.6)	23.3
Borrowings (repayments) of notes payable and other short-term borrowings, net	(1.9)	(0.9)
Tax payments related to withholdings on vested equity awards	(2.4)	(3.0)
Proceeds and withholdings from share-based compensation plans, net	3.7	3.1
Repurchases of common stock under publicly announced plan	(100.3)	(32.4)
Net cash provided by (used in) financing activities	\$ (120.3)	\$ 14.8
Increase (decrease) in cash, cash equivalents, and restricted cash	13.3	135.5
Effect of exchange rate changes on cash	(1.8)	0.3
Change in cash, cash equivalents, and restricted cash	11.5	135.8
Cash, cash equivalents, and restricted cash at beginning of period	258.4	64.6
Cash, cash equivalents, and restricted cash at end of period ⁽¹⁾	\$ 269.9	\$ 200.4
(1)	Includes restricted cash of \$0.5 million and \$2.2 million and cash and cash equivalents of \$269.4 million and \$198.2 million at September 30, 2021 and 2020, respectively. Restricted cash is included within "Prepaid and other current assets" within the condensed consolidated balance sheets.	
Supplemental cash flow information:		
Cash paid for interest, net of capitalized interest	\$ 35.5	\$ 37.7
Cash paid for income taxes, net of refunds	43.2	41.4
Purchases of property, plant and equipment in accounts payable	5.9	1.9
Leased assets obtained in exchange for new finance lease liabilities	—	23.8
Leased assets obtained in exchange for new operating lease liabilities	14.7	24.5

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

INGEVITY CORPORATION
Notes to the Condensed Consolidated Financial Statements
September 30, 2021
(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. Performance Materials manufactures products in the form of powder, granular, extruded pellets, extruded honeycombs, and activated carbon sheets. 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.

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, 2020, 2019 and 2018, collectively referred to as the "Annual Consolidated Financial Statements," included in our Annual Report on Form 10-K for the year ended December 31, 2020 (the "2020 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.

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

Note 2: 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 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. We adopted the new guidance effective January 1, 2021. The adoption of the new guidance did not have a material impact on the consolidated financial statements.

Recently Issued Accounting Pronouncements

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

INGEVITY CORPORATION
Notes to the Condensed Consolidated Financial Statements
September 30, 2021
(Unaudited)

prospectively until December 31, 2022. As of September 30, 2021, 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 3: Revenues

Disaggregation of Revenue

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

<i>In millions</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Performance Materials segment ⁽¹⁾	\$ 118.1	\$ 143.8	\$ 384.8	\$ 349.3
Performance Chemicals segment				
Pavement Technologies product line	73.2	72.5	162.4	157.1
Industrial Specialties product line ⁽¹⁾	132.6	90.1	364.7	290.9
Engineered Polymers product line	52.9	25.3	143.6	93.2
Total	\$ 258.7	\$ 187.9	\$ 670.7	\$ 541.2
Net sales	\$ 376.8	\$ 331.7	\$ 1,055.5	\$ 890.5

(1) Beginning in Q1 2021, we updated disaggregated revenue disclosures, combining certain product groups to reflect categories that depict how the nature, amount, and uncertainty of revenue and cash flows are affected by economic factors. As a result, Automotive Technologies and Process Purification product lines have been combined within the Performance Materials segment. Similarly, the Oilfield Technologies product line has been combined with the Industrial Specialties product line within the Performance Chemicals segment.

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

<i>In millions</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
North America	\$ 219.3	\$ 191.9	\$ 580.8	\$ 510.3
Asia Pacific	89.6	89.9	285.0	240.4
Europe, Middle East, and Africa	62.3	45.5	172.5	126.0
South America	5.6	4.4	17.2	13.8
Net sales	\$ 376.8	\$ 331.7	\$ 1,055.5	\$ 890.5

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.

INGEVITY CORPORATION
Notes to the Condensed Consolidated Financial Statements
September 30, 2021
(Unaudited)

<i>In millions</i>	Contract Asset	
	September 30,	
	2021	2020
Beginning balance	\$ 5.7	\$ 6.2
Contract asset additions	15.8	13.5
Reclassification to accounts receivable, billed to customers	(15.4)	(12.9)
Ending balance ⁽¹⁾	<u>\$ 6.1</u>	<u>\$ 6.8</u>

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

Note 4: Fair Value Measurements

Fair Value Measurements

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 on a recurring basis. There were no transfers of assets and liabilities that were recorded at fair value between the three-level fair value hierarchy during the periods reported. Refer to Note 8 for more information regarding our fair value measurements of our financial instruments and risk management activities.

<i>In millions</i>	Level 1⁽¹⁾	Level 2⁽²⁾	Level 3⁽³⁾	Total
September 30, 2021				
Assets:				
Deferred compensation plan investments ⁽⁴⁾	\$ 1.0	\$ —	\$ —	\$ 1.0
Total assets	<u>\$ 1.0</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1.0</u>
Liabilities:				
Deferred compensation arrangement ⁽⁴⁾	\$ 13.0	\$ —	\$ —	\$ 13.0
Contingent consideration ⁽⁵⁾	—	—	0.8	0.8
Total liabilities	<u>\$ 13.0</u>	<u>\$ —</u>	<u>\$ 0.8</u>	<u>\$ 13.8</u>
December 31, 2020				
Assets:				
Equity securities ⁽⁶⁾	\$ 0.2	\$ —	\$ —	\$ 0.2
Deferred compensation plan investments ⁽⁴⁾	1.7	—	—	1.7
Total assets	<u>\$ 1.9</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1.9</u>
Liabilities:				
Deferred compensation arrangement ⁽⁴⁾	\$ 11.6	\$ —	\$ —	\$ 11.6
Contingent consideration ⁽⁵⁾	—	—	0.8	0.8
Total liabilities	<u>\$ 11.6</u>	<u>\$ —</u>	<u>\$ 0.8</u>	<u>\$ 12.4</u>

INGEVITY CORPORATION
Notes to the Condensed Consolidated Financial Statements
September 30, 2021
(Unaudited)

- (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) 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") related to the 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 \$13.4 million and \$10.8 million at September 30, 2021 and December 31, 2020 respectively.
- (5) Included within "Other liabilities" on the condensed consolidated balance sheets.
- (6) Included within "Prepaid and other current assets" on the condensed consolidated balance sheets.

Nonrecurring Fair Value Measurements

Equity Investment

During the second quarter of 2021, our Performance Materials segment acquired a strategic equity investment in a privately-held company for \$16.5 million. Our strategic equity investment is accounted for under the equity method of accounting, which requires us to record our initial investment at cost. Subsequently, we will recognize, through the condensed consolidated statements of operations (Other (income) expense, net) and as an adjustment to the investment balance (Other assets), our proportionate share of undistributed earnings or loss and the amortization of basis differences. At each reporting period, we will evaluate our investment to determine whether events or changes in business circumstances indicate that the carrying value of the investment may not be fully recoverable. The carrying value of our strategic equity investment was \$16.5 million at September 30, 2021. There were no adjustments to the carrying value of our strategic equity investment for impairment or observable price changes during the three or nine months ended September 30, 2021.

Restricted Investment

At September 30, 2021 and December 31, 2020, the carrying value of our restricted investment, which is accounted for as held-to-maturity ("HTM") and therefore recorded at amortized costs, was \$75.5 million and \$73.6 million, net of an allowance for credit losses of \$0.5 million and \$0.9 million, and included cash of \$4.1 million and \$2.4 million, respectively. The fair value at September 30, 2021 and December 31, 2020 was \$80.9 million and \$81.5 million, respectively, 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.

<i>In millions</i>	HTM Debt Securities					Total
	AA+	AA	A	A-	BBB+	
September 30, 2021	\$ 13.4	10.6	24.2	13.3	10.4	\$ 71.9
December 31, 2020	\$ 13.5	10.6	24.2	13.4	10.4	\$ 72.1

Debt Obligations

At September 30, 2021 and December 31, 2020, the carrying value of finance lease obligations was \$102.6 million and \$103.1 million, respectively, and the fair value was \$120.4 million and \$127.0 million, respectively.

The carrying amount, excluding debt issuance fees, of our variable interest rate long-term debt was \$332.8 million and \$353.4 million as of September 30, 2021 and December 31, 2020, respectively. 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, 2021 and December 31, 2020, the carrying value of our fixed rate debt was \$850.0 million and the fair value was \$855.9 million and \$864.1 million, respectively, based on Level 2 inputs.

INGEVITY CORPORATION
Notes to the Condensed Consolidated Financial Statements
September 30, 2021
(Unaudited)

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 measurement period ending on December 31, 2024, herein referred to as "Revenue Earn-out."

The fair value of the Revenue Earn-out consideration was \$0.8 million at September 30, 2021 and December 31, 2020, respectively. 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 on the condensed consolidated statements of operations.

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

<i>In millions</i>	Contingent Consideration September 30, 2021
Beginning balance	\$ 0.8
Newly issued	—
Change in revaluation of contingent consideration included in earnings	—
Exercises/settlements	—
Ending balance ⁽¹⁾	<u>\$ 0.8</u>

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

Note 5: Inventories, net

<i>In millions</i>	September 30, 2021	December 31, 2020
Raw materials	\$ 41.5	\$ 39.1
Production materials, stores and supplies	25.9	24.6
Finished and in-process goods	176.9	139.6
Subtotal	244.3	203.3
Less: LIFO reserve	(16.0)	(14.3)
Inventories, net	<u>\$ 228.3</u>	<u>\$ 189.0</u>

Note 6: Property, Plant, and Equipment, net

<i>In millions</i>	September 30, 2021	December 31, 2020
Machinery and equipment	\$ 1,100.7	\$ 1,065.5
Buildings and leasehold improvements	175.4	174.0
Land and land improvements	20.4	20.0
Construction in progress	44.2	43.7
Total cost	1,340.7	1,303.2
Less: accumulated depreciation	(639.5)	(599.6)
Property, plant, and equipment, net	<u>\$ 701.2</u>	<u>\$ 703.6</u>

INGEVITY CORPORATION
Notes to the Condensed Consolidated Financial Statements
September 30, 2021
(Unaudited)

Note 7: Goodwill and Other Intangible Assets, net

Goodwill

<i>In millions</i>	Reporting Units		Total
	Performance Chemicals	Performance Materials	
December 31, 2020	\$ 441.0	\$ 4.3	\$ 445.3
Foreign currency translation	(4.6)	—	(4.6)
September 30, 2021	\$ 436.4	\$ 4.3	\$ 440.7

There were no interim triggering events or circumstances indicating that goodwill might be impaired as of September 30, 2021.

Other Intangible Assets

<i>In millions</i>	September 30, 2021			December 31, 2020		
	Gross	Accumulated amortization	Net	Gross	Accumulated amortization	Net
Customer contracts and relationships	\$ 317.1	\$ 89.5	\$ 227.6	\$ 319.5	\$ 73.6	\$ 245.9
Brands ⁽¹⁾	81.4	19.1	62.3	82.4	15.8	66.6
Developed technology	72.0	17.1	54.9	73.0	12.5	60.5
Other	0.5	0.5	—	2.7	2.4	0.3
Other intangibles, net	\$ 471.0	\$ 126.2	\$ 344.8	\$ 477.6	\$ 104.3	\$ 373.3

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

Intangible assets subject to amortization were allocated among our business segments as follows:

<i>In millions</i>	September 30, 2021	December 31, 2020
Performance Materials	\$ 2.0	\$ 2.1
Performance Chemicals	342.8	371.2
Other intangibles, net	\$ 344.8	\$ 373.3

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

<i>In millions</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Cost of sales	\$ —	\$ —	\$ —	\$ 0.1
Selling, general, and administrative expenses	8.3	8.2	25.1	24.3
Total amortization expense	\$ 8.3	\$ 8.2	\$ 25.1	\$ 24.4

Based on the current carrying values of intangible assets, estimated pre-tax amortization expense for the next five years is as follows: 2021 - \$33.4 million, 2022 - \$33.1 million, 2023 - \$33.0 million, 2024 - \$32.7 million, and 2025 - \$32.7 million. The estimated pre-tax amortization expense may fluctuate due to changes in foreign currency exchange rates.

INGEVITY CORPORATION
Notes to the Condensed Consolidated Financial Statements
September 30, 2021
(Unaudited)

Note 8: 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 of 1.71 percent. The difference between the fixed interest rate on the U.S. dollar denominated debt compared 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 \$(0.7) million and \$(8.6) million at September 30, 2021 and December 31, 2020, respectively. During the three and nine months ended September 30, 2021, we recognized net interest income associated with this financial instrument of \$0.1 million and \$0.3 million, respectively, and 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.

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, 2021, there were \$4.8 million open foreign currency derivative contracts. The fair value of the designated foreign currency hedge contracts was an asset (liability) of \$0.2 million and \$(0.1) million at September 30, 2021 and December 31, 2020, 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, 2021, we had 1.2 million and 0.9 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 as cash flow hedges. As of September 30, 2021, open commodity contracts hedge forecasted transactions until February 2022. The fair value of the outstanding designated natural gas commodity hedge contracts as of September 30, 2021 and December 31, 2020 was a net asset (liability) of \$3.0 million and \$(0.1) million, respectively.

INGEVITY CORPORATION
Notes to the Condensed Consolidated Financial Statements
September 30, 2021
(Unaudited)

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 interest rate derivative instruments, which can consist of forward starting swaps. In all cases, the notional amount of the interest rate swap agreements is equal to or less than the designated debt being hedged. These instruments are designated as cash flow hedges. Designated interest rate cash flow hedge gains or losses are recorded in Accumulated other comprehensive income (loss) ("AOCI") and 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.

As of September 30, 2021, we have floating-to-fixed 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 fixed rate of 3.79 percent until July 2023. The fair value of the interest rate swap was an asset (liability) of \$(6.0) million and \$(8.9) million at September 30, 2021 and December 31, 2020, respectively.

INGEVITY CORPORATION
Notes to the Condensed Consolidated Financial Statements
September 30, 2021
(Unaudited)

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,				
	2021	2020	2021	2020	
Cash flow hedging derivatives					
Currency exchange contracts	\$ 0.1	\$ (0.3)	\$ (0.2)	\$ (0.2)	Net sales
Natural gas contracts	2.8	0.4	—	(0.3)	Cost of sales
Interest rate swap contracts	0.7	0.8	—	—	Interest expense, net
Total	\$ 3.6	\$ 0.9	\$ (0.2)	\$ (0.5)	

In millions	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)
	Amount of Gain (Loss) Recognized in AOCI				
	Three Months Ended September 30,				
	2021	2020	2021	2020	
Net investment hedging derivative					
Currency exchange contracts ⁽¹⁾	\$ 3.8	\$ (8.1)	\$ —	\$ 0.2	Interest expense, net
Total	\$ 3.8	\$ (8.1)	\$ —	\$ 0.2	

<i>In millions</i>	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,				
	2021	2020	2021	2020	
Cash flow hedging derivatives					
Currency exchange contracts	\$ 0.3	\$ (0.1)	\$ (0.2)	\$ —	Net sales
Natural gas contracts	3.7	(0.1)	(0.1)	(0.9)	Cost of sales
Interest rate swap contracts	2.9	(5.7)	—	—	Interest expense, net
Total	\$ 6.9	\$ (5.9)	\$ (0.3)	\$ (0.9)	

In millions	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)
	Amount of Gain (Loss) Recognized in AOCI		Amount of Gain (Loss) Recognized in Income on Derivative (Amount Excluded from Effectiveness Testing)		
	Nine Months Ended September 30,				
	2021	2020	2021	2020	
Net investment hedging derivative					
Currency exchange contracts ⁽¹⁾	\$ 8.0	\$ (3.5)	\$ 0.2	\$ 1.5	Interest expense, net
Total	\$ 8.0	\$ (3.5)	\$ 0.2	\$ 1.5	

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

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

INGEVITY CORPORATION
Notes to the Condensed Consolidated Financial Statements
September 30, 2021
(Unaudited)

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. There were no transfers of assets and liabilities that are recorded at fair value between the three-level fair value hierarchy during the periods reported. There were no nonrecurring fair value measurements related to derivative assets and liabilities on the condensed consolidated balance sheets as of September 30, 2021 or December 31, 2020. Refer to Note 4 for more information regarding our fair value measurements beyond our financial instruments and risk management activities.

