2018 Responsible Business Report
Innospec Inc.
Assurance Statement

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2018 Responsible Business Report

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Assurance Statement

Jacobs UK Ltd (‘Jacobs’) has provided this Assurance Statement in relation to Innospec Inc. 2018 Responsible Business Report. The information and presentation of data within the Innospec 2018 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 2018 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 interviews and email correspondence with staff responsible for specific functions and reporting sustainability performance information at Innospec Group level and at six sample sites: Ellesmere Port, Leuna, Barcelona, Castiglione and Midland and Pleasanton. A sample-based approach was taken based on materiality, risk and building on aspects evaluated in previous years’ assurance.

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.

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 presented in its Responsible Business Strategy. Innospec validated the focus areas within this Strategy through a detailed materiality assessment reported in early 2017, which included direct engagement with both internal and external stakeholders. This is revisited annually through a review of competitor and supplier priorities, business changes (if relevant) and regulatory context. In addition, the Innospec Stakeholder Engagement plan identifies stakeholder groups Innospec engages with and the methods employed to allow internal and external stakeholders to participate in shaping the organisation’s response to sustainability during 2018. Ad hoc stakeholder queries are also logged.

Methods employed to engage with internal stakeholders include the intranet, email bulletins and team meetings. In 2018, Innospec continued to roll out its updated programme of compliance training for all staff. There has also been ongoing engagement and continued roll out of Innospec’s behavioural safety programme: Journey to Zero Harm during 2018. There continues to be a visible and positive impact expressed at the sites we visited and interviewed. The terms of reference of Innospec’s Sustainable Development Network (a representative group of senior managers) has not yet been revisited and this could still provide an opportunity to support the further integration of sustainability practices across Innospec’s global operations.

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 a range of education opportunities, fundraising and sponsorship activities. The Innospec Cares programme continues to have a positive impact on employee engagement and the coordination of charitable and community support activities. It was positive to see an increase in the total raised and the proportion of match-funded activities. We understand that in 2019 Innospec plans to extend its support via the Innospec Cares programme to encompass employee volunteering opportunities.

Innospec has continued its programme of supplier engagement and performance assessment using ‘EcoVadis’. In 2018 previous resourcing issues were addressed which enabled more active programme delivery. We agree...
with the approach of focusing on existing suppliers to acquired sites and revisiting and updating the assessments of suppliers previously identified as medium or high risk. We recommend that active follow up and engagement with suppliers categorised as medium or high risk is prioritised in 2019, particularly where there is alignment with material issues, in order to support improved performance and manage 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 and assessing sustainability issues. To inform this, the company continues to undertake an annual review of regulatory changes, customer and competitor sustainability priorities and drawing on common themes emerging from the stakeholder query log.

At the end of 2016 Innospec carried out a more detailed and comprehensive assessment of materiality to validate their previous assessments. This was reported in early 2017 and shaped the priorities as outlined in the 2018 report. This detailed review provided significant value to Innospec in understanding its material issues and how they are viewed by stakeholders. Innospec plans to repeat this detailed assessment periodically, with the next one scheduled for 2020.

Innospec has completed a mapping exercise against the UN Sustainable Development Goals (UN SDGs) which has identified thirteen goals Innospec is able to directly impact and, of those, four goals considered to be of most relevance. We discussed how Innospec intends to use this exercise to inform its prioritisation of issues for 2019 and future years. We support the intention of Innospec to consider how it can update or shape existing sustainability initiatives so they have greatest impact against the prioritised goals. Demonstrating this impact will be an important aspect of future reporting.

In the 2018 report Innospec has placed a greater emphasis on explaining how its products have a positive impact on the sustainability of particular activities and products across their life cycle. We agree that this is an important aspect of materiality for Innospec and should be a key part of future reporting. To support this, we recommend that more detailed evidence relating to product assessment and positive claims is gathered throughout the year to enable inclusion in the Responsible Business report. This evidence should be revisited in the subsequent years’ assurance process.

It is our conclusion that Innospec has a comprehensive materiality assessment process in place. As identified previously, we recommend that Innospec continues to communicate regularly about material issues and the UN SDGs so that they and their relevance are understood throughout the organisation at all levels.

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. A summary document was again produced for internal stakeholders and staff in customer-facing roles, enabling them to communicate more effectively about Innospec’s approach and priorities. In addition, Innospec has responded to its customer expectations and specific queries through external reporting initiatives such as the Carbon Disolosure Project (CDP) and collaborative projects such as the palm oil transparency project coordinated by Transitions.

Innospec continues to use its stakeholder query log to document stakeholder communications, 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 and communications.

There is effective cascade of Sustainability Objectives from group to site management and SHE managers and there is evidence of the RESPECT committee proactively reviewing sustainability issues. 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. In addition to SHE meetings, evidence was provided of further groups focused on energy efficiency improvements, process safety and waste management. It was positive to see these being used to share good practice. During the site interviews awareness of site sustainability targets appeared to be limited to senior staff across some sites. It is recommended that Innospec ensures that all staff are aware of site sustainability targets and that engagement on key issues and reporting metrics is encouraged across all levels of the organisation, particularly to those responsible for key functions and processes.

Innospec has continued to be responsive to changes in legislation. Business representatives participate in sector collaboration activities and industry committees which enables emerging issues and changes to be effectively planned for. It was positive to see that processes in place to monitor regulatory changes and respond to customer requests have been further developed and streamlined to enable improved responsiveness. There are plans to roll out these systems to other parts of the business in 2019.

The approach to reporting in 2018 has benefited from additional capacity in the Group sustainability team. Some progress was made in bringing forward the information collation process as well as increasing the emphasis on having business unit representatives and sites provide content. The intention is to continue to improve this for future years as well as improving the approach to internal validation of data. We would support these changes in enabling a more streamlined reporting process.

It is our conclusion that Innospec has demonstrated it responds and is accountable to stakeholders. Plans in place will continue to build on the good progress made in 2018 to improve the reporting and review process.

**Reliability of Performance Information**

The systems and processes used to support the sustainability performance data in the 2018 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.

Innospec has well-established and centralised data collection systems in place for health and safety performance data and no errors were identified in our review of sample sites data. The approach to collating environmental data at a corporate level is also well-established with evidence and calculations available back to the baseline year. We recommend that Innospec keeps its approach to reporting against key metrics under review to make sure that this is aligned with latest guidance and best practice where relevant.

At site level there continues to be inconsistency in the approaches to environmental data collection, how site level targets are set and the extent of reporting and documented procedures in place. As highlighted in previous years, it is recommended that guidance is prepared and issued to sites to set a minimum standard and/or consistent approach to the measurement, recording, checking and monitoring of data relating to key sustainability objectives, targets and performance data. We understand that this is currently being prepared.

During our review some errors were identified in the site level environmental data reported, which have been corrected as part of the assurance process. They did not result in a material change in the group data reported. We believe that the number of issues identified could have been minimised if there were standardised procedures for monitoring and reporting key datasets and checking protocols were established as an integral part of this. It is recommended that Innospec also considers whether a more automated site data collection process could help to mitigate against human errors in sustainability performance data collection and reporting.

Jacobs, Manchester, September 2019