



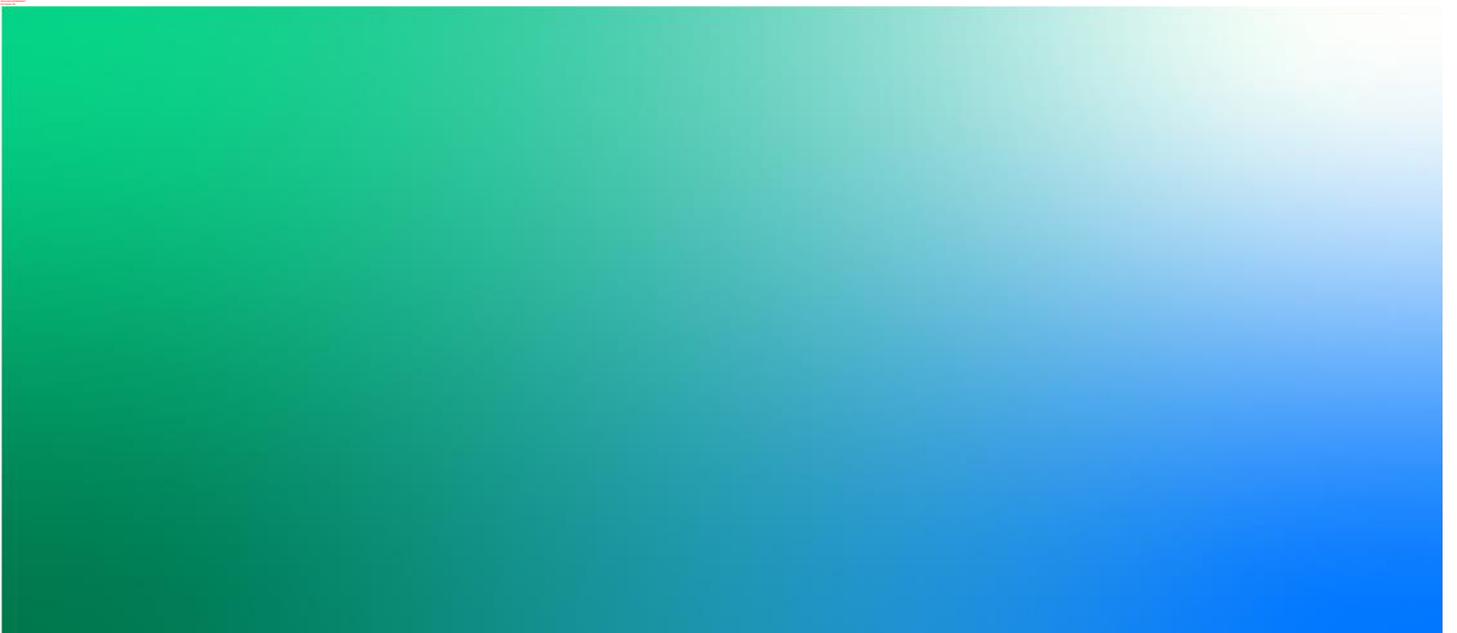
2021 Responsible Business Report

Assurance Statement

| 1.6

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Innospec Inc.



2021 Responsible Business Report

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1. Assurance Statement

Jacobs UK Ltd ('Jacobs') has provided this Assurance Statement in relation to Innospec Inc. 2021 Responsible Business Report. The information and presentation of data within the Innospec 2021 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 2021 Responsible Business Report.

1.1 Scope and Methodology

The assurance process was conducted by Jacobs between June 2022 and August 2022, in accordance with AccountAbility's updated AA1000 Assurance Standard 2008 with 2018 Addendum. We were engaged to provide Type 2 assurance covering evaluation of Inclusivity, Materiality, Responsiveness, and Impact ('the Principles') and adherence to the AA1000 AccountAbility Principles 2018. We also considered the reliability of sustainability performance data (including scope 1 and scope 2 GHG emissions, energy and water usage and waste generated) 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 by MS Teams and email correspondence with staff responsible for specific functions and reporting sustainability performance information at Innospec Group level and at five sample sites: Ellesmere Port, Barcelona, Herne, Pleasanton, and Salisbury. A sample-based approach was taken based on materiality, risk and building on aspects evaluated in previous years' assurance.

Our reporting and assurance team has the appropriate experience and competency to complete this assurance engagement and is not working for Innospec in any other capacity other than reporting and assurance. Jacobs has a Quality Management System (QMS) which is certified to BS EN ISO 9001.