<i>In millions</i>	Level 1 ⁽¹⁾	Level 2 ⁽²⁾	Level 3 ⁽³⁾	Total
September 30, 2021				
Assets:				
Currency exchange contracts ⁽⁴⁾	\$ —	\$ 0.2	\$ —	\$ 0.2
Natural gas contracts ⁽⁴⁾	—	3.0	—	3.0
Net investment hedge ⁽⁵⁾	—	0.6	—	0.6
Total assets	\$ —	\$ 3.8	\$ —	\$ 3.8
Liabilities:				
Natural gas contracts ⁽⁶⁾	\$ —	\$ —	\$ —	\$ —
Net investment hedge ⁽⁷⁾	—	1.3	—	1.3
Interest rate swap contracts ⁽⁷⁾	—	6.0	—	6.0
Total liabilities	\$ —	\$ 7.3	\$ —	\$ 7.3
December 31, 2020				
Assets:				
Natural gas contracts ⁽⁴⁾	\$ —	\$ 0.1	\$ —	\$ 0.1
Total assets	\$ —	\$ 0.1	\$ —	\$ 0.1
Liabilities:				
Natural gas contracts ⁽⁶⁾	\$ —	\$ 0.2	\$ —	\$ 0.2
Currency exchange contracts ⁽⁶⁾	—	0.1	—	0.1
Net investment hedge ⁽⁷⁾	—	8.6	—	8.6
Interest rate swap contracts ⁽⁷⁾	—	8.9	—	8.9
Total liabilities	\$ —	\$ 17.8	\$ —	\$ 17.8

(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.

INGEVITY CORPORATION
Notes to the Condensed Consolidated Financial Statements
September 30, 2021
(Unaudited)

Note 9: Debt including Finance Lease Obligations

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

In millions, except percentages	September 30, 2021		September 30, 2021	December 31, 2020
	Interest rate	Maturity date		
Variable Rate Debt:				
Revolving Credit Facility ⁽¹⁾	1.33%	2025	\$ —	\$ —
Term Loan	1.38%	2023	332.8	351.6
Other notes payable	—%	2021	—	1.8
Fixed Rate Debt:				
Senior Notes				
2028 Senior Note	3.88%	2028	550.0	550.0
2026 Senior Note	4.50%	2026	300.0	300.0
Finance lease obligations	7.17%	2027-2035	102.6	103.1
Total debt including finance lease obligations			1,285.4	1,306.5
Less: debt issuance costs			11.5	13.1
Total debt, including finance lease obligations, net of debt issuance costs			1,273.9	1,293.4
Less: debt maturing within one year ⁽²⁾			19.5	26.0
Long-term debt including finance lease obligations			\$ 1,254.4	\$ 1,267.4

(1) Letters of credit outstanding under the revolving credit facility were \$2.3 million and \$2.3 million and undrawn capacity under the facility was \$497.7 million and \$497.7 million at September 30, 2021 and December 31, 2020, respectively.

(2) Debt maturing within one year is included in "Notes payable and current maturities of long-term debt" on the condensed consolidated balance sheets.

Debt Covenants

Our indentures 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) 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 2026 Senior Note or 2028 Senior Note could result in the acceleration of the notes of such series and could cause a cross-default resulting in the acceleration of other indebtedness of Ingevity and its subsidiaries, including the other series. We were in compliance with all covenants under the indentures as of September 30, 2021.

The credit agreement governing our revolving credit facility and 2017 term loan 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 credit agreement could result in all loans and other obligations becoming immediately due and payable and our revolving credit facility and term loan facilities being terminated. The credit agreement also contains certain customary covenants, including financial covenants. The revolving credit facility financial covenants require Ingevity to maintain on a consolidated basis a maximum total net 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. Additionally, the 2017 term loan financial covenants require Ingevity to maintain on a consolidated basis a maximum total gross 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 gross and net leverage for the four consecutive quarters ended September 30, 2021 were 2.6 and 2.1, respectively, and our actual interest coverage for the four consecutive quarters ended September 30, 2021 was 12.5. We were in compliance with all covenants at September 30, 2021.

INGEVITY CORPORATION
Notes to the Condensed Consolidated Financial Statements
September 30, 2021
(Unaudited)

Note 10: Equity

The tables below provide a roll forward of equity.

<i>In millions, except per share data in thousands</i>	Common Stock		Additional paid in capital	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	Total Equity
	Shares	Amount					
Balance at December 31, 2020	42,913	\$ 0.4	\$ 121.3	\$ 678.0	\$ 4.7	\$ (162.3)	\$ 642.1
Net income (loss)	—	—	—	48.7	—	—	48.7
Other comprehensive income (loss)	—	—	—	—	8.5	—	8.5
Common stock issued	97	—	—	—	—	—	—
Exercise of stock options, net	24	—	0.9	—	—	—	0.9
Tax payments related to vested restricted stock units	—	—	—	—	—	(2.3)	(2.3)
Share repurchase program	—	—	—	—	—	(39.4)	(39.4)
Share-based compensation plans	—	—	2.6	—	—	—	2.6
Balance at March 31, 2021	43,034	\$ 0.4	\$ 124.8	\$ 726.7	\$ 13.2	\$ (204.0)	\$ 661.1
Net income (loss)	—	—	—	44.3	—	—	44.3
Other comprehensive income (loss)	—	—	—	—	5.4	—	5.4
Common stock issued	19	—	—	—	—	—	—
Exercise of stock options, net	32	—	1.5	—	—	—	1.5
Tax payments related to vested restricted stock units	—	—	—	—	—	—	—
Share repurchase program	—	—	—	—	—	(28.7)	(28.7)
Share-based compensation plans	—	—	4.0	—	—	0.9	4.9
Balance at June 30, 2021	43,085	\$ 0.4	\$ 130.3	\$ 771.0	\$ 18.6	\$ (231.8)	\$ 688.5
Net income (loss)	—	—	—	(4.2)	—	—	(4.2)
Other comprehensive income (loss)	—	—	—	—	(11.1)	—	(11.1)
Common stock issued	5	—	—	—	—	—	—
Exercise of stock options, net	2	—	0.1	—	—	—	0.1
Tax payments related to vested restricted stock units	—	—	—	—	—	(0.1)	(0.1)
Share repurchase program	—	—	—	—	—	(32.2)	(32.2)
Share-based compensation plans	—	—	3.0	—	—	0.5	3.5
Balance at September 30, 2021	43,092	\$ 0.4	\$ 133.4	\$ 766.8	\$ 7.5	\$ (263.6)	\$ 644.5

INGEVITY CORPORATION
Notes to the Condensed Consolidated Financial Statements
September 30, 2021
(Unaudited)

	<u>Common Stock</u>							
<i>In millions, except per share data in thousands</i>	<u>Shares</u>	<u>Amount</u>	<u>Additional paid in capital</u>	<u>Retained earnings</u>	<u>Accumulated other comprehensive income (loss)</u>	<u>Treasury stock</u>	<u>Total Equity</u>	
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	3.0	—	—	—	—	—	—	
Exercise of stock options, net	1.0	—	—	—	—	—	—	
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, 2021
(Unaudited)

Accumulated other comprehensive income (loss)

<i>In millions</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Foreign currency translation				
Beginning balance	\$ 27.8	\$ (36.8)	\$ 16.4	\$ 1.5
Net gains (losses) on foreign currency translation	(16.7)	27.6	(8.5)	(14.2)
Gains (losses) on net investment hedges	3.8	(8.1)	8.0	(3.5)
Less: tax provision (benefit)	0.9	(1.9)	1.9	(0.8)
Net gains (losses) on net investment hedges	2.9	(6.2)	6.1	(2.7)
Other comprehensive income (loss), net of tax	(13.8)	21.4	(2.4)	(16.9)
Ending balance	\$ 14.0	\$ (15.4)	\$ 14.0	\$ (15.4)

Derivative instruments

Beginning balance	\$ (4.5)	\$ (8.4)	\$ (6.9)	\$ (3.5)
Gains (losses) on derivative instruments	3.6	0.9	6.9	(5.9)
Less: tax provision (benefit)	0.8	0.2	1.6	(1.4)
Net gains (losses) on derivative instruments	2.8	0.7	5.3	(4.5)
(Gains) losses reclassified to net income	(0.2)	0.5	(0.3)	0.9
Less: tax (provision) benefit	(0.1)	0.1	(0.1)	0.2
Net (gains) losses reclassified to net income	(0.1)	0.4	(0.2)	0.7
Other comprehensive income (loss), net of tax	2.7	1.1	5.1	(3.8)
Ending balance	\$ (1.8)	\$ (7.3)	\$ (1.8)	\$ (7.3)

Pension and other postretirement benefits

Beginning balance	\$ (4.7)	\$ (3.0)	\$ (4.8)	\$ (3.0)
Unrealized actuarial gains (losses) and prior service (costs) credits	—	—	—	—
Less: tax provision (benefit)	—	—	—	—
Net actuarial gains (losses) and prior service (costs) credits	—	—	—	—
Amortization of actuarial and other (gains) losses, prior service cost (credits), and settlement and curtailment (income) charge reclassified to net income	—	0.1	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	0.1
Other comprehensive income (loss), net of tax	—	0.1	0.1	0.1
Ending balance	\$ (4.7)	\$ (2.9)	\$ (4.7)	\$ (2.9)
Total AOCI ending balance at September 30	\$ 7.5	\$ (25.6)	\$ 7.5	\$ (25.6)

INGEVITY CORPORATION
Notes to the Condensed Consolidated Financial Statements
September 30, 2021
(Unaudited)

Reclassifications of accumulated other comprehensive income (loss)

<i>In millions</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Derivative instruments				
Currency exchange contracts ⁽¹⁾	\$ 0.2	\$ (0.2)	\$ 0.2	\$ —
Natural gas contracts ⁽²⁾	—	(0.3)	0.1	(0.9)
Total before tax	0.2	(0.5)	0.3	(0.9)
(Provision) benefit for income taxes	(0.1)	0.1	(0.1)	0.2
Amount included in net income (loss)	<u>\$ 0.1</u>	<u>\$ (0.4)</u>	<u>\$ 0.2</u>	<u>\$ (0.7)</u>
Pension and other post-retirement benefits				
Amortization of prior service costs ⁽²⁾	\$ —	\$ (0.1)	\$ 0.1	\$ (0.1)
Total before tax	—	(0.1)	0.1	(0.1)
(Provision) benefit for income taxes	—	—	—	—
Amount included in net income (loss)	<u>\$ —</u>	<u>\$ (0.1)</u>	<u>\$ 0.1</u>	<u>\$ (0.1)</u>

(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.

Share Repurchases

At September 30, 2021, \$311.7 million remained unused under our Board-authorized repurchase program. During the three and nine months ended September 30, 2021, we repurchased \$32.2 million and \$100.3 million in common stock, representing 414,501 and 1,298,167 shares of our common stock at a weighted average cost per share of \$77.77 and \$77.25, respectively.

Our 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.

INGEVITY CORPORATION
Notes to the Condensed Consolidated Financial Statements
September 30, 2021
(Unaudited)

Note 11: Retirement Plans

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

<i>In millions</i>	Three Months Ended September 30,			
	Pensions		Other Benefits	
	2021	2020	2021	2020
Components of net periodic benefit cost (income):				
Service cost ⁽¹⁾	\$ 0.4	\$ 0.4	\$ —	\$ —
Interest cost ⁽²⁾	0.3	0.3	—	—
Expected return on plan assets ⁽²⁾	(0.3)	(0.3)	—	—
Amortization of prior service cost (credit) ⁽¹⁾	—	0.1	—	—
Amortization of net actuarial and other (gain) loss ⁽²⁾	—	—	—	—
Net periodic benefit cost (income)	<u>\$ 0.4</u>	<u>\$ 0.5</u>	<u>\$ —</u>	<u>\$ —</u>

<i>In millions</i>	Nine Months Ended September 30,			
	Pensions		Other Benefits	
	2021	2020	2021	2020
Components of net periodic benefit cost (income):				
Service cost ⁽¹⁾	\$ 1.3	\$ 1.2	\$ —	\$ —
Interest cost ⁽²⁾	0.8	0.9	—	—
Expected return on plan assets ⁽²⁾	(1.0)	(0.9)	—	—
Amortization of prior service cost (credit) ⁽¹⁾	0.1	0.1	—	—
Amortization of net actuarial and other (gain) loss ⁽²⁾	—	—	—	—
Net periodic benefit cost (income)	<u>\$ 1.2</u>	<u>\$ 1.3</u>	<u>\$ —</u>	<u>\$ —</u>

(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, 2021. There are no required cash contributions to our Union Hourly defined benefit pension plan in 2021, and we currently have no plans to make any voluntary cash contributions in 2021.

INGEVITY CORPORATION
Notes to the Condensed Consolidated Financial Statements
September 30, 2021
(Unaudited)

Note 12: Restructuring and Other (Income) Charges, net

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

<i>In millions</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Severance and other employee-related costs	\$ —	\$ 0.3	\$ 0.1	\$ 6.3
Other	—	1.7	—	1.7
Restructuring charges	—	2.0	0.1	8.0
Business transformation costs	4.1	3.5	12.2	5.3
Other (income) charges, net	4.1	3.5	12.2	5.3
Total restructuring and other (income) charges, net	\$ 4.1	\$ 5.5	\$ 12.3	\$ 13.3

Restructuring charges

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 due to the COVID-19 pandemic. As a result of this cost reduction initiative, we recorded severance and other employee-related costs of zero and \$0.1 million during the three and nine months ended September 30, 2021. During the three and nine months ended September 30, 2020, we recorded severance and other employee-related costs of \$0.3 million and \$6.3 million, 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.

Rollforward of Restructuring Reserves

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

<i>In millions</i>	Balance at 12/31/2020 ⁽¹⁾	Change in Reserve ⁽²⁾	Cash Payments	Other	Balance at 9/30/2021 ⁽¹⁾
Restructuring Reserves	\$ 0.8	0.1	(0.5)	—	\$ 0.4

(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 costs

In 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. The implementation of our new ERP is expected to occur in multiple phases beginning in fiscal year 2022. This business transformation 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, 2021, of \$4.1 million and \$12.2 million, respectively, and 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 \$30-35 million of non-capitalizable costs, approximately \$18 million of which we expect to be incurred in 2021.

INGEVITY CORPORATION
Notes to the Condensed Consolidated Financial Statements
September 30, 2021
(Unaudited)

Note 13: Income Taxes

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Effective tax rate ⁽¹⁾	53.3 %	20.7 %	29.8 %	19.7 %

(1) The effective tax rate (“ETR”) in the three months ended September 30, 2021 was primarily impacted by the litigation expense recorded during the period. The ETR for the nine months ended September 30, 2021 was impacted by the litigation expense and legislative tax rate change recorded during the period.

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.

INGEVITY CORPORATION
Notes to the Condensed Consolidated Financial Statements
September 30, 2021
(Unaudited)

The below tables provide a reconciliation between our reported effective tax rates and the EAETR.

