



2017 Responsible Business Report

Innospec Inc.

Assurance Statement

Final 1.2

September 2018



2017 Responsible Business Report

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Document history and status

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0.1 DRAFT	08/08/18	Assurance Statement – DRAFT 0.1	Lynsey Clarke	Jo Gradwell	Jo Gradwell
0.3 DRAFT	13/9/18	Assurance Statement – DRAFT 0.3	Lynsey Clarke	Jo Gradwell	Jo Gradwell
1.1 FINAL	17/9/18	Assurance Statement – Final 1.1 for client review	Lynsey Clarke	Jo Gradwell	Jo Gradwell
1.2 FINAL	19/9/19	Assurance Statement – Final 1.2 address client comments	Lynsey Clarke	Jo Gradwell	Jo Gradwell

Assurance Statement

Jacobs UK Ltd ('Jacobs') has provided this Assurance Statement in relation to Innospec Inc. 2017 Responsible Business Report. The information and presentation of data within the Innospec 2017 Responsible Business Report is the responsibility of Innospec. This statement represents the independent opinion of Jacobs and is intended to be read in its entirety by the readers of the Innospec 2017 Responsible Business Report.

Scope and Methodology

The assurance process was conducted by Jacobs between June 2018 and August 2018 in accordance with AccountAbility's AA1000 Assurance Standard 2008. We were engaged to provide Type 2 assurance covering evaluation of Inclusivity, Materiality and Responsiveness ('the Principles') and adherence to AccountAbility's AA1000 Assurance Principles Standard 2008. We also considered the reliability of sustainability performance data contained within the same report to a moderate level of assurance. This is the level normally adopted by companies using AA1000 to assure their sustainability report.

Our process involved meetings, telephone discussions and email correspondence with staff responsible for reporting sustainability performance information at an Innospec group level and at four sites: Ellesmere Port, Leuna and newly acquired sites Castiglione and St Mihiel. Our assurance team has the appropriate experience and competency to complete this assurance engagement and is not working for Innospec in any other capacity. Jacobs has a Quality Management System (QMS) which is certified to BS EN ISO 9001.

At the end of December 2016, Innospec acquired the European surfactants business of Huntsman, incorporating this into Innospec's Performance Chemicals business. This represented a major change to the Innospec business overall, bringing significant additional turnover, further manufacturing assets across Europe and over 400 additional employees. This change, and Innospec's approach to integration, both generally and in relation to sustainability performance, formed a key focus of our assurance process and discussions.

Adherence to AA1000 AccountAbility Principles

INCLUSIVITY – The participation of stakeholders in developing and achieving an accountable and strategic response to sustainability.

Innospec's commitment to sustainability is highlighted in its Responsible Business Strategy, which is built around four pillars of sustainability, each with identified focus areas. Innospec validated the focus areas through a detailed materiality assessment undertaken in late 2016, which included direct engagement with both internal and external stakeholders. In addition, the Innospec Stakeholder Engagement plan document identifies stakeholder groups Innospec engages with and the methods to be employed to allow internal and external stakeholders to participate in the development of the organisation's response to sustainability during 2017.

Methods employed to engage with internal stakeholders include the intranet (which has recently been updated), email bulletins and team meetings. In 2017, Innospec introduced a new suite of compliance training for all staff, with additional courses planned for development in 2018. There has been ongoing engagement with the acquired business teams, which includes engagement in relation to Innospec's sustainability approach and targets. In addition, Innospec introduced a new behavioural safety programme: Journey to Zero Harm. Delivered through a train the trainer approach, this appears to have had a positive and visible impact at the sites we reviewed.

Innospec's Sustainable Development Network (a representative group of senior managers) has been involved in reviewing the materiality assessment and, in some cases, providing information for the 2017 report. It is still the case that this Network could be engaged more regularly to support the further integration of sustainability practices across operations. It is recognised that Innospec wishes to review the role of the Network, and how best to utilise it in advocating the sustainability approach, prior to implementing any changes.

External stakeholders are able to respond to and influence Innospec's Sustainability Strategy through customer review meetings, industry collaboration and working group activities, investor briefings and community liaison meetings. The local community is also actively engaged through education opportunities, fundraising and

sponsorship activities. The Innospec Cares programme, introduced in 2016, has had a hugely positive impact on employee engagement, and the coordination of charitable and community support activities. In 2017 the number of applications by staff had increased by 70%. It is recommended that, once established, Innospec considers how the programme can be more directly linked to addressing material issues as well as community support to further embed it within the sustainability approach.

Innospec has continued to roll out its supplier performance assessment system 'EcoVadis' which facilitates specific engagement of suppliers on sustainability issues. It is positive to see that a structured approach was taken in 2017 to focus on high risk suppliers. As progress in 2017 was initially affected by limited resource, it is also positive that support has since been sought from a third party contractor to ensure the proactive roll out of this programme in 2018 and beyond. It is recommended that follow up engagement with high risk suppliers is prioritised in 2018, particularly where there is significant alignment with material issues, in order to continue to strengthen the approach to managing supply chain risk.

It is our conclusion that Innospec is committed to being accountable to those whom the organisation has an impact on and who have an impact on it.

MATERIALITY – Determining the relevance and significance of issues that are material to sustainability performance.