2. Adherence to AA1000 AccountAbility Principles

2.1 INCLUSIVITY – the participation of stakeholders in developing and achieving an accountable and strategic response to sustainability

Innospec's Responsible Business Strategy sets out their commitment to sustainability. The sustainability priorities identified have been informed by engagement with a range of stakeholders as part of an initial materiality assessment completed in 2017. This has since been reviewed following a second detailed materiality assessment completed at the beginning of 2021. Innospec has demonstrated its commitment to keeping this detailed assessment updated, which will help to identify and respond to any changes in stakeholder expectations and concerns. In addition, at the end of each year, Innospec also reviews publicly available information from a range of stakeholders to identify any changes to material issues for key stakeholders in-between their full materiality assessments. The output of these detailed and desktop assessments is used to influence and update their strategy and priorities, if appropriate. Innospec also maintains a register of stakeholder queries which is used to monitor trends. In 2021, it was noted that stakeholder interest has been more focussed on corporate security, GHG emissions, life cycle assessments and footprint data than in previous years. In response Innospec has adjusted their strategy accordingly to reflect this.

Environmental, Social and Governance (ESG) issues have continued to grow in significance and importance to both stakeholders and customers. In recognition of this, in 2021 Innospec made the decision to establish ESG as a standalone function. With effect from January 2022, a new executive level ESG Steering Group oversees Innospec's strategy and has taken over responsibility for setting and monitoring performance against Innospec's ESG objectives and targets. In addition to this, each business unit has established a dedicated ESG team to focus on the issues relevant to their customers.

Innospec has continued to use a variety of methods to communicate with colleagues including via the updated intranet / website pages, email bulletins, team meetings and increasingly the use of video conferencing platforms. Each site also uses a variety of local communication channels to encourage colleagues to engage and support the sustainability response. For example, Pleasanton, US site has introduced monthly meetings where ESG is discussed, including product stewardship. In addition, sustainability is now discussed on an informal basis during the sites, more frequently held, safety meetings with employees. The site plans to formalize sustainability discussions during these meetings.

In 2020, Innospec was awarded an EcoVadis¹ Gold Rating for its own sustainability management systems and performance. The company has continued to develop its sustainability management and reporting systems throughout 2021 ahead of its next assessment in 2022. EcoVadis is also now firmly embedded within Innospec's own global supplier sustainability evaluation process for its raw material suppliers. It is positive to see this has continued in 2021 and that the scope of assessment coverage has been extended to also include 'indirect procurement' suppliers. At the end of 2021, 228 suppliers had either been assessed or were in the process of completing an assessment. Innospec has continued to develop best practice by prioritising further engagement with its suppliers who achieved a lower score on their assessment, noting a 22% improvement on previous ratings of these low scoring accounts at the end of 2021.

To build on the accountability of customers and supply chain distributors, Innospec has contributed to a Product Safety Manual for use alongside its own company specific online training awareness package. It is a requirement of Innospec for all customers and distributors to acknowledge receipt and review of the manual and to complete the training package as a condition of sale.

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

¹ EcoVadis operates an evidence-based online platform, providing supplier sustainability ratings and allowing companies to assess the ESG performance of their global suppliers

2.2 MATERIALITY – determining the relevance and significance of issues that are material to sustainability performance

Innospec completed its second detailed materiality assessment in 2021, identifying the issues of greatest relevance to its businesses and stakeholders. The output from the detailed materiality assessment formed a key part of Innospec's 2021 ESG review. It is extremely positive to see Innospec continue to update its materiality assessment via annual review of publicly available information, and use themes identified in engagement activities and customer requests to keep their priorities updated. In the 2021 materiality assessment, corporate security emerged as a new issue of high materiality to Innospec's stakeholders, and Innospec adjusted its strategy to reflect this. Other issues highlighted from the materiality assessment, which were a key focus in 2021, include greenhouse gas reduction, product sustainability and innovation. The Responsible Business Report is structured to provide information on performance, aligned to the priorities identified through Innospec's materiality approach.

Reflecting the output of the most recent materiality assessment, in 2021 there was a continued focus on cyber security. This included further provision of cyber security training and employee engagement on IT security culture. It is also of note that the focus of cyber security measures expanded to address manufacturing and associated control systems and risk.