<i>In millions, except percentages</i>	Three Months Ended September 30,					
	2021			2020		
	Before tax	Tax	Effective tax rate % impact	Before tax	Tax	Effective tax rate % impact
Consolidated operations	\$ (9.0)	\$ (4.8)	53.3 %	\$ 88.1	\$ 18.2	20.7 %
Discrete items:						
Restructuring and other (income) charges, net ⁽¹⁾	—	—		2.0	0.3	
Acquisition and other-related costs ⁽²⁾	—	—		—	—	
Legislative tax rate changes ⁽³⁾	—	0.1		—	—	
Litigation expense ⁽⁴⁾	85.0	19.7		—	—	
Other tax only discrete items	—	0.5		—	(0.2)	
Total discrete items	85.0	20.3		2.0	0.1	
Consolidated operations, before discrete items	\$ 76.0	\$ 15.5		\$ 90.1	\$ 18.3	
Quarterly effect of changes in the EAETR			20.4 %			20.3 %

<i>In millions, except percentages</i>	Nine Months Ended September 30,					
	2021			2020		
	Before tax	Tax	Effective tax rate % impact	Before tax	Tax	Effective tax rate % impact
Consolidated operations	\$ 126.5	\$ 37.7	29.8 %	\$ 168.7	\$ 33.3	19.7 %
Discrete items:						
Restructuring and other (income) charges, net ⁽¹⁾	0.1	—		8.0	1.7	
Acquisition and other-related costs ⁽²⁾	—	—		1.7	0.4	
Legislative tax rate changes ⁽³⁾	—	(14.6)		—	—	
Litigation expense ⁽⁴⁾	85.0	19.7		—	—	
Other tax only discrete items	—	0.7		—	1.0	
Total discrete items	85.1	5.8		9.7	3.1	
Consolidated operations, before discrete items	\$ 211.6	\$ 43.5		\$ 178.4	\$ 36.4	
EAETR ⁽⁵⁾			20.6 %			20.4 %

(1) Refer to Note 12 for additional information.

(2) Costs incurred to integrate the Perstorp Capa business into our Performance Chemicals segment.

(3) Legislative tax rate changes, enacted in the United Kingdom ("UK"), resulted in discrete tax expense of \$14.6 million related to the revaluation of our net deferred tax liability associated with our UK operations. The corporate tax rate in the UK increased from 19.0% to 25.0% on April 1, 2023. Impact for the three months ended September 30, 2021 are a result of currency translation.

(4) Refer to Note 14 for additional information.

(5) Increase in EAETR for the nine months ended September 30, 2021, as compared to September 30, 2020, is due to an overall change in the mix of forecasted earnings in various tax jurisdictions with varying rates.

At September 30, 2021 and December 31, 2020, we had deferred tax assets of \$8.5 million and \$8.4 million, respectively, resulting from certain historical net operating losses from our Brazil and China 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.

INGEVITY CORPORATION
Notes to the Condensed Consolidated Financial Statements
September 30, 2021
(Unaudited)

strategies in making our assessment. As of September 30, 2021, 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 14: Commitments and Contingencies

Legal Proceedings

On July 19, 2018, Ingevity filed suit against BASF Corporation (“BASF”) in the United States District Court for the District of Delaware (the “Delaware Proceeding”) alleging BASF infringed Ingevity’s patent covering canister systems used in the control of automotive gasoline vapor emissions (U.S. Patent No. RE38,844) (the “’844 Patent”). On February 14, 2019, BASF asserted counterclaims against Ingevity in the Delaware Proceeding, alleging two claims for violations of U.S. antitrust law (one for exclusive dealing and the other for tying) as well as a claim for tortious interference with an alleged prospective business relationship between BASF and a BASF customer (the “BASF Counterclaims”). The BASF Counterclaims relate to Ingevity’s enforcement of the ‘844 Patent and Ingevity’s entry into several supply agreements with customers of its fuel vapor canister honeycombs. The U.S. District Court dismissed Ingevity’s patent infringement claims on November 18, 2020, and the case proceeded to trial on the BASF Counterclaims in September 2021.

On Sept. 15, 2021, a jury in the Delaware Proceeding issued a verdict in favor of BASF on the BASF Counterclaims and awarded BASF damages of approximately \$28.3 million, which will be trebled under U.S. antitrust law to approximately \$85 million. In addition, BASF may seek pre- and post-judgment interest and attorneys’ fees and costs in amounts that they will have to support at a future date.

We disagree with the outcome, including the court’s application of the law, and we intend to seek judgment as a matter of law in the Delaware Proceeding post-trial briefing stage and on appeal, if necessary. In addition, we intend to challenge the U.S. District Court’s November 2020 dismissal of our patent infringement claims against BASF. Ingevity believes in the strength of its intellectual property and the merits of its position and intends to pursue all legal relief available to challenge these outcomes in the Delaware Proceeding. Final resolution of these matters could take several months up to two years.

As of September 30, 2021, we have accrued a total of \$85 million, the full amount of the jury’s verdict. The amount accrued for this matter is included in Other liabilities on the condensed consolidated balance sheet as of September 30, 2021, and the charge is included in Other (income) expense, net on the condensed consolidated statement of operations for the three and nine months ended September 30, 2021. The amount of any liability Ingevity may ultimately incur related to the Delaware Proceeding could be more or less than the amount accrued.

INGEVITY CORPORATION
Notes to the Condensed Consolidated Financial Statements
September 30, 2021
(Unaudited)

Note 15: Segment Information

<i>In millions</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Net sales				
Performance Materials	\$ 118.1	\$ 143.8	\$ 384.8	\$ 349.3
Performance Chemicals	258.7	187.9	670.7	541.2
Total net sales ⁽¹⁾	\$ 376.8	\$ 331.7	\$ 1,055.5	\$ 890.5
Segment EBITDA ⁽²⁾				
Performance Materials	\$ 56.4	\$ 80.4	\$ 191.4	\$ 164.9
Performance Chemicals	63.1	47.2	151.2	122.1
Total segment EBITDA ⁽²⁾	\$ 119.5	\$ 127.6	\$ 342.6	\$ 287.0
Interest expense, net	(11.6)	(8.9)	(36.2)	(29.8)
(Provision) benefit for income taxes	4.8	(18.2)	(37.7)	(33.3)
Depreciation and amortization - Performance Materials	(8.9)	(8.0)	(26.9)	(22.5)
Depreciation and amortization - Performance Chemicals	(18.7)	(17.1)	(54.8)	(51.0)
Restructuring and other income (charges), net ⁽³⁾	(4.1)	(5.5)	(12.3)	(13.3)
Acquisition and other-related costs ⁽⁴⁾	(0.2)	—	(0.9)	(1.7)
Litigation expense ⁽⁵⁾	(85.0)	—	(85.0)	—
Net income (loss)	\$ (4.2)	\$ 69.9	\$ 88.8	\$ 135.4

(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, certain litigation expenses, pension and postretirement settlement and curtailment (income) charges, net.

(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, 2021, charges of \$1.1 million and \$4.5 million relate to the Performance Materials segment and charges of \$3.0 million and \$7.8 million relate to the Performance Chemicals segment, respectively. 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 and charges of \$2.9 million and \$7.9 million relate to the Performance Chemicals segment, respectively. For more detail on the charges incurred refer to Note 12.

(4) For the three and nine months ended September 30, 2021, charges of zero and \$0.2 million relate to the acquisition of a strategic investment in the Performance Materials segment and charges of \$0.2 million and \$0.7 million relate to the integration of the Perstorp Capa business into our Performance Chemicals segment, respectively. For the three and nine months ended September 30, 2020, all charges relate to the integration of the Perstorp Capa business into our Performance Chemicals segment.

(5) For the three and nine months ended September 30, 2021, litigation expense relates to the Performance Materials segment. Refer to Note 14 for additional information.

INGEVITY CORPORATION
Notes to the Condensed Consolidated Financial Statements
September 30, 2021
(Unaudited)

Note 16: 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.

<i>In millions, except share and per share data</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Net income (loss)	\$ (4.2)	\$ 69.9	\$ 88.8	\$ 135.4
Basic and Diluted earnings (loss) per share				
Basic earnings (loss) per share	\$ (0.11)	\$ 1.69	\$ 2.22	\$ 3.27
Diluted earnings (loss) per share	(0.11)	1.69	2.21	3.26
Shares <i>(in thousands)</i>				
Weighted average number of common shares outstanding - Basic	39,537	41,276	39,993	41,400
Weighted average additional shares assuming conversion of potential common shares ⁽¹⁾	—	175	245	179
Shares - diluted basis ⁽¹⁾	<u>39,537</u>	<u>41,451</u>	<u>40,238</u>	<u>41,579</u>

(1) For the three months ended September 30, 2021, all potentially dilutive common shares were excluded from the calculation of diluted earnings (loss) per share as we had a net loss for the period.

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

<i>In thousands</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Average number of potential common shares - antidilutive	375	173	200	205

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. The following discussion should be read in conjunction with Ingevity's consolidated financial statements as of and for the year ended December 31, 2020 filed on February 19, 2021 with the Securities and Exchange Commission ("SEC") as part of the Company's Annual Reporting on Form 10-K ("2020 Annual Report") and the unaudited interim condensed consolidated financial statements and notes to the unaudited interim condensed consolidated financial statements, which are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Investors are cautioned that the forward-looking statements contained in this section and other parts of this Quarterly Report involve both risk and uncertainty. Several important factors could cause actual results to differ materially from those anticipated by these statements. Many of these statements are macroeconomic in nature and are, therefore, beyond the control of management. See "Cautionary Statements About Forward-Looking Statements" below and at the beginning of our 2020 Annual Report.

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," "outlook," "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 risks described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2020 and in the section below entitled "Item 1A. Risk Factors," 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 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 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 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;
- 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;
- adverse conditions in cyclical end markets may adversely affect demand for our engineered polymers products;
- 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;

- a prolonged period of low energy prices may materially impact our results of operations;
- our engineered polymers product line may be adversely affected by the United Kingdom's ("UK") withdrawal from the European Union;
- the acquisition (the "Caprolactone Acquisition") of Perstorp Holding AB's caprolactone division (the "Caprolactone Business") may expose us to unknown or understated liabilities;
- we are dependent upon third parties for the provision of certain critical operating services at several of our facilities;
- we may be adversely affected by disruptions in our supply chain;
- 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;
- we are dependent upon attracting and retaining key personnel;
- from time to time, we are called upon to protect our intellectual property rights and proprietary information through 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;
- adverse litigation judgments and exposure to significant litigation-related costs;
- changes in 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 or claims arising out of environmental damage or personal injuries associated with chemical or other manufacturing processes.

Overview

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.

Recent Developments

On July 19, 2018, Ingevity filed suit against BASF Corporation ("BASF") in the United States District Court for the District of Delaware (the "Delaware Proceeding") alleging BASF infringed Ingevity's patent covering canister systems used in the control of automotive gasoline vapor emissions (U.S. Patent No. RE38,844) (the "'844 Patent"). On February 14, 2019, BASF asserted counterclaims against Ingevity in the Delaware Proceeding, alleging two claims for violations of U.S. antitrust law (one for exclusive dealing and the other for tying) as well as a claim for tortious interference with an alleged prospective business relationship between BASF and a BASF customer (the "BASF Counterclaims"). The BASF Counterclaims relate to Ingevity's enforcement of the '844 Patent and Ingevity's entry into several supply agreements with customers of its fuel vapor canister honeycombs. The U.S. District Court dismissed Ingevity's patent infringement claims on November 18, 2020, and the case proceeded to trial on the BASF Counterclaims in September 2021.

On Sept. 15, 2021, a jury in the Delaware Proceeding issued a verdict in favor of BASF on the BASF Counterclaims and awarded BASF damages of approximately \$28.3 million, which will be trebled under U.S. antitrust law to approximately \$85 million. In addition, BASF may seek pre- and post-judgment interest and attorneys' fees and costs in amounts that they will have to support at a future date.

We disagree with the outcome, including the court's application of the law, and we intend to seek judgment as a matter of law in the Delaware Proceeding post-trial briefing stage and on appeal, if necessary. In addition, we intend to challenge the U.S. District Court's November 2020 dismissal of our patent infringement claims against BASF. Ingevity believes in the strength of its intellectual property and the merits of its position and intends to pursue all legal relief available to challenge these outcomes in the Delaware Proceeding. Final resolution of these matters could take several months up to two years.

As of September 30, 2021, we have accrued a total of \$85 million, the full amount of the jury's verdict. The amount accrued for this matter is included in Other liabilities on the condensed consolidated balance sheet as of September 30, 2021, and the charge is included in Other (income) expense, net on the condensed consolidated statement of operations for the three and nine months ended September 30, 2021. The amount of any liability Ingevity may ultimately incur related to the Delaware Proceeding could be more or less than the amount accrued.

Results of Operations

<i>In millions</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Net sales	\$ 376.8	\$ 331.7	\$ 1,055.5	\$ 890.5
Cost of sales	235.0	192.1	647.7	552.4
Gross profit	141.8	139.6	407.8	338.1
Selling, general, and administrative expenses	43.5	34.9	131.0	107.9
Research and technical expenses	6.8	5.2	19.3	16.8
Restructuring and other (income) charges, net	4.1	5.5	12.3	13.3
Acquisition-related costs	0.2	—	0.9	1.7
Other (income) expense, net	84.6	(3.0)	81.6	(0.1)
Interest expense, net	11.6	8.9	36.2	29.8
Income (loss) before income taxes	(9.0)	88.1	126.5	168.7
Provision (benefit) for income taxes	(4.8)	18.2	37.7	33.3
Net income (loss)	\$ (4.2)	\$ 69.9	\$ 88.8	\$ 135.4

Net sales and Gross profit

The table below shows the 2021 Net sales and percentage variances from 2020:

<i>In millions, except percentages</i>	Net sales	Percentage change vs. prior year			
		Total change	Currency effect	Price/Mix	Volume
Three months ended September 30, 2021	\$ 376.8	14%	—%	8%	6%
Nine months ended September 30, 2021	\$ 1,055.5	19%	1%	5%	13%

Three Months Ended September 30, 2021 vs. 2020

Net sales increase of \$45.1 million in 2021 was primarily driven by favorable volume growth in our Performance Chemicals segment, offset by volume decline in our Performance Materials segment, for a combined impact of \$20.3 million and favorable pricing and product mix in both segments of \$25.0 million. Additionally, unfavorable foreign currency exchange impacted Net sales by \$0.2 million, primarily related to euro and Chinese renminbi denominated sales.

Gross profit increase of \$2.2 million was driven by favorable pricing and product mix of \$24.3 million, largely offset by higher raw material, logistics and energy costs of \$20.1 million, unfavorable sales volume of \$1.3 million, and unfavorable foreign currency exchange of \$0.7 million.

Refer to the Segment Operating Results section included within this MD&A for more information on the drivers to the changes in net sales and operating results period over period for both segments.

Nine Months Ended September 30, 2021 vs. 2020

Net sales increase of \$165.0 million in 2021 was primarily driven by favorable volume growth in both of our segments for a combined impact of \$119.0 million and favorable pricing and product mix of \$40.3 million. Additionally, favorable foreign currency exchange impacted Net sales by \$5.7 million, primarily related to euro and Chinese renminbi denominated sales.

Gross profit increase of \$69.7 million was driven by favorable sales volume of \$51.1 million, favorable pricing and product mix of \$39.2 million, and favorable foreign currency exchange of \$0.9 million. These positive impacts were partially offset by higher net manufacturing costs of \$21.5 million driven by logistics, raw material price inflation, energy, and depreciation, partially offset by higher plant throughput as a result of increased volume demand.

Refer to the Segment Operating Results section included within this MD&A for more information on the drivers to the changes in net sales and operating results period over period for both segments.

Selling, general, and administrative expenses

Three Months Ended September 30, 2021 vs. 2020

Selling, general and administrative expenses ("SG&A") increased \$8.6 million in 2021, compared to the significantly COVID-19 impacted prior year. The change in SG&A was driven by higher employee-related costs of \$5.8 million, increased legal expense of \$1.8 million, and higher travel and other miscellaneous expense of \$1.0 million. SG&A increased year over year as we resumed more normal commercial operations, including hiring to fill open positions, increased travel, and investing in growth and innovation resources as compared to the COVID-19 impacted prior year period.

Nine Months Ended September 30, 2021 vs. 2020

SG&A increased \$23.1 million in 2021 compared to 2020. The change in SG&A was driven by higher employee-related costs of \$21.9 million, of which \$4.2 million related to a one-time benefit recorded in 2020, and increased amortization expense of \$1.6 million. The higher employee-related costs and amortization expense were partially offset by reduced legal, travel and other miscellaneous costs of \$0.4 million. SG&A expenses as a percentage of Net sales increased slightly to 12.4 percent for the nine months ended September 30, 2021 from 12.1 percent in 2020, driven by the lower spending in 2020 due to COVID-19 and higher sales in 2021.

Research and technical expenses

Three Months Ended September 30, 2021 vs. 2020

Research and technical expenses as a percentage of Net sales remained relatively consistent period over period, increasing to 1.8 percent from 1.6 percent for the three months ended September 30, 2021 and 2020, respectively.

Nine Months Ended September 30, 2021 vs. 2020

Research and technical expenses as a percentage of Net sales remained relatively consistent period over period, decreasing to 1.8 percent from 1.9 percent for the nine months ended September 30, 2021 and 2020, respectively.

Restructuring and other (income) charges, net

Three and Nine Months Ended September 30, 2021 vs. 2020

Restructuring and other (income) charges, net were \$4.1 million and \$12.3 million for the three and nine months ended September 30, 2021, respectively, and \$5.5 million and \$13.3 million for the three and nine months ended September 30, 2020, respectively. Refer to Note 12 within the condensed consolidated financial statements for more information.

Acquisition-related costs

Three and Nine Months Ended September 30, 2021 vs. 2020

Acquisition-related costs were \$0.2 million and \$0.9 million for the three and nine months ended September 30, 2021, respectively, and zero and \$1.7 million for the three and nine months ended September 30, 2020, respectively. For the three and nine months ended September 30, 2021, charges of zero and \$0.2 million relate to the acquisition of a strategic investment in the Performance Materials segment, respectively, and charges of \$0.2 million and \$0.7 million relate to the integration of the Perstorp Capa business into our Performance Chemicals segment, respectively. For the three and nine months ended September 30, 2020, all charges relate to the integration of the Perstorp Capa business into our Performance Chemicals segment.

Other (income) expense, net

Three and Nine Months Ended September 30, 2021 vs. 2020

<i>In millions</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Foreign currency exchange (income) loss	\$ 0.2	\$ (3.0)	\$ 2.1	\$ (2.4)
Impairment of equity investment ⁽¹⁾	—	—	—	1.4
Litigation expense ⁽²⁾	85.0	—	85.0	—
Other (income) expense, net	(0.6)	—	(5.5)	0.9
Total Other (income) expense, net	<u>\$ 84.6</u>	<u>\$ (3.0)</u>	<u>\$ 81.6</u>	<u>\$ (0.1)</u>

(1) Represents an impairment charge recorded during the three months ended March 31, 2020 related to an equity investment within our Performance Materials segment.

(2) Refer to Note 14 within the condensed consolidated financial statements for more information.

Interest expense, net

Three and Nine Months Ended September 30, 2021 vs. 2020

<i>In millions</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Interest expense on finance lease obligations	\$ 1.8	\$ 1.9	5.5	4.9
Interest expense on revolving credit and term loan facilities ⁽¹⁾	2.0	4.5	6.2	18.3
Interest expense on senior notes ⁽¹⁾	9.1	3.5	27.5	10.7
Interest income associated with our Restricted investment	(0.5)	(0.5)	(1.5)	(1.5)
Capitalized interest	(0.3)	(0.2)	(0.5)	(0.6)
Fixed-to-fixed cross-currency interest rate swap ⁽²⁾	(0.1)	(0.2)	(0.3)	(1.5)
Other interest (income) expense, net	(0.4)	(0.1)	(0.7)	(0.5)
Total Interest expense, net	<u>\$ 11.6</u>	<u>\$ 8.9</u>	<u>\$ 36.2</u>	<u>\$ 29.8</u>

(1) Refer to Note 9 within the condensed consolidated financial statements for more information.

(2) Refer to Note 8 within the condensed consolidated financial statements for more information.

Provision (benefit) for income taxes

Three and Nine Months Ended September 30, 2021 vs. 2020

For the three months ended September 30, 2021 and 2020, our effective tax rate was 53.3 percent and 20.7 percent, respectively. Excluding discrete items, the effective rate was 20.4 percent compared to 20.3 percent in the three months ended September 30, 2021 and 2020, respectively. For the nine months ended September 30, 2021 and 2020, our effective tax rate was 29.8 percent and 19.7 percent, respectively. Excluding discrete items, the effective rate was 20.6 percent compared to 20.4 percent in the nine months ended September 30, 2021 and 2020, respectively. An explanation of the change in the effective tax rate is presented in Note 13 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 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, certain litigation expenses, pension and postretirement settlement and curtailment (income) charges, net.

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 2020 Annual Report.

Performance Materials

<i>In millions</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Total Performance Materials - Net sales ⁽¹⁾	\$ 118.1	\$ 143.8	\$ 384.8	\$ 349.3
Segment EBITDA	\$ 56.4	\$ 80.4	\$ 191.4	\$ 164.9

(1) Beginning in Q1 2021, we updated disaggregated revenue disclosures, combining certain product groups to reflect categories that depict how the nature, amount, and uncertainty of revenue and cash flows are affected by economic factors. As a result, Automotive Technologies and Process Purification product lines have been combined within the Performance Materials segment.

The table below shows the Net sales variances 2021 compared to 2020:

Performance Materials (<i>In millions, except percentages</i>)	Percentage change vs. prior year					
	Net sales	Total change	Currency effect	Price/Mix	Volume	
Three months ended September 30, 2021	\$ 118.1	(18)%	1 %	2 %	(21) %	
Nine months ended September 30, 2021	\$ 384.8	10 %	2 %	2 %	6 %	

Three Months Ended September 30, 2021 vs. 2020

Segment net sales decrease of \$25.7 million in 2021 was driven by \$29.8 million in volume decline, primarily in automotive activated carbon products, partially offset by favorable pricing and product mix of \$2.4 million and foreign currency exchange of \$1.7 million.

Sales of our Performance Materials' segment were negatively impacted by lower automotive production as compared to the prior year period, due to the shortage of microchips that continue to disrupt the automotive industry worldwide. Additionally, the prior year quarter benefited from robust automotive production which rebounded sharply from COVID-19 pandemic lows in the first half of 2020.

Segment EBITDA decreased \$24.0 million primarily due to unfavorable volume of \$20.5 million, higher manufacturing costs of \$1.8 million, increased SG&A and Research and technical expenses of \$0.9 million, and unfavorable foreign currency exchange of \$2.4 million. These impacts were partially offset by favorable pricing and product mix of \$1.6 million. The automotive activated carbon sales volume declines in the period was the most significant contributor to the Segment EBITDA decrease year over year.

Nine Months Ended September 30, 2021 vs. 2020

Segment net sales increase of \$35.5 million in 2021 was driven by \$21.1 million in volume growth, primarily in automotive products, favorable pricing and product mix of \$7.7 million, and favorable foreign currency exchange of \$6.7 million. Sales for the nine months ended September 30, 2020 were negatively impacted by COVID-19's impact on automotive production which occurred in the first half of fiscal year 2020.

Segment EBITDA increased \$26.5 million primarily due to favorable volume of \$14.7 million, favorable pricing and product mix of \$7.4 million, and lower manufacturing costs of \$6.4 million due to increased plant throughput in 2021 when compared to COVID-19 impacts to production in 2020. These increases were partially offset by increased SG&A and Research and technical expenses of \$6.9 million. Favorable foreign currency exchange and increased other miscellaneous income positively impacted Segment EBITDA by \$4.9 million.

Performance Chemicals

<i>In millions</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Net sales				
Pavement Technologies product line	73.2	72.5	162.4	157.1
Industrial Specialties product line ⁽¹⁾	132.6	90.1	364.7	290.9
Engineered Polymers product line	52.9	25.3	143.6	93.2
Total Performance Chemicals - Net sales	\$ 258.7	\$ 187.9	\$ 670.7	\$ 541.2
Segment EBITDA	\$ 63.1	\$ 47.2	\$ 151.2	\$ 122.1

(1) Beginning in Q1 2021, we updated disaggregated revenue disclosures, combining certain product groups to reflect categories that depict how the nature, amount, and uncertainty of revenue and cash flows are affected by economic factors. As a result, Oilfield Technologies product line has been combined with the Industrial Specialties product line within the Performance Chemicals segment.

The table below shows the Net sales variances 2021 compared to 2020:

Performance Chemicals (<i>In millions, except percentages</i>)	Percentage change vs. prior year				
	Net sales	Total change	Currency effect	Price/Mix	Volume
Three months ended September 30, 2021	\$ 258.7	38 %	(1) %	12 %	27 %
Nine months ended September 30, 2021	\$ 670.7	24 %	— %	6 %	18 %

Three Months Ended September 30, 2021 vs. 2020

Segment net sales increase of \$70.8 million was driven mainly by favorable volume of \$50.1 million, consisting of volume increases in industrial specialties products (\$29.6 million), increases in engineered polymers products (\$22.2 million), and decreases in pavement technologies products (\$1.7 million). Segment net sales were also impacted by favorable pricing implemented during 2021 in response to raw material inflation as well as product sales mix for a net impact of \$22.6 million. The net price/mix impact was driven by increases in industrial specialties (\$12.4 million), engineered polymers (\$7.9 million), and pavement technologies (\$2.3 million). Additionally, unfavorable foreign currency exchange impacted Net sales by \$1.9 million.

Sales of our Pavement Technologies product line were up slightly compared to the previous year quarter, driven by continued adoption of our environmentally friendly cold recycling technology. Outside of North America, we realized strong sales growth in Europe but this was offset by a reduction in sales in China, which we attribute to temporarily reduced local government budgets, leading to curtailed paving activity.

Industrial Specialties sales rose 47%. Sales growth was driven by adhesives, lubricants and oilfield product sales. Adhesive sales growth was robust in both packaging adhesives and safety road striping. In the three months ended September 30, 2021, we saw the benefit of prior quarter price increases.

Sales of our Engineered Polymers product line rose over 100% due to improved volume for all primary end uses across the globe. We saw strong technology adoption and sales growth in protective coatings as well as in resins used in electric vehicle battery pads. In addition to volume growth, we also realized strong price improvement in Engineered Polymers which has been important to offset the inflation in raw material costs.

Segment EBITDA increased by \$15.9 million primarily due to an increase in volume of \$19.2 million, and favorable pricing and product mix of \$22.7 million. These favorable results were partially offset by higher manufacturing costs of \$15.8

million due to logistics, raw material price inflation, and energy, higher SG&A and Research and technical expenses of \$8.8 million, and unfavorable foreign currency exchange of \$1.4 million.

Nine Months Ended September 30, 2021 vs. 2020

Segment net sales increase of \$129.5 million was driven mainly by favorable volume of \$97.9 million, consisting of volume increases in industrial specialties products (\$58.1 million), increases in engineered polymers products (\$40.8 million), and decreases in pavement technologies products (\$1.0 million). Segment net sales were also impacted by favorable pricing implemented during 2021 in response to raw material inflation as well as product sales mix for a net impact of \$32.6 million. The net price/mix impact was driven by increases in industrial specialties (\$13.9 million), engineered polymers (\$13.3 million), and pavement technologies (\$5.4 million). Additionally, unfavorable foreign currency exchange impacted Net sales by \$1.0 million.

Segment EBITDA increased by \$29.1 million primarily due to an increase in volume of \$36.4 million and favorable pricing and product mix of \$31.8 million. These favorable drivers were partially offset by higher manufacturing costs of \$21.4 million due to logistics, raw material price inflation, and energy, higher SG&A and Research and technical expenses of \$15.5 million, and unfavorable foreign currency exchange of \$2.2 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 (loss), 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 Net income (loss), 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 interest expense, net, provision (benefit) for income taxes, depreciation, amortization, restructuring and other (income) charges, net, acquisition and other-related costs, certain litigation expenses, pension and postretirement settlement and curtailment (income) charges, net.

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 (loss) is set forth below.

Reconciliation of Net Income (Loss) to Adjusted EBITDA

<i>In millions</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Net income (loss) (GAAP)	\$ (4.2)	\$ 69.9	\$ 88.8	\$ 135.4
Interest expense, net	11.6	8.9	36.2	29.8
Provision (benefit) for income taxes	(4.8)	18.2	37.7	33.3
Depreciation and amortization - Performance Materials	8.9	8.0	26.9	22.5
Depreciation and amortization - Performance Chemicals	18.7	17.1	54.8	51.0
Restructuring and other (income) charges, net	4.1	5.5	12.3	13.3
Acquisition and other-related costs	0.2	—	0.9	1.7
Litigation expense	85.0	—	85.0	—
Adjusted EBITDA (Non-GAAP)	\$ 119.5	\$ 127.6	\$ 342.6	\$ 287.0

Adjusted EBITDA

Three and Nine Months Ended September 30, 2021 vs. 2020

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

<i>In millions</i>	2021 Guidance
Net sales	\$1,320 - \$1,360
Adjusted EBITDA	\$405 - \$420
Operating Cash Flow	\$300 - \$315
Capital Expenditures	\$100 - 115
Free Cash Flow*	~\$200

*Calculated as Operating Cash Flow less Capital Expenditures

Our fiscal year 2021 guidance for sales is \$1.32 to \$1.36 billion and adjusted EBITDA is \$405 to \$420 million. Our guidance for the remainder of the year reflects our lowered expectations for Performance Materials and our confidence in the continued strong demand for products in Performance Chemicals. For the remainder of 2021, we expect an ongoing shortage of microchips, continued logistics headwinds, and raw materials and energy inflation to be challenges. We continue to monitor supply and demand in the market and will pass through costs to ensure we extract the optimal value for our products.

A reconciliation of net income to adjusted EBITDA as projected for 2021 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; certain litigation expenses; additional pension and postretirement settlement and curtailment (income) charges; and revisions due to legislative tax rate changes. 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 our business is the cash flow provided by operating activities. 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 fund our planned operations and meet our interest and other contractual obligations for at least the next twelve months. As of September 30, 2021, our undrawn capacity under our revolving credit facility was \$497.7 million. Over the next twelve months, we expect to fund the following: interest payments, capital expenditures, expenditures related to our business transformation initiative, debt principal repayments, purchases pursuant to our stock repurchase program, income tax payments, and to incur additional spending associated with our Performance Materials' intellectual property litigation. In addition, we may also evaluate and consider strategic acquisitions, joint ventures, or other transactions to create stockholder value and enhance financial performance. 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 \$269.4 million at September 30, 2021. We continuously monitor deposit concentrations and the credit quality of the financial institutions that hold our cash and cash equivalents, as well as the credit quality of our 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, 2021 included \$79.2 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. 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. Management does not currently expect to repatriate cash earnings from our foreign operations in order to fund U.S. operations.

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 outstanding authorizations. Our 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 and nine months ended September 30, 2021, we repurchased \$32.2 million and \$100.3 million in common stock, representing 414,501 and 1,298,167 shares of our common stock at a weighted average cost per share of \$77.77 and \$77.25, respectively. At September 30, 2021, \$311.7 million remained unused under our Board-authorized repurchase program.

Capital Expenditures

Projected 2021 capital expenditures are \$100 - \$115 million. We have no material commitments associated with these projected capital expenditures as of September 30, 2021.

Cash flow comparison of Nine Months Ended September 30, 2021 and 2020

<i>In millions</i>	Nine Months Ended September 30,	
	2021	2020
Net cash provided by (used in) operating activities	\$ 217.0	\$ 199.1
Net cash provided by (used in) investing activities	(83.4)	(78.4)
Net cash provided by (used in) financing activities	(120.3)	14.8

Cash flows provided by (used in) operating activities

During the first nine months of 2021, cash flow provided by operations increased primarily due to higher earnings driven by the increase in net sales. The increase in net sales also drove higher accounts receivable and corresponding plant production that resulted in higher inventory levels, which negatively impacted the cash flow provided by operations compared to 2020. Below provides a description of the changes to working capital during the first nine months of 2021 (i.e. current assets and current liabilities).

Current Assets and Liabilities

<i>In millions</i>	September 30, 2021	December 31, 2020
Cash and cash equivalents	\$ 269.4	\$ 257.7
Accounts receivable, net	175.8	148.0
Inventories, net	228.3	189.0
Prepaid and other current assets	46.8	34.0
Total current assets	<u>\$ 720.3</u>	<u>\$ 628.7</u>

Current assets as of September 30, 2021 increased \$91.6 million compared to December 31, 2020, primarily due to increases in Accounts receivable, net and Inventories, net. Accounts receivable, net as of September 30, 2021, increased \$27.8 million due to increased sales during the quarter ended September 30, 2021 compared to the quarter ended December 31, 2020. Inventories increased by \$39.3 million mainly due to the build of inventory to support forecasted sales. Additionally, Cash and cash equivalents increased by \$11.7 million, and Prepaid and other current assets increased by \$12.8 million, primarily related to prepaid insurance and services.

<i>In millions</i>	September 30, 2021	December 31, 2020
Accounts payable	\$ 127.4	\$ 104.2
Accrued expenses	46.1	46.6
Accrued payroll and employee benefits	34.6	25.1
Current operating lease liabilities	16.4	16.2
Notes payable and current maturities of long-term debt	19.5	26.0
Income taxes payable	3.6	5.3
Total current liabilities	<u>\$ 247.6</u>	<u>\$ 223.4</u>

Current liabilities as of September 30, 2021, increased by \$24.2 million compared to December 31, 2020, primarily driven by an increase in Accounts payable and Accrued payroll and employee benefits. This increase was offset partially by decreases in Notes payable and current maturities of long-term debt, and Accrued expenses.

Cash flows provided by (used in) investing activities

Cash used by investing activities in the nine months ended September 30, 2021 was \$83.4 million and was primarily driven by capital expenditures. In the nine months ended September 30, 2021 and 2020, capital spending included the base maintenance capital supporting ongoing operations and growth and cost improvement spending primarily related to our business transformation initiative (refer to Note 12 within the condensed consolidated financial statements for more information). Also, during nine months ended September 30, 2021, we acquired a strategic equity investment in a privately-held company for \$16.5 million.

Capital expenditure categories

<i>In millions</i>	Nine Months Ended September 30,	
	2021	2020
Maintenance	\$ 29.9	\$ 31.8
Safety, health and environment	8.7	9.3
Growth and cost improvement	27.8	9.9
Total capital expenditures	\$ 66.4	\$ 51.0

Cash flows provided by (used in) financing activities

Cash used in financing activities in the nine months ended September 30, 2021 was \$120.3 million and was driven by the repurchase of common stock of \$100.3 million, payments on long-term borrowings of \$18.8 million, and tax payments related to withholdings on restricted stock unit vestings of \$2.4 million. Cash provided by financing activities in the nine months ended September 30, 2020 was \$14.8 million and was primarily driven by net borrowings of \$38.8 million from 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.

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, 2020 can be found in a table included within Part II, Item 7 of our 2020 Annual Report. Except as described above, there have been no material changes to our contractual commitments during the nine months ended September 30, 2021.

New Accounting Guidance

Refer to the Note 2 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 2020 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 2020 Annual Report.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Foreign currency exchange rate risk

We have non-U.S.-based operations, primarily in Europe, South America and Asia, which accounted for approximately 25 percent of our net sales in the first nine months of 2021. We have designated the local currency as the functional currency of our significant operations outside of the U.S. The primary currencies for which we have exchange rate exposure are the U.S. dollar versus the euro, the Japanese yen, the pound sterling, and the Chinese renminbi. In addition, our domestic operations have sales to foreign customers, and 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 our foreign currency denominated transactions are translated into U.S. dollars. In some cases, we use foreign exchange forward contracts to hedge firm and highly anticipated foreign currency cash flows. Our largest exposures are to the Chinese renminbi and the euro. A hypothetical 10 percent change in the average Chinese renminbi and euro to U.S. dollar exchange rates during the nine months ended September 30, 2021, would have impacted our net sales and income before income taxes by approximately \$15.6 million or two percent, and \$6.9 million or five percent, respectively.

Interest rate risk

As of September 30, 2021, approximately \$333 million of our borrowings 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, 2021 would increase our annual interest expense by approximately \$3.3 million or seven percent.

As of September 30, 2021, we have entered into interest rate swaps with an aggregate notional amount of \$166.2 million to limit exposure to 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 the interest rate swap, we receive floating rate interest payments based upon three-month U.S. dollar LIBOR and in return are obligated to pay interest at a fixed rate of 3.79 percent until July 2023. The fair value of the interest rate swap was an asset (liability) of \$(6.0) million and \$(8.9) million at September 30, 2021 and December 31, 2020, respectively.

Other market risks

Information about our other remaining market risks for the period ended September 30, 2021 does not differ materially from that discussed under Item 7A of our 2020 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, 2021, Ingevity's Chief Executive Officer ("CEO") and Chief Financial Officer ("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, 2021 that has materially affected, or is reasonably likely to materially affect, Ingevity's internal control over financial reporting.

We are implementing a new global enterprise resource planning ("ERP") system, which will replace our existing operating and financial systems. The implementation is expected to occur in multiple phases beginning in fiscal year 2022. 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

Information regarding certain of these matters is set forth below and in Note 14 – Commitments and Contingencies within the condensed consolidated financial statements.

ITEM 1A. RISK FACTORS

Part I, Item 1A, “Risk Factors” of our most recently filed Annual Report on Form 10-K for the fiscal year ended December 31, 2020 sets forth information relating to important risks and uncertainties that could materially adversely affect the Company’s business, financial condition and operating results.

The following risk factors are being provided to supplement and update the risk factors set forth in Part I, Item 1A, “Risk Factors” of the Company’s most recently filed Annual Report on Form 10-K for the fiscal year ended December 31, 2020:

The jury verdict rendered against the Company in its infringement lawsuit involving BASF Corporation may have an adverse effect on the Company’s business, financial condition and operating results.

On Sept. 15, 2021, a jury in the lawsuit filed by the Company against BASF Corporation for patent infringement in the United States District Court for the District of Delaware (the “Delaware Proceeding”) issued a verdict in favor of BASF on certain counterclaims filed by BASF in the Delaware Proceeding. The jury awarded BASF damages of approximately \$28.3 million, which will be trebled under U.S. antitrust law to approximately \$85 million. In addition, BASF may seek pre- and post-judgment interest and attorneys’ fees and costs in amounts that they will have to prove at a future date. Earlier in the Delaware Proceeding, the U.S. District Court dismissed the Company’s patent infringement claims against BASF, and the case proceeded to trial on the BASF counterclaims. The Company disagrees with the outcome, including the court’s application of the law, and it intends to seek judgment as a matter of law in the Delaware Proceeding post-trial briefing stage and on appeal, if necessary. The Company also intends to challenge the District Court’s previous dismissal of the Company’s patent infringement claims against BASF in the Delaware Proceedings. Final resolution of these matters could take several months up to two years.

Because the outcome of the Company’s post-trial motions and possible appeal is difficult to predict, as of September 30, 2021, the Company has accrued a total of \$85 million, the full amount of the jury’s verdict. The amount of any liability the Company may ultimately incur related to the Delaware Proceeding could be more or less than the amount accrued. The Company has and may continue to incur additional fees, costs and expenses for as long as the post-trial motions and possible appeal are ongoing. If the Company is required to pay the entire jury verdict (together with any associated fees, costs and expenses), or the Company must make certain changes to its business when the matters associated with the Delaware Proceeding are eventually resolved, such outcomes could have an adverse effect on the Company’s business, financial condition and operating results.

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. Furthermore, primarily during the first half of 2020, the COVID-19 pandemic led to a significant reduction in vehicle production and vehicles sales were negatively impacted by government shutdown orders and stay-at-home directives. Additionally, microchip shortages during 2021 have resulted in reduced vehicle production and as a result vehicle sales, and our operating results, have been negatively impacted. We currently anticipate this negative impact to continue throughout 2022. 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 products. Additionally, if the COVID-19 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 COVID-19 pandemic impacts our results will depend on future developments, which are highly uncertain and cannot be predicted, including the severity of the COVID-19 pandemic, actions to contain COVID-19 or treat its impact, among others.

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

Issuer Purchases of Equity Securities

The following table summarizes information with respect to the purchase of our common stock during the three months ended September 30, 2021.

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs ⁽¹⁾
July 1-31, 2021	263,747	\$ 80.97	263,747	\$ 322,617,099
August 1-31, 2021	—	\$ —	—	\$ 322,617,099
September 1-30, 2021	150,754	\$ 72.16	150,754	\$ 311,739,317
Total	414,501		414,501	

(1) On February 28, 2020, our Board of Directors authorized the repurchase of up to \$500.0 million of our common stock. We currently do not have any specific timetable or price targets for repurchasing shares, and may suspend or terminate the program 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.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

On October 25, 2021, our Board of Directors approved and adopted the Second Amended and Restated Bylaws of the Company (the “Second Amended and Restated Bylaws”), which further amend and restate the Company’s previously adopted bylaws. The amendments and clarifications set forth in the Second Amended and Restated Bylaws address, among other things:

- the use of gender neutral terms when referring to particular positions, offices or title holders;
- the Board of Directors’ ability to call stockholder meetings by remote communication (including virtually);
- the ability of the Board of Directors to set procedures for conducting stockholder meetings, including (but not limited to) imposing restrictions on recording devices, limitations on attendance and time allotted for participants to speak; and
- certain documentation, stock ownership and procedural requirements relating to the proposal of business or the nomination of director candidates by the Company’s stockholders at an annual or special meeting of stockholders.

The foregoing summary of the amendments contained in the Second Amended and Restated Bylaws does not purport to be complete or comprehensive, and such summary is qualified in its entirety by reference to the full text of the Second Amended and Restated Bylaws. A copy of the Second Amended and Restated Bylaws is attached as Exhibit 3.2 to this Quarterly Report on Form 10-Q and is incorporated herein by reference.

ITEM 6. EXHIBITS

Exhibit No.	Description of Exhibit
<u>3.1*</u>	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).
<u>3.2</u>	Second Amended and Restated Bylaws of Ingevity Corporation, effective as of October 26, 2021.
<u>31.1</u>	Rule 13a-14(a)/15d-14(a) Certification of the Company's Principal Executive Officer.
<u>31.2</u>	Rule 13a-14(a)/15d-14(a) Certification of the Company's Principal Financial Officer.
<u>32.1</u>	Section 1350 Certification of the Company's Principal Executive 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.
<u>32.2</u>	Section 1350 Certification of the Company's 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

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/ MARY DEAN HALL

Mary Dean Hall

Executive Vice President and Chief Financial Officer
(Principal Financial Officer and Duly Authorized Officer)

Date: October 28, 2021

**SECOND AMENDED AND RESTATED BYLAWS
OF
INGEVITY CORPORATION**

EFFECTIVE AS OF OCTOBER 25, 2021

**ARTICLE I
MEETINGS OF STOCKHOLDERS**

Section 1.1 *Place of Meetings.* The annual meeting of stockholders for the election of directors and all special meetings for that or for any other purpose shall be held at such time and place, either within or without the State of Delaware as may from time to time be designated by the Board of Directors. The Board of Directors may, in its sole discretion, determine that such meeting shall, in addition to or instead of a physical meeting, be held by means of remote communication (including virtually) as provided under the Delaware General Corporation Law.

Section 1.2 *Annual Meetings.* The annual meeting of stockholders for elections of directors, and for the transaction of such other business as may be required or authorized to be transacted by stockholders, shall be held on such date and time as designated from time to time by the Board of Directors.

Section 1.3 *Special Meetings.* A special meeting of stockholders for any purpose may be called at any time only by a majority of the Board of Directors, by the chair of the Board of Directors (the “Chair of the Board”), by the Chief Executive Officer or by the holders of at least 50 percent of the voting power of the then outstanding common stock, par value \$0.01 per share, of the Corporation. Stockholders may call a special meeting of stockholders in accordance with the foregoing by delivering to the Secretary notice of such request (which notice shall include the purpose for which such special meeting is being called) signed by the holders of the required percentage of shares. If the stockholders call a special meeting of stockholders in accordance with the foregoing, the Board of Directors shall have the exclusive right and power to do the following with respect to such special meetings: (a) fix the record date for the determination of whether the holders of the required percentage of shares has called a special meeting, (b) fix the date and time of such special meeting which date shall be no more than 180 days after the date on which the Secretary received notice of the request for a special meeting and (c) fix the record date for determining the stockholders entitled to vote at the special meeting, in accordance with Section 6.4 of these Bylaws. At any such special meeting the only business transacted shall be in accordance with the purposes specified in the notice calling such meeting.

Section 1.4 *Notice of Meetings.* Except as may otherwise be provided by statute or the Certificate of Incorporation, the Secretary or an Assistant Secretary shall cause written notice of the place, date and hour for holding each annual and special meeting of stockholders to be given not less than ten days nor more than sixty days before the date of the meeting to each stockholder entitled to vote at such meeting by mailing the notice, postage prepaid, to the stockholder at such stockholder’s post office address as it appears on the records of the Corporation. Notice of each special meeting shall contain a statement of the purpose or purposes for which the meeting is called. Except as otherwise provided by statute, no notice of an adjourned meeting need be given

other than by announcement at the meeting which is being adjourned of the time and place of the adjourned meeting.

Section 1.5 *Postponement.* Any previously scheduled annual or special meeting of stockholders may be postponed by resolution of the Board of Directors, upon public notice given prior to the date scheduled for such meeting.

Section 1.6 *Quorum.* The holders of shares of the outstanding stock of the Corporation representing a majority of the total votes entitled to be cast at any meeting of stockholders, if present in person or by proxy, shall constitute a quorum for the transaction of business unless a larger proportion shall be required by statute or the Certificate of Incorporation. The chair of a meeting (the “Chair of a meeting”) of stockholders may adjourn such meeting from time to time, whether or not there is a quorum of stockholders at such meeting. In the absence of a quorum at any stockholders’ meeting, the stockholders present in person or by proxy and entitled to vote may, by majority vote, adjourn the meeting from time to time until a quorum shall attend. At any such adjourned meeting, at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally called. The lack of the required quorum at any meeting of stockholders for action upon any particular matter, shall not prevent action at such meeting upon other matters which may properly come before the meeting, if the quorum required for taking action upon such other matters shall be present.

Section 1.7 *Chair; Secretary; Conduct of Meetings.*

(A) The Chair of the Board shall call meetings of the stockholders to order and shall act as Chair of such meeting. If there is no Chair of the Board, or in the event of the Chair’s absence or disability, the president of the Corporation (the “President”), or in the event of the President’s absence or disability, one of the Executive Vice Presidents (in order of first designation as an Executive Vice President) present, or in absence of all Executive Vice Presidents, one of the Senior Vice Presidents (in order of first designation as a Senior Vice President) present, or in the absence also of all Senior Vice Presidents, one of the Vice Presidents (in order of first designation as a Vice President) present, shall call meetings of the stockholders to order and shall act as Chair thereof. The Secretary of the Corporation, or any person appointed by the Chair of the meeting, shall act as Secretary of the meeting of stockholders.

(B) The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced at the meeting by the Chair of the meeting. The Board of Directors may adopt such rules and regulations for the conduct of any meeting of stockholders as it shall deem appropriate. Except to the extent inconsistent with these Bylaws or such rules and regulations as adopted by the Board of Directors, the Chair of the meeting shall have the right and authority to convene and to adjourn the meeting to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such Chair, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the Chair of the meeting, may include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) rules and procedures for maintaining order at the meeting and the safety of those present; (iii) limitations on attendance at or participation in the meeting to stockholders of

record of the Corporation, their duly authorized and constituted proxies or such other persons as the Chair of the meeting shall determine; (iv) restrictions on entry to the meeting after the time fixed for the commencement thereof; (v) limitations on the time allotted to questions or comments by participants and (vi) restrictions on the use of cell phones, audio or video recording devices and similar devices at the meeting. Unless and to the extent determined by the Board of Directors or the Chair of the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

Section 1.8 *Inspectors of Election.* The Board of Directors in advance of any meeting of stockholders shall appoint one or more inspectors of election to act at such meeting or any adjournment thereof. In the event of the failure of the Board of Directors to make such appointment(s), or if any inspector shall for any reason fail to attend or to act at any meeting, or shall for any reason cease to be an inspector before completion of such inspector's duties, the appointment(s) shall be made by the Chair of the meeting.

Section 1.9 *Voting.* At each meeting of the stockholders each stockholder entitled to vote thereat shall, except as otherwise provided in the Certificate of Incorporation, be entitled to one vote in person or by proxy for each share of the stock of the Corporation registered in such stockholder's name on the books of the Corporation on the date fixed pursuant to Section 6.4 of these Bylaws as the record date fixed for such meeting.

At each meeting of the stockholders at which a quorum is present, all matters (except as otherwise provided in Section 2.2, 2.3 or Section 7.7 of these Bylaws, in the Certificate of Incorporation, or by statute) shall be decided by the affirmative vote of the majority of the shares present in person or represented by proxy at such meeting and entitled to vote on the subject matter.

The Board of Directors, in its discretion, or the Chair of the meeting, in the Chair's discretion, may require that any votes cast at such meeting shall be by written ballot.

Section 1.10 *Meeting Required.* Any action by stockholders of the Corporation shall be taken at a meeting of stockholders and no corporate action may be taken by written consent of stockholders entitled to vote upon such action.

Section 1.11 *Notification of Proposals and Nominations.*

(A) Nominations of persons for election to the Board of Directors and the proposal of business to be considered by the stockholders may be made at an annual meeting of stockholders only: (i) pursuant to the Corporation's notice of meeting, (ii) by or at the direction of the Board of Directors or (iii) by any stockholder of the Corporation who is a stockholder of record (x) at the time of giving of notice provided for in this Bylaw, (y) on the record date for the determination of stockholders of the Corporation entitled to vote at the meeting and (z) at the time of such meeting and who complies with the notice procedures set forth in this Section 1.11.

(B) For nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to Section 1.11(A)(iii), the stockholder must have given

timely notice thereof in writing to the Secretary of the Corporation and such other business must otherwise be a proper matter for stockholder action. To be timely, a stockholder's notice shall be delivered to the Secretary of the Corporation not later than the close of business on the 90th day nor earlier than the close of business on the 120th day prior to the first anniversary of the preceding year's annual meeting, provided, however, that in the event that the date of the annual meeting is more than 30 days before or more than 60 days after such anniversary date, notice by the stockholder to be timely must be delivered not earlier than the close of business on the 120th day prior to such annual meeting and not later than the close of business on the later of the 90th day prior to such annual meeting or the seventh day following the day on which public announcement of the date of such meeting is first made by the Corporation. With respect to a special meeting of stockholders to be held for the purpose of electing directors, to be timely, a stockholder's notice of any nomination (i) shall be delivered to the Secretary of the Corporation not later than the close of business on the seventh day following the date on which public announcement of the date of such special meeting is first made by the Corporation and (ii) must comply with the notice procedures set forth in Section 1.11(C)-(I). In no event shall the public announcement of an adjournment of an annual or special meeting commence a new time period for the giving of a stockholder's notice as described above. For the avoidance of doubt, a stockholder shall not be entitled to make additional or substitute nominations following the expiration of the time periods set forth in these Bylaws.

(C) Such stockholder's notice pursuant to this Section 1.11 shall set forth:

(1) as to any business that the stockholder proposes to bring before the meeting, (a) a brief description of the business desired to be brought before the meeting, (b) the text, if any, of the proposal or business (including the text of any resolutions proposed for consideration and in the event such business includes a proposal to amend these Bylaws, the language of the proposed amendment), (c) the reasons for conducting such business at the meeting and any material interest in such business of such Holder and any Stockholder Associated Person (as such terms are defined below) and (d) a description of all agreements, arrangements and understandings between such Holder and any Stockholder Associated Proposal and any other person or persons (including their names) in connection with the proposal of such business by such stockholder;

(2) as to the stockholder giving the notice (the "Noticing Stockholder") and the beneficial owner, if any, on whose behalf the proposal is made (collectively with the Noticing Stockholder, the "Holders" and each, a "Holder") (a) the name and address of each Holder, as they appear on the Corporation's books, and the name and address of any Stockholder Associated Person, (b) (i) the class and number of shares of the Corporation which are, directly or indirectly, owned beneficially and of record by each Holder and Stockholder Associated Person (provided, that for purposes of this Section 1.11, any such person shall in all events be deemed to beneficially own any shares of the Corporation as to which such person has the right to acquire beneficial ownership of at any time in the future), (ii) any option, warrant, convertible security, stock appreciation right, or

similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class of shares of the Corporation or with a value derived in whole or in part from the value of any class of shares of the Corporation, whether or not such instrument or right shall be subject to settlement in the underlying class of capital stock of the Corporation or otherwise (a “Derivative Instrument”) directly or indirectly owned beneficially by such Holder and any Stockholder Associated Person and any other direct or indirect opportunity to profit or share in any profit derived from any increase or decrease in the value of shares of the Corporation, (iii) any proxy, contract, arrangement, understanding, or relationship pursuant to which each Holder and any Stockholder Associated Person has a right to vote or has granted a right to vote any shares of any security of the Corporation, (iv) any “Short Interest” held by each Holder and any Stockholder Associated Person presently or within the last 12 months in a security of the Corporation (for purposes of these Bylaws a person shall be deemed to have a “Short Interest” in a security if such person directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has the opportunity to profit or share in any profit derived from any decrease in the value of the subject security), (v) any agreement, arrangement or understanding (including any contract to purchase or sell, acquisition or grant of any option, right or warrant to purchase or sell, swap or other instrument) between and among each Holder and/or any Stockholder Associated Person, on the one hand, and any person acting in concert with any such person, on the other hand, with the intent to, or the effect of which may be to, transfer to or from any such person, in whole or in part, any of the economic consequences of ownership of any security of the Corporation or to increase or decrease the voting power of any such person with respect to any security of the Corporation, (vi) any direct or indirect legal, economic or financial interest (including Short Interest) of each Holder and any Stockholder Associated Person in the outcome of any vote to be taken (x) at any annual meeting or special meeting or (y) any meeting of stockholders of any other entity with respect to any matter that is related, directly or indirectly, to any nomination or business proposed by any Holder under this Bylaw, (vii) any rights to dividends on any security of the Corporation owned beneficially by each Holder and any Stockholder Associated Person that are separated or separable from the underlying shares of the Corporation, (viii) any proportionate interest in any security of the Corporation or Derivative Instruments held, directly or indirectly, by a general or limited partnership in which any Holder or Stockholder Associated Person is a general partner or, directly or indirectly, beneficially owns an interest in a general partner or is the managing member or directly or indirectly, beneficially owns any interest in the manager or managing member of a limited liability company or similar entity, (ix) any performance-related fees (other than an asset-based fee) that each Holder and any Stockholder Associated Person is entitled to based on any increase or decrease in the value of any security of the Corporation or Derivative Instruments, if any, as of the date of such notice, and (x) any direct or indirect legal, economic or financial interest (including Short Interest) in any principal competitor of the

Corporation held by each Holder and any Stockholder Associated Person (the foregoing clauses (2)(b)(i) through 2(b)(x) of this Section 1.11(C) shall be referred to as the “Ownership Information”), (c) a representation by the Noticing Stockholder that such stockholder is a holder of record of stock of the Corporation entitled to vote at such meeting, will continue to be a stockholder of record of the Corporation entitled to vote at such meeting through the date of such meeting and intends to appear in person or by proxy at the meeting to propose such business or nomination, (d) a representation as to whether any Holder and/or any Stockholder Associated Person intends or is part of a group which intends (X) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Corporation’s outstanding capital stock required to approve or adopt the proposal or elect any nominee and/or (Y) otherwise to solicit proxies from stockholders in support of such proposal or nomination or nominations, (e) a certification that each Holder and any Stockholder Associated Person has complied with all applicable federal, state and other legal requirements in connection with its acquisition of shares or other securities of the Corporation and such person’s acts or omissions as a stockholder of the Corporation, (f) the names and addresses of other stockholders (including beneficial owners) known by any of the Holder or Stockholder Associated Person to support such proposal or nomination or nominations, and to the extent known the class and number of all shares of the Corporation’s capital stock owned beneficially or of record by such other stockholder(s) or other beneficial owner(s), (g) a representation as to the accuracy of the information set forth in the notice, and (h) any other information relating to such Holder and any Stockholder Associated Person, if any, that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for, as applicable, the proposal and/or for the election of directors in a contested election pursuant to Section 14 of the Securities Exchange Act of 1934 (the “Exchange Act”) and the rules and regulations promulgated thereunder; and

(3) as to each person to be nominated for election or reelection to the Board of Directors: (a) the name, age, business address and residence address of such person, (b) the principal occupation or employment of such person (present and for the past five years), (c) the Ownership Information for such person and any member of the immediate family of such person, or any Affiliate or Associate of such person, or any person acting in concert therewith, (d) a complete and accurate description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings (whether written or oral) during the past three years, and any other material relationships, between or among any Holder and/or any Stockholder Associated Person, on the one hand, and each proposed nominee, and such nominee’s respective Affiliates and Associates, or others acting in concert therewith, on the other hand, including, without limitation, all biographical and related party information that would be required to be disclosed pursuant to federal and state securities laws, including, Rule 404 promulgated under Regulation S-K, if the Holder or any Stockholder

Associated Person were the “registrant” for purposes of such rule and the nominee were a director or executive officer of such registrant, (e) all other information regarding each nominee of the Holders that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for the election of directors in a contested election pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder (including such person’s written consent to being named in the proxy statement as a nominee), (f) the consent of each nominee to serve as a director of the Corporation for a full term if so elected and (g) with respect to each nominee for election or reelection to the Board of Directors, a completed and signed questionnaire, representation and agreement and any and all information, in each case as required by Section 1.11(D).

(D) To be eligible to be a nominee for election or reelection as a director, a proposed nominee must deliver in writing (in accordance with the time periods prescribed for delivery of notice under this Section 1.11) to the Secretary (i) a written questionnaire with respect to the background and qualification of such person and the background of any other person or entity on whose behalf the nomination is being made (which questionnaire shall be provided by the Secretary upon written request of any stockholder of record identified by name within five business days) and (ii) a written representation and agreement (in the form provided by the Secretary upon written request of any stockholder of record identified by name within five business days) that such person (a) is not and will not become a party to (1) any agreement, arrangement or understanding (whether written or oral) with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director, will act or vote on any issue or question (a “Voting Commitment”) that has not been disclosed to the Corporation or (2) any Voting Commitment that could limit or interfere with such person’s ability to comply, if elected as a director, with such person’s fiduciary duties under applicable law, (b) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director that has not been disclosed to the Corporation, and (c) in such person’s individual capacity and on behalf of any person or entity on whose behalf the nomination is being made, would be in compliance, if elected as a director, and will comply with all applicable rules of the exchanges upon which the securities of the Corporation are listed and all applicable publicly disclosed corporate governance, conflict of interest, confidentiality and stock ownership and trading policies and guidelines of the Corporation.

(E) A Noticing Stockholder shall further update and supplement its notice of any nomination or other business proposed to be brought before an annual meeting or special meeting, if necessary, so that the information provided or required to be provided in such notice pursuant to Section 1.11 shall be true and correct (i) as of the record date for the meeting and (ii) as of the date that is ten business days prior to the meeting or any adjournment, recess, rescheduling or postponement thereof. Such update and supplement shall be delivered to the Secretary not later than three business days after the later of the record date or the date notice of the record date is first publicly announced (in the case of the update and supplement required to

be made as of the record date for the meeting) and not later than seven business days prior to the date for the meeting, if practicable (or, if not practicable, on the first practicable date prior to the meeting), or any adjournment, recess, rescheduling or postponement thereof (in the case of the update and supplement required to be made as of ten business days prior to the meeting or any adjournment, recess, rescheduling or postponement thereof).

(F) The Corporation may also, as a condition to any such nomination or business being deemed properly brought before an annual meeting or special meeting, require any Holder or any proposed nominee to deliver to the Secretary, within five business days of any such request, such other information as may reasonably be requested by the Corporation, including, without limitation, such other information (i) as may be reasonably required by the Board of Directors, in its sole discretion, to determine (A) the eligibility of such proposed nominee to serve as a director and (B) whether such nominee qualifies as an “independent director” or “audit committee financial expert” under applicable law, securities exchange rule or regulation, or any publicly disclosed corporate governance guideline or committee charter of the Corporation and (ii) that the Board of Directors determines, in its sole discretion, could be material to a reasonable stockholder’s understanding of the independence, or lack thereof, of such nominee.

(G) Only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 1.11. Except as otherwise provided by law, the Chair of the meeting shall have the power and duty to determine whether any proposed nomination or business was made or proposed in accordance with the procedures set forth in this Section 1.11 and, if any proposed nomination or business is not in compliance with this Section 1.11, to declare that such defective nomination or proposal shall be disregarded. Notwithstanding anything to the contrary in these Bylaws, if the Noticing Stockholder (or a qualified representative of such stockholder) does not appear at the annual meeting or special meeting, as applicable, to present a nomination or business, such nomination shall be disregarded and such proposed business shall not be transacted, notwithstanding that proxies in respect of such vote may have been received by the Corporation.

(H) For purposes of this Section 1.11, (i) “public announcement” shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act (ii) the “close of business” on a particular day shall mean 5:00 p.m. local time in North Charleston, South Carolina on such day, and if an applicable deadline falls on the close of business on a day that is not a business day, then the applicable deadline shall be deemed to be the close of business on the immediately preceding business day, (iii) “delivery” of any notice or materials by a stockholder as required to be “delivered” under this Section 1.11 shall be made by both (A) hand delivery, overnight courier service, or by certified or registered mail, return receipt required, in each case, to the Secretary at the principal executive offices of the Corporation and (B) electronic mail to the Secretary, (iv) “business day” shall mean each Monday, Tuesday, Wednesday, Thursday, and Friday that is not a day on which banking institutions in North Charleston, South Carolina are authorized or obligated by law or executive order to close, (v) “Affiliate” shall have the meaning attributed to such term in Rule 12b-2 under the Exchange Act,

(vi) “Associate” shall have the meaning attributed to such term in Rule 12b-2 under the Exchange Act, and (vii) “Stockholder Associated Person” shall mean as to any Holder (a) any person acting in concert with such Holder, (b) any person controlling, controlled by or under common control with such Holder or any of their respective Affiliates and Associates, or person acting in concert therewith and (c) any member of the immediate family of such Holder or an affiliate or associate of such person.

(I) Notwithstanding the foregoing provisions of this Section 1.11, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 1.11. Nothing in this Section 1.11 shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation’s proxy statement pursuant to Rule 14a-8 under the Exchange Act.

ARTICLE II BOARD OF DIRECTORS

Section 2.1 *General Powers, Number; Vacancies; New Directorships:* The business and property of the Corporation shall be managed and controlled by the Board of Directors. The Board of Directors shall consist of a number of directors to be determined from time to time only by resolution adopted by the Board of Directors.

Subject to the rights of the holders of any series of Preferred Stock to elect additional directors under specified circumstances, and unless the Board of Directors otherwise determines, any vacancy resulting from death, resignation, retirement, disqualification, removal from office or other cause, and any newly created directorships resulting from any increase in the authorized number of directors, may be filled only by the affirmative vote of a majority of the remaining directors, though less than a quorum of the Board of Directors, and any director so chosen shall hold office for the remainder of the term that was being served by the director whose absence creates the vacancy, or, in the case of a vacancy created by an increase in the number of directors, a term expiring at the next annual meeting of stockholders, and in each case until such director’s successor shall have been duly elected and qualified. No decrease in the number of authorized directors constituting the total number of directors which the Corporation would have if there were no vacancies shall shorten the term of any incumbent director.

Section 2.2 *Election of Directors; Term of Office.* Subject to Section 2.1 of this Article, directors shall be elected annually in the manner provided in these Bylaws. At each annual or special meeting of the stockholders for the election of directors, at which a quorum is present, each director shall be elected by the vote of the majority of the votes cast, provided that if as of a date that is fourteen (14) days in advance of the date the Corporation files its definitive proxy statement (regardless of whether or not thereafter revised or supplemented) with the Securities and Exchange Commission the number of nominees exceeds the number of directors to be elected, the directors shall be elected by the vote of a plurality of the shares represented in person or by proxy at any such meeting and entitled to vote on the election of directors. For purposes of this Section 2.2, a majority of the votes cast means that the number of shares voted “for” a director must exceed the number of votes cast “against” that director. The Nominating, Governance and Sustainability Committee has established procedures under which any director

who is not elected shall offer to tender such director's resignation to the Chair of the Board and the Nominating, Governance and Sustainability Committee.

Section 2.3 *Removal of Directors.* Subject to the rights of the holders of any series of Preferred Stock to elect additional directors under specified circumstances, any director, or the entire Board of Directors, may be removed from office at any time by the affirmative vote of the holders of a majority of the voting power of the then outstanding Voting Stock, voting together as a single class.

Section 2.4 *Place of Meetings.* The Board of Directors may hold its meetings at such place or places, within or without the State of Delaware, as it may from time to time determine. In the absence of any such determination, such meetings shall be held at the principal business office of the Corporation. Any meeting may be held upon direction to the Secretary by the Chair of the Board, or, in the Chair's absence, by the President at any place, provided that notice of the place of such meeting, whether regular or special, shall be given in the manner provided in Section 2.7 of this Article unless such notice is not required by reason of Section 2.5 of these Bylaws.

Section 2.5 *Regular Meetings.* Regular meetings of the Board of Directors shall be held in each year on such dates as a resolution of the Board of Directors may designate at the beginning of each year. Any regular meeting of the Board may be dispensed with upon order of the Board of Directors, or by the Chair of the Board, or, in the Chair's absence, the President if notice thereof is given to each director at least one day prior to the date scheduled for the meeting. If any day fixed for a regular meeting shall be a legal holiday, then such meeting shall be held on the next succeeding business day not a legal holiday. No notice shall be required for any regular meeting of the Board, except that notice of the place of such meeting shall be given (as provided in Section 2.7) if such meeting is to be held at a place other than the principal business office of the Corporation or if the meeting is held on a date other than that established at the beginning of each year by a resolution of the Board of Directors.

Section 2.6 *Special Meetings.* Special meetings of the Board of Directors shall be held whenever called by the direction of the Chair of the Board, the Chief Executive Officer, an Executive Vice President, or a majority of the Board of Directors then in office.

Section 2.7 *Notice of Special Meetings.* Notice of the place, day and hour of every special meeting of the Board of Directors and, if required by Section 2.5 of these Bylaws, of a regular meeting of the Board of Directors shall be given by the Secretary or an Assistant Secretary to each director at least twelve hours before the meeting, by electronic transmission, by telephone, telegraph or cable, telecopier or e-mail, or by delivery to such director personally or to such director's residence or usual place of business, or by mailing such notice at least three days before the meeting, postage prepaid, to such director at such director's last known post office address according to the records of the Corporation. Except as provided by statute, or by Section 4.3 or Section 7.7 of these Bylaws, such notice need not state the business to be transacted at any special meeting. No notice of any adjourned meeting of the Board of Directors need be given. A meeting may be held at any time without notice if all the directors are present or if those not present waive notice of the meeting in accordance with Section 7.6 of these Bylaws. For

purposes of this Section 2.7, “electronic transmission” means any form of communication, not directly involving the physical transmission of paper, that creates a record that may be retained, retrieved, and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such recipient through an automated process or that otherwise may be permitted as an electronic transmission by the Delaware General Corporation law, as amended from time to time.

Section 2.8 *Quorum and Manner of Acting.* A whole number of directors equal to at least a majority of the total number of directors as determined by resolution in accordance with Section 2.1, regardless of any vacancies, shall constitute a quorum for the transaction of business at any meeting except to fill vacancies in accordance with Section 2.1 of this Article, and the act of a majority of the directors present at any meeting at which a quorum is present shall be the act of the Board of Directors unless otherwise provided by statute or these Bylaws. In the absence of a quorum, a majority of the directors present may adjourn the meeting from time to time without further notice until a quorum be had. At any such adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally scheduled. The directors present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough directors to leave less than a quorum.

Section 2.9 *Chair; Secretary.* At each meeting of the Board of Directors, the Chair of the Board shall act as Chair of such meeting. If there is no Chair of the Board, or in the event of the Chair’s absence or disability, the Lead Independent Director or in the Lead Independent Director’s absence or disability, the President or in the President’s absence or disability, one of the Executive Vice Presidents who is also a director, or in their absence, a director chosen by a majority of the directors present, shall act as Chair. The Secretary, or in the Secretary’s absence or disability, an Assistant Secretary, or any person appointed by the Chair of the meeting, shall act as Secretary of the meeting.

Section 2.10 *Compensation.* Each director except a director who is an active employee of the Corporation in receipt of a salary shall be paid such sums as director’s fees as shall be fixed by the Board of Directors. Each director may be reimbursed for all expenses incurred in attending meetings of the Board of Directors and in transacting any business on behalf of the Corporation as a director. Nothing in this Section 2.10 shall be construed to preclude a director from serving the Corporation in any other capacity and receiving compensation therefor.

Section 2.11 *Indemnification and Insurance.* Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a “proceeding”), by reason of the fact that such person or a person of whom such person is the legal representative is or was, at any time during which these Bylaws are in effect (whether or not such person continues to serve in such capacity at the time any indemnification or payment of expenses pursuant hereto is sought or at the time any proceeding relating thereto exists or is brought), a director or officer of the Corporation or is or was serving at the request of the Corporation as a director, officer, trustee, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans maintained or sponsored by

the Corporation (hereinafter, an “indemnitee”), whether the basis of such proceeding is alleged action in an official capacity as a director, officer, trustee, employee or agent or in any other capacity while serving as a director, officer, trustee, employee or agent, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the General Corporation Law of the State of Delaware as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than said law permitted the Corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys’ fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such person in connection therewith and such indemnification shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of such person’s heirs, executors and administrators; provided, however, that except as provided in paragraph (C) of this Bylaw, the Corporation shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the Board of Directors. The right to indemnification conferred in this Bylaw shall include the right to be paid by the Corporation the expenses incurred in defending any such proceeding in advance of its final disposition, such advances to be paid by the Corporation within twenty (20) days after the receipt by the Corporation of a statement or statements from the claimant requesting such advance or advances from time to time; provided, however, that if the General Corporation Law of the State of Delaware requires, the payment of such expenses incurred by a director or officer in such person’s capacity as a director or officer (and not in any other capacity in which service was or is rendered by such person while a director or officer, including, without limitation, service to an employee benefit plan) shall be made only upon delivery to the Corporation of an undertaking (hereinafter, the “undertaking”) by or on behalf of such director or officer, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right of appeal (a “final disposition”) that such director or officer is not entitled to be indemnified for such expenses under this Bylaw or otherwise. The rights conferred upon indemnitees in this Bylaw shall be contract rights and such rights shall continue as to an indemnitee who has ceased to be a director, officer, trustee, employee or agent and shall inure to the benefit of the indemnitee’s heirs, executors and administrators.

(B) To obtain indemnification under this Bylaw, a claimant shall submit to the Corporation a written request, including therein or therewith such documentation and information as is reasonably available to the claimant and is reasonably necessary to determine whether and to what extent the claimant is entitled to indemnification. Upon written request by a claimant for indemnification pursuant to the first sentence of this paragraph (B), a determination, if required by applicable law, with respect to the claimant’s entitlement thereto shall be made as follows: (1) if requested by the claimant, by Independent Counsel (as hereinafter defined), or (2) if no request is made by the claimant for a determination by Independent Counsel, (i) by the Board of Directors by a majority vote of a quorum consisting of Disinterested Directors (as hereinafter defined), or (ii) if a quorum of the Board of Directors consisting of Disinterested Directors is not obtainable or, even if obtainable, such quorum of Disinterested Directors so directs, by Independent Counsel in a written opinion to the Board of Directors, a copy of which shall be delivered to the claimant, or (iii) if a quorum of Disinterested Directors so directs, by the

stockholders of the Corporation. In the event the determination of entitlement to indemnification is to be made by Independent Counsel at the request of the claimant, the Independent Counsel shall be selected by the Board of Directors unless there shall have occurred within two years prior to the date of the commencement of the action, suit or proceeding for which indemnification is claimed a “Change of Control” as defined in the Corporation’s current equity compensation plan, in which case the Independent Counsel shall be selected by the claimant unless the claimant shall request that such selection be made by the Board of Directors. If it is so determined that the claimant is entitled to indemnification, payment to the claimant shall be made within 10 days after such determination.

(C) If a claim under paragraph (A) of this Bylaw is not paid in full by the Corporation within sixty (60) days after a written claim pursuant to paragraph (B) of this Bylaw has been received by the Corporation (except in the case of a claim for advancement of expenses, for which the applicable period is twenty (20) days), the claimant may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any is required, has been tendered to the Corporation) that the claimant has not met the standard of conduct which makes it permissible under the General Corporation Law of the State of Delaware for the Corporation to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the Corporation. Neither the failure of the Corporation (including its Board of Directors, Independent Counsel or stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because such claimant has met the applicable standard of conduct set forth in the General Corporation Law of the State of Delaware, nor an actual determination by the Corporation (including its Board of Directors, Independent Counsel or stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

(D) If a determination shall have been made pursuant to paragraph (B) of this Bylaw that the claimant is entitled to indemnification, the Corporation shall be bound by such determination in any judicial proceeding commenced pursuant to paragraph (C) of this Bylaw.

(E) The Corporation shall be precluded from asserting in any judicial proceeding commenced pursuant to paragraph (C) of this Bylaw that the procedures and presumptions of this Bylaw are not valid, binding and enforceable and shall stipulate in such proceeding that the Corporation is bound by all the provisions of this Bylaw.

(F) The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Bylaw shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, these Bylaws, agreement, vote of stockholders or Disinterested Directors or otherwise. Any amendment, modification, alteration or repeal of this Bylaw that in

any way diminishes or adversely affects any right of an indemnitee or its successors shall be prospective only and shall not limit or eliminate any such right with respect to any proceeding involving any occurrence or alleged occurrence of any action or omission that took place prior to such amendment or repeal.

(G) The Corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the General Corporation Law of the State of Delaware. To the extent that the Corporation maintains any policy or policies providing such insurance, each such director or officer, and each such agent or employee to which rights to indemnification have been granted as provided in paragraph (H) of this Bylaw, shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage thereunder for any such director, officer, employee or agent.

(H) The Corporation may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification, and rights to be paid by the Corporation the expenses incurred in defending any proceeding in advance of its final disposition, to any employee or agent of the Corporation to the fullest extent of the provisions of this Bylaw with respect to the indemnification and advancement of expenses of directors and officers of the Corporation.

(I) If any provision or provisions of this Bylaw shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (1) the validity, legality and enforceability of the remaining provisions of this Bylaw (including, without limitation, each portion of any paragraph of this Bylaw containing any such provision held to be invalid, illegal or unenforceable, that is not itself held to be invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby; and (2) to the fullest extent possible, the provisions of this Bylaw (including, without limitation, each such portion of any paragraph of this Bylaw containing any such provision held to be invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

(J) For purposes of this Bylaw:

(1) “Disinterested Director” means a director of the Corporation who is not and was not a party to the matter in respect of which indemnification is sought by the claimant.

(2) “Independent Counsel” means a law firm, a member of a law firm, or an independent practitioner, that is experienced in matters of corporation law and shall include any person who, under the applicable standards of professional conduct then prevailing, would not have a conflict of interest in representing either the Corporation or the claimant in an action to determine the claimant’s rights under this Bylaw.

(K) Any notice, request or other communication required or permitted to be given to the Corporation under this Bylaw shall be in writing and either delivered in person or sent by telecopy, telex, telegram, overnight mail or courier service, or certified or registered mail, postage prepaid, return receipt requested, to the Secretary of the Corporation and shall be effective only upon receipt by the Secretary.

Section 2.12 *The Chair of the Board.* The Chair of the Board shall be chosen from the Board of Directors. The Chair of the Board shall preside at all meetings of the stockholders in accordance with Section 1.7 of these Bylaws and preside at all meetings of the Board of Directors. In addition, if the Chair of the Board is an independent director, the Chair of the Board shall preside at and schedule all executive sessions of the independent directors. The Chair of the Board shall provide oversight, direction and leadership to the Board of Directors and facilitate communication among directors and the regular flow of information between management and directors. The Chair of the Board shall provide input to the Leadership Development and Compensation Committee and to the Nominating, Governance and Sustainability Committee, as appropriate, with respect to the performance evaluation process of the Chief Executive Officer, annual board performance self-evaluation process and management and Board of Directors succession planning. In addition, the Chair of the Board shall exercise such other powers and perform such other duties as may be assigned by the Board of Directors.

Section 2.13 *Lead Independent Director.* If the Board of Directors has not made a determination that the Chair of the Board is an independent director of the Corporation under applicable stock exchange rules and any applicable law, the Board of Directors shall appoint from among the directors with respect to whom the Board of Directors has made such an independence determination, a Lead Independent Director.

The Lead Independent Director shall preside at all meetings of the Board of Directors at which the Chair of the Board is not present, including executive sessions of the independent directors, have the authority to call meetings of the independent directors, serve as liaison between the Chair of the Board and the independent directors, and, if requested by a major shareholder, ensure that he or she is available for consultation and direct communication.

ARTICLE III COMMITTEES

Section 3.1 *Committees of Directors.* The Board of Directors may, by resolution passed by a majority of the whole Board of Directors, designate one or more committees, each committee to consist of one or more of the directors of the Corporation. Such resolution shall specify a designation by which a committee shall be known, shall fix its powers and authority, and may fix the term of office of its members. Any such committee, to the extent provided in the resolution of the Board of Directors, or in these Bylaws, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it; except as otherwise provided by statute. The Board of Directors shall establish the following Committees: the Audit Committee, the Leadership Development and

Compensation Committee, the Nominating, Governance and Sustainability Committee and the Executive Committee.

Section 3.2 *Removal; Vacancies.* The members of committees of directors shall serve at the pleasure of the Board of Directors. Any member of a committee of directors may be removed at any time and any vacancy in any such committee may be filled by majority vote of the whole Board of Directors.

Section 3.3 *Compensation.* The Board of Directors may by resolution determine from time to time the compensation, if any, including reimbursement for expenses, of members of any committee of directors for services rendered to the Corporation as a member of any such committee.

ARTICLE IV OFFICERS

Section 4.1 *Number.* The officers of the Corporation shall be chosen by the Board of Directors and shall be a Chief Executive Officer, a President, one or more Vice Presidents, a Secretary and a Treasurer. Officers of the Corporation may also include a Controller, Assistant Vice Presidents, Assistant Secretaries, Assistant Treasurers, and Assistant Controllers. One or more persons may hold any two of such offices. The Chief Executive Officer of the Corporation will also serve as the President of the Corporation. Subject to the direction of the Board of Directors, the Chief Executive Officer shall have general supervision of the business and affairs of the Corporation and over its officers, employees and agents with such powers and duties incident to being Chief Executive Officer of a corporation, and as are provided for in these Bylaws. In addition, the Chief Executive Officer shall exercise such other powers and perform such other duties as may be assigned by the Board of Directors. The Board of Directors may add additional titles to any office to indicate seniority or additional responsibility.

Section 4.2 *Election; Term of Office and Qualifications.* The officers shall be chosen annually by the Board of Directors at its first regular meeting following the annual meeting of stockholders and each shall hold office until the corresponding meeting in the next year and until such officer's successor shall have been elected and shall qualify, or until such officer's earlier death or resignation or until such officer shall have been removed in the manner provided in Section 4.3. Any vacancy in any office shall be filled for the unexpired portion of the term by the Board of Directors at any regular or special meeting.

Section 4.3 *Removal.* Any officer may be removed from office, either with or without cause, by the majority of the whole Board of Directors at a special meeting called for that purpose, or at a regular meeting.

Section 4.4 *Salaries.* The Board of Directors shall have authority to determine any and all salaries of employees of the Corporation. The Board may by resolution authorize a committee of directors (none of whom shall be an officer or employee of the Corporation) to fix any such salaries. Salaries not determined by the Board of Directors, or by a committee of directors, may be fixed by the Chief Executive Officer.

Section 4.5 *The President.* The President shall have all powers and perform all duties incident to the office of the President as are provided for in these Bylaws and shall exercise such other powers and perform such other duties (in addition to the President's duties as Chief Executive Officer) as may be assigned to the President by the Board of Directors.

Section 4.6 *The Vice Presidents.* The Vice Presidents shall have such powers and perform such duties as are provided for them in these Bylaws and as may be assigned to them, or any of them, by the Board of Directors or the President. The Executive Vice Presidents (in order of first designation as an Executive Vice President), in the event of the death or disability of the President, shall perform all the duties of the President and when so acting shall have the powers of the President. In the event of the death or disability of the President and all Executive Vice Presidents, the available Senior Vice President (in order of first designation as a Senior Vice President), or in the event of the death or disability also of all Senior Vice Presidents, the Vice President who is available and was first elected a Vice President prior to all other available Vice Presidents shall perform all the duties of the President and when so acting shall have the powers of the President. A Vice President performing the duties and exercising the powers of the President shall perform the duties and exercise the powers of the Chief Executive Officer.

Section 4.7 *The Assistant Vice Presidents.* The Assistant Vice Presidents shall have such powers and perform such duties as may be assigned to them, or any of them, by the Board of Directors or the Chief Executive Officer.

Section 4.8 *The Secretary.* The Secretary shall keep, or cause to be kept in books provided for the purpose, the minutes of the meeting of stockholders and of the Board of Directors and any minutes of Committees of the Board of Directors; shall see that all notices are duly given in accordance with the provisions of these Bylaws and as required by statute; shall be custodian of the records and of the corporate seal or seals of the Corporation; and shall cause the corporate seal to be affixed to any document the execution of which, on behalf of the Corporation, under its seal, is duly authorized and when so affixed, may attest the same. The Secretary shall have all powers and perform all duties incident to the office of a secretary of a corporation and as are provided for in these Bylaws and shall exercise such other powers and perform such other duties as may be assigned by the Board of Directors, or, as to matters not related to the Board of Directors, the Chief Executive Officer or, as to matters related to the Board of Directors, the Chair of the Board.

Section 4.9 *The Assistant Secretaries.* In the absence or disability of the Secretary, the Assistant Secretary designated by the Secretary shall perform all the duties of the Secretary and, when so acting, shall have all the powers of and be subject to all the restrictions upon the Secretary. The Assistant Secretaries shall exercise such powers and perform such duties as are provided for them in these Bylaws and as may be assigned to them, or any of them, by the Board of Directors, the Chief Executive Officer or the Secretary.

Section 4.10 *The Treasurer.* The Treasurer shall have general charge of and general responsibility for all funds, securities, and receipts of the Corporation and shall deposit, or cause to be deposited, in the name of the Corporation, all moneys or other valuable effects in such banks, trust companies or other depositories as shall from time to time be designated in

accordance with Section 5.2 of these Bylaws. The Treasurer shall have all powers and perform all duties incident to the office of a treasurer of a corporation and as are provided for in these Bylaws and shall exercise such other powers and perform such other duties as may be assigned by the Board of Directors or the Chief Executive Officer.

Section 4.11 *The Assistant Treasurers.* In the absence or disability of the Treasurer, the Assistant Treasurer designated by the Treasurer shall perform all the duties of the Treasurer and, when so acting, shall have all the powers of and be subject to all the restrictions upon the Treasurer. The Assistant Treasurers shall exercise such powers and perform such duties as are provided for them in these Bylaws and as may be assigned to them, or any of them, by the Board of Directors, the Chief Executive Officer or the Treasurer.

Section 4.12 *The Controller.* The Controller shall have general charge and supervision of financial reports; the Controller shall maintain adequate records of all assets, liabilities and transactions of the Corporation; the Controller shall keep the books and accounts and cause adequate audits thereof to be made regularly; the Controller shall exercise a general check upon the disbursements of funds of the Corporation; and in general shall perform all duties incident to the office of a controller of a corporation, and shall exercise such other powers and perform such other duties as may be assigned by the Board of Directors or the Chief Executive Officer.

Section 4.13 *The Assistant Controllers.* In the absence or disability of the Controller, the Assistant Controller designated by the Controller shall perform all the duties of the Controller and, when so acting, shall have all the powers of and be subject to all the restrictions upon the Controller. The Assistant Controllers shall exercise such other powers and perform such other duties as from time to time may be assigned to them, or any of them, by the Board of Directors, the Chief Executive Officer or the Controller.

ARTICLE V AUTHORITY TO ACT AND SIGN FOR THE CORPORATION

Section 5.1 *Contracts, Agreements, Checks and Other Instruments.* Except as may be otherwise provided by statute or by the Board of Directors, the President, any Vice President, the Secretary, the Treasurer, and each of them, may make, sign, endorse, verify, acknowledge and deliver, in the name and on behalf of the Corporation, all deeds, leases and other conveyances, contracts, agreements, checks, notes, drafts and other commercial paper, bonds, assignments, bills of sale, releases, reports and all other instruments and documents deemed necessary or advisable by the officer or officers executing the same for carrying on the business and affairs of the Corporation, subject, however, to Section 5.4 relating to stock certificates of the Corporation, to Section 5.5 relating to execution of proxies and to Section 5.6 relating to securities held by the Corporation.

Section 5.2 *Bank Accounts; Deposits; Checks, Drafts and Orders Issued in the Corporation's Name.* Except as otherwise provided by the Board of Directors, any two of the following officers: the President, any Vice President, and the Treasurer may from time to time, (1) open and keep in the name and on behalf of the Corporation, with such banks, trust companies or other depositories as they may designate, general and special bank accounts for the

funds of the Corporation, (2) terminate any such bank accounts and (3) select and contract to rent and maintain safe deposit boxes with depositories as they may designate and terminate such contracts and authorize access to any safe deposit box by any two employees designated for such purposes, at least one of whom shall be an officer, and revoke such authority. Any such action by two of the officers as specified above shall be made by an instrument in writing signed by such two officers.

All funds and securities of the Corporation shall be deposited in such banks, trust companies and other depositories as are designated by the Board of Directors or by the aforesaid officers in the manner hereinabove provided, and for the purpose of such deposits, the President, any Vice President, the Secretary, the Treasurer or an Assistant Treasurer, and each of them, or any other person or persons authorized by the Board of Directors, may endorse, assign and deliver checks, notes, drafts, and other orders for the payment of money which are payable to the Corporation. Except as otherwise provided by the Board of Directors, all checks, drafts or orders for the payment of money, drawn in the name of the Corporation, may be signed by the President, any Executive or Senior Vice President, the Secretary or the Treasurer or by any other officers or any employees of the Corporation who shall from time to time be designated to sign checks, drafts, or orders on all accounts or on any specific account of the Corporation by an “instrument of designation” signed by any two of the following officers: the President, any Executive or Senior Vice President, and the Treasurer.

Section 5.3 *Delegation of Authority.* The Board of Directors, the President, any Vice President, the Treasurer or the Secretary may appoint such managers and attorneys and agents of the Corporation (who also may be employees of the Corporation) as may be deemed desirable who shall serve for such periods, have such powers, bear such titles and perform such duties as the Board of Directors, the President, any Vice President, the Treasurer or the Secretary may from time to time prescribe.

Section 5.4 *Stock Certificates.* All certificates of stock issued by the Corporation shall be executed in accordance with Section 6.1 of these Bylaws.

Section 5.5 *Voting of Stock in Other Corporations.* Stock in other corporations, which may from time to time be held by the Corporation, may be represented and voted at any meeting of stockholders of such other corporation by proxy executed in the name of the Corporation by the President, any Executive Vice President or the Treasurer, with the corporate seal affixed and attested by the Secretary.

Section 5.6 *Sale and Transfer of Securities.* The President or any Executive or Senior Vice President, the Treasurer or the Secretary are authorized to sell, transfer, endorse and assign any and all shares of stock, bonds and other securities owned by or standing in the name of the Corporation. The executing officers or officer may execute and deliver in the name and on behalf of the Corporation any instrument deemed necessary or advisable by the executing officers or officer to accomplish such transactions.

ARTICLE VI STOCK

Section 6.1 *Certificates of Stock.* Shares of stock shall be uncertificated unless the Board of Directors by resolution determines otherwise. Where the Board of Directors determines to issue certificates, such certificates shall be in such form as shall be required by applicable law and as determined by the Board of Directors and shall be signed by the President or an Executive Vice President and the Secretary and sealed with the seal of the Corporation. Where such certificate is signed by a transfer agent and by a registrar, the signatures of Corporation officers and the corporate seal may be facsimile, engraved or printed. In case any officer who shall have signed, or whose facsimile signature shall have been used on any such certificate, shall cease to be such officer of the Corporation, whether caused by death, resignation or otherwise, before such certificate shall have been delivered by the Corporation, such certificate shall nevertheless be deemed to have been adopted by the Corporation and may be issued and delivered as though the person who signed the same, or whose facsimile signature shall have been used thereon, had not ceased to be such officer of the Corporation. The certificates for shares of the capital stock of the Corporation shall be in such forms as shall be approved by the Board of Directors.

Section 6.2 *Transfer of Stock.* Shares of stock shall be transferable only on the books of the Corporation by the holder thereof, in person or by duly authorized attorney, upon the surrender of the certificate, properly endorsed, representing the shares to be transferred.

Section 6.3 *Transfer Agents and Registrars.* The Corporation may have a transfer agent and a registrar of its stock for different locations appointed by the Board of Directors from time to time. The Board of Directors may direct that the functions of transfer agent and registrar be combined and appoint a single agency to perform both functions at one or more locations. Duties of the transfer agent, registrar and combined agency may be defined from time to time by the Board of Directors. No certificate of stock shall be valid until countersigned by a transfer agent and until registered by a registrar even if both functions are performed by a single agency.

Section 6.4 *Record Dates.* The Board of Directors shall have power to fix in advance a record date to determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof or to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action and such record date shall not be more than sixty nor less than ten days before the date of any meeting, nor more than sixty days prior to any other action.

Section 6.5 *Electronic Securities Recordation.* Notwithstanding the provisions of Section 6.1 of this Article VI, the Corporation may adopt a system of issuance, recordation and transfer of its shares by electronic or other means not involving any issuance of certificates, provided the use of such system by the Corporation is permitted in accordance with applicable law.

ARTICLE VII
SUNDRY PROVISIONS

Section 7.1 *Offices.* The Corporation's registered office shall be in the City of Wilmington, County of New Castle. The Corporation may also have other offices at such other places as the business of the Corporation may require.

Section 7.2 *Seal.* The corporate seal of the Corporation shall have inscribed thereon the following words and figures: "Ingevity Corporation 2015 Incorporated Delaware". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or otherwise reproduced. A duplicate seal or duplicate seals may be provided and kept for the necessary purposes of the Corporation.

Section 7.3 *Books and Records.* The Board of Directors may determine from time to time whether, and, if allowed, when and under what conditions and regulations, the books and records of the Corporation, or any of them, shall be open to the inspection of stockholders, and the rights of stockholders in this respect are and shall be limited accordingly (except as otherwise provided by statute). Under no circumstances shall any stockholder have the right to inspect any book or record or receive any statement for an improper or illegal purpose. Subject to the provisions of statutes relating thereto, the books and records of the Corporation may be kept outside the State of Delaware at such places as may be from time to time designated by the Board of Directors.

Section 7.4 *Fiscal Year.* Unless otherwise ordered by the Board of Directors, the fiscal year of the Corporation shall be twelve calendar months beginning on the first day of January in each year.

Section 7.5 *Independent Public Accountants.* The Audit Committee of the Board of Directors shall appoint annually an independent public accountant or firm of independent public accountants to audit the books of the Corporation for each fiscal year; this appointment shall be subject to shareholder ratification at the annual meeting next succeeding the appointment.

Section 7.6 *Waiver of Notice.* Any shareholder or director may waive any notice required to be given by law or by the provisions of the Certificate of Incorporation or by these Bylaws; provided that such waiver shall be in writing and signed by such shareholder or director or by the duly authorized attorney of the shareholder, either before or after the meeting, notice of which is being waived.

Section 7.7 *Amendments.* The Board of Directors shall have power to make, alter and amend any Bylaws of the Corporation by a vote of a majority of the whole Board at any regular meeting of the Board of Directors, or any special meeting of the Board of Directors if notice of the proposed Bylaw, alteration or amendment be contained in the notice of such special meeting; provided, however, that no Bylaw shall be deemed made, altered or amended, by the Board of Directors unless the resolution authorizing the same shall specifically state that a Bylaw is thereby being made, altered or amended. Except as otherwise provided in these Bylaws or the Certificate of Incorporation, the stockholders of the Corporation may make, alter, amend or

repeal any Bylaws of the Corporation at any annual or special meeting at which a majority of the total votes entitled to be cast at such meeting is present in person or by proxy by the affirmative vote of the majority of the shares present in person or represented by proxy at such meeting, when notice of any such proposed addition, alteration, amendment or repeal shall have been given in the notice of such meeting; provided, that, notwithstanding anything to the contrary in these Bylaws, Section 1.3, Section 2.1, Section 2.10, Section 2.11 or this last sentence of this Section 7.7 may be modified, amended or repealed, and any Bylaw provision inconsistent with such provisions may be adopted, by the stockholders of the Corporation only by the affirmative vote of the holders of at least a majority of the voting power of the then outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors.

Section 7.8 *Exclusive Forum*. Unless the Corporation consents in writing to the selection of an alternative forum, the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director or officer or other employee of the Corporation to the Corporation or the Corporation's stockholders, (iii) any action asserting a claim against the Corporation or any director or officer or other employee of the Corporation arising pursuant to any provision of the General Corporation Law of the State of Delaware or the Certificate of Incorporation or these Bylaws (as either may be amended from time to time), or (iv) any action asserting a claim against the Corporation or any director or officer or other employee of the Corporation governed by the internal affairs doctrine shall be a state court located within the State of Delaware (or, if no state court located within the State of Delaware has jurisdiction, the federal district court for the District of Delaware).

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 28, 2021

By:

/S/ JOHN C. FORTSON

John C. Fortson
President and Chief Executive Officer

By: /S/ MARY DEAN HALL
Mary Dean Hall
Executive Vice President and Chief Financial Officer

**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, 2021 (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 28, 2021

/S/ JOHN C. FORTSON

John C. Fortson
President and Chief Executive Officer

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

I, Mary Dean Hall, Executive Vice President and Chief Financial 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, 2021 (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 28, 2021

/S/ MARY DEAN HALL

Mary Dean Hall
Executive Vice President and Chief Financial Officer