Innospec has a process for identifying sustainability issues and assessing the indirect and direct value to the business. Innospec first completed a materiality determination process in 2014 and has committed to undertaking an annual review. At the end of 2016 Innospec carried out a more detailed and comprehensive assessment of materiality to validate their previous assessments, which included specific and tailored engagement with internal and external stakeholders. This was reported in early 2017 and has influenced the priorities as outlined in the Responsible Business Report 2017. This detailed review has provided significant value to Innospec in understanding its material issues and how they are viewed by stakeholders. It is positive that Innospec plans to repeat this detailed assessment periodically, with the next one scheduled for 2020.

Alongside this, Innospec has continued to undertake an annual review of customer and competitor sustainability priorities and programs, also linking this to common themes emerging from its Stakeholder Query Log. For example, in 2017 it was identified that there was an increasing focus on social and wellbeing issues. It is positive to see that stakeholder queries and themes from engagement activities are being reviewed and considered in the materiality review.

It is our conclusion that Innospec has a comprehensive materiality assessment process in place. As identified last year, we recommend that Innospec considers how the outcomes about 'material issues' are communicated and understood throughout the organisation, including at a local level, on an ongoing basis.

RESPONSIVENESS – An organisation's response to stakeholder issues that affect its sustainability performance.

Innospec responds formally to external stakeholders through the Corporate Social Responsibility pages of its website, its annual sustainability reporting and directly on specific issues, as appropriate. Innospec seeks feedback on its Responsible Business Report to make sure it is easy to read and targeted to stakeholder interests. Following feedback in 2016, a summary document was produced for internal stakeholders and for staff in customer-facing roles to enable them to communicate more effectively about Innospec's approach and priorities. This proved to be successful with positive feedback from both internal and external stakeholders, and a similar summary will be produced for the 2017 report.

Innospec continues to use its stakeholder query log to more formally document stakeholder communications and responses, which helps to ensure a timely response is provided. This log is also used to identify common themes which can be used to inform the prioritisation of issues.

There is a good level of engagement in relation to Innospec's sustainability areas through the cascade of Sustainability Objectives from group to site level. There is effective performance reporting and review at group level and site level reporting occurs on a monthly basis, with a review of progress at quarterly meetings. It is, however, recommended that further opportunities are identified, possibly outside of existing SHE meetings, to share good practice between sites, achieve greater consistency in approach, and discuss how sustainability

issues and targets can be communicated in a relevant and meaningful way at site level to all employees, particularly those responsible for key processes or functions.

Innospec has continued to be responsive to changes in legislation. Business representatives participate in sector collaboration activities and industry committees which helps to ensure emerging issues and changes can be communicated to the relevant business unit and effectively planned for. It is very positive to see that significant action has been taken over the past year to implement a structured approach to documenting and tracking product safety regulatory issues and risks along with detail of Innospec's responses. This appears to have resulted in significant efficiency and has also provided clarity in individuals' roles and priorities.

The reporting approach in 2017 has been similar to that in previous years, drawing on data from across the business and coordinated centrally by the Group Sustainability Manager. Although additional resource was gained through the acquisition of the new business, these individuals have been focused on specific activities relating to the transition process. It is expected that this will be different in the future and Innospec intends to review roles and how best to utilise this resource once these individuals become more available. During our review, we discussed the potential to bring forward the information collation process for the next report, as well as increasing the emphasis on having business unit representatives provide content. We would support these changes and believe they would improve the reporting process and help to achieve an earlier reporting date.

It is our conclusion that Innospec has demonstrated it responds and is accountable to stakeholders; however, there are areas for further improvement which would enable the business to benefit from a broader ownership and involvement in sustainability review and response, as well as support an efficient reporting process.

Reliability of Performance Information

The systems and processes used to support the sustainability performance data in the 2017 Responsible Business Report have been evaluated and it has been possible to obtain a moderate level of assurance.

Innospec has put in place sustainability objectives which are cascaded via the four businesses to operational sites. Each site must incorporate the objectives into their own operations in a way which is relevant and enables them to contribute to the group objectives and targets. In 2017 this practice was rolled out to the acquired business and supported through communications at an operational level, including site visits. In addition, significant work has been undertaken to establish a revised baseline for reporting including the newly acquired sites. Although this affects the historical trends in some cases, it is of great value to monitoring future progress.

Innospec has well-established data collection systems in place for health and safety performance data and support was provided to new sites in 2017 to align the approaches. For environmental data, there remains some inconsistency in the approaches to data collation mechanisms at individual site level, how site level targets are set, the extent of reporting and the documented procedures in place. The integration of new sites has added to this. It is recommended that guidance is prepared and issued to sites to set a minimum approach to the measurement, checking and monitoring of data relating to key sustainability objectives and targets.

In our review of sample sites, a number of errors were initially identified in the data reported. Although these were not considered to be material, we have raised a general concern about how waste and water data is collated and, importantly, validated. Recommendations were made to check and update data sets for 2017 for two sites as a result of issues identified. This has been completed and resulted in only minor amendments across the year. We discussed the factors which led to data inconsistencies with site leads as part of our review and we support the Group Sustainability Manager's plan to implement a further review of procedures for monitoring and reporting key datasets.

Jacobs, Manchester, September 2018

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