In response to increasing ESG focus by customers and investors and customer demands for more sustainable solutions, significant investment and changes have been made to the company's corporate and business structures. Examples of this include the introduction of a new corporate ESG Steering Group. A new Performance Chemicals business Innovation for Sustainability team has also been established which includes a newly established role of Director for Innovation for Sustainability. Going forward it will be important to review how well this new team is embedded and its impact in enabling product innovation and sustainability. During the reporting year, Innospec reviewed and updated its Sustainable Sourcing of Palm Oil and Palm Kernel Oil Derivates Policy, alongside the completion of its fourth annual palm transparency and risk mapping exercise. In 2021, Innospec also added a new palm grievance tracker to their website. These actions all demonstrate a commitment to responding to stakeholder material issues associated with product sustainability.

The COVID 19 pandemic continued to have a significant impact on the business and how it was operated during 2021. The enforced shift to remote working was felt to be addressed well by the company and, in some cases, added benefit in terms of flexibility and communication. The pandemic has also triggered an increased focus on mental health and staff wellbeing generally at Innospec. Its impact on staff retention has been addressed through the introduction of flexible working policies and a renewed focus on training and career development opportunities. The results of this have proven positive and a training specialist is being recruited for 2022 to further enhance the current approach. In addition, Barcelona site is completing a psychosocial risk assessment of the workplace with the aim of identifying methods to further reduce risk, improve working conditions and achieve a healthier organization. If successful, Innospec plans to introduce similar assessments at other sites in the future. Other sites' approach to wellbeing has included the introduction of trained mental health first aiders and dedicated Health and Wellbeing teams. Although all positive actions, there is an opportunity to ensure that the approach and opportunities to enhance employee wellbeing at each site are more consistent to ensure all employees have access and can benefit.

It is our conclusion that Innospec has a comprehensive materiality assessment process in place.

2.3 RESPONSIVENESS – an organisation's response to stakeholder issues that affect its sustainability performance

Innospec responds to external stakeholders through several communication channels including the sustainability pages of its website, its annual sustainability reporting and directly on specific issues, as appropriate. Innospec seeks feedback on its Responsible Business Report to ensure it is engaging, easy to read and that its stakeholder interests are addressed. Innospec also responds to its customer expectations and

specific queries through voluntary external reporting and assessment initiatives such as CDP² and EcoVadis. It was positive to see that, like last year, Innospec's CDP climate score, water security score and supplier engagement score places them at the Management level for all three assessments. In addition, Innospec has taken steps to prepare and respond to emerging disclosures specific to different operational geographies.

Innospec continues to use its stakeholder query log to document stakeholder communications. The stakeholder query log helps to ensure a timely response is provided and is also used to identify common themes and trends. By identifying common themes and trends, Innospec can inform the prioritisation of issues and communications, demonstrating responsiveness. Business representatives continue to participate in several sector collaboration activities and industry committees which both respond to and guide development of legislation. This enables emerging issues and regulatory changes to be planned for effectively.

The health, safety, and wellbeing of the Innospec employees continues to be a priority for the business. In 2021, the Responsible Care Executive Committee (RESPECT), led by the CEO, was responsible for reviewing the global SHE and sustainability policies. The committee also regularly reviews, and where required, amends health and safety standards and procedures in response to events and against best practice. This is informed by understanding trends in stakeholder expectations and performance data, underpinned by having robust reporting systems in place (including for recording accidents, incidents, and near misses).

There is a clear cascade of Sustainability Objectives from group to site management and SHE managers who implement site specific targets and associated actions 'on the ground'. There is effective performance reporting and review at group level and site level reporting occurs regularly, with a review of progress at quarterly meetings. During the site interviews it was evident that the local teams, including senior staff, have a good awareness of site sustainability targets and how they align to corporate objectives and targets.

Innospec has noted an increase in demand from customers for visibility of the whole life impacts of Innospec products including carbon foot printing. In 2021, greater focus was placed on applying approaches to obtaining and providing life cycle and carbon footprint product information. The significant expansion of the Research and Technology facility and the newly established ESG teams for each business unit shows Innospec's response to evolving customer requirements and commitment to tailoring their approach to their customers' expectations. It will be important to review how these tailored approaches continue to demonstrate responsiveness and impact to both customers and Innospec going forward.

Sufficient resourcing is necessary to implement actions and respond where needed. Although there has been some disruption in the Corporate SHE Team in 2021 with the departure of the ESG Officer, it is noted that not only was this role replaced quickly, but also that additional resource has been added to the team with a new role created focussing on developing product life cycle data.

It is our conclusion that Innospec has demonstrated it responds and is accountable to stakeholders.

2.4 IMPACT - how an organisation measures and monitors the impact of measures they put in place

The primary aim of Innospec's Responsible Business Report is to provide transparency in the monitoring and measurement of the impact of Innospec's sustainability activities to all stakeholders. In addition to the Responsible Business Report, Innospec also reports annually on both performance and impact through several external corporate sustainability reporting frameworks, most notably the CDP climate change and water security disclosures. In 2021, Innospec continued its approach, first introduced in 2020, to collating and measuring environmental performance data and information. This is used to track the overall impact of the sustainability measures against baselines at least annually. The sites also monitor performance data monthly, reviewing impact against site and corporate goals.

Innospec has a global Resource Reduction Group (RRG) tasked with maintaining a pipeline of resource reduction projects and where relevant sharing best practice. Previously focused on energy, the scope of the RRG now considers all resources. It is positive that resource savings have been reported which are directly attributed to

² CDP (formerly the Carbon Disclosure Project) is a not-for-profit charity that runs a global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts.

projects identified, including in relation to gas, water, and waste. There is understandably a focus on prioritising projects with the greatest potential impact on group figures, however, one site highlighted that they were yet to receive funding for potential projects proposed due to the scale of the savings available in comparison with bigger sites. There may be opportunity to examine and perhaps amend the funding criteria for example through the introduction of scaled funding bands or a distribution of projects funded across geographies. This would help to ensure continued and effective engagement and site participation in providing suggestions and project submissions.

The Innospec Cares programme has again been successful in 2021, reaching a significant total of US\$1 million in funds raised since its launch in 2016. Innospec has a vigorous and clear methodology for tracking and monitoring the impacts of the funding and wider support provided. The team tracks the total raised for the charities and good causes, the number of applications for funding (including by site) and number of hours provided by Innospec employees for volunteer days. In all cases feedback is sought from both participants and recipient organisations, providing evidence of impact.

Innospec can demonstrate compliance with the Process Safety Standards through the process safety audits, carried out by the Corporate SHE team. The travel restrictions in 2021 prevented face-to-face audits, instead all sites were audited remotely using the virtual audit protocol previously developed. In addition to the audits, Process Safety Performance Indicators (PSPIs) are monitored at a site level and are used to determine the effectiveness of all programs and activities related to the prevention of process safety incidents. The PSPIs are reviewed at the quarterly RESPECT meetings and are used to inform any areas where further support is required. In 2021, a new PSPI Corporate Guidance Note was issued, to develop a consistent approach and understanding of PSPI reporting throughout the business. Training and one-to-one coaching was provided to manufacturing SHE teams to assist in its practical application. The scope of process safety audits was extended to include a review of the application of the new guidance note at site level, demonstrating commitment to understanding the 'in practice' impact of the process as well as any lessons learned on process safety.

It is our conclusion that Innospec has demonstrated they comprehensively monitor, measure and are accountable for their actions.

3. Reliability of Performance Information

The systems and processes used to support the sustainability performance data in the 2021 Responsible Business Report have been evaluated and it has been possible to obtain a moderate level of assurance.

There was no change to the Innospec Sustainable Development Reporting Framework and Guidelines in 2021, with the reporting and internal validation exercise largely following the same approach as last year. A minor change was the use of standardised units in data templates, in response to a recommendation made in the previous Assurance Statement. Although the intention of this was to streamline the process, it resulted in some errors from locally converted data. This was picked up as part of the corporate internal data validation process and corrected. We believe the original intention still has potential to streamline the process and suggest including both local units and in built conversions to data entry templates to reduce the likelihood of conversion errors and improve the reviewing process.

Prior to our review, a few minor adjustments to the data were made following internal validation by the Innospec team. The cause of errors had been raised with the relevant on-site team to inform the future process. The approach of identifying, correcting, and reducing the likelihood of the error again will continue to streamline and improve the process. No further changes to the performance information were required as a result of our review.

Another recommendation made in the previous Assurance Statement was to add detail to validation logs, such as source or location of evidence. This has been observed on occasion, where it is simple to record, but is not yet implemented consistently. Recording this data will likely improve the data collection process going forward and therefore it is recommended that this is recorded as often as possible in future.

Of the sites we interviewed, the improved level of consistency in the approach to collating and reporting SHE data to corporate teams that was identified last year has been maintained, indicating that the internal verification process is embedded and working well. The sites interviewed produce SHE reports and presentations for the quarterly RESPECT meetings, which allows them to record, check and review data relating to key sustainability objectives, targets, and performance data. All the sites interviewed as part of the assurance process evidenced the fact that they were proficient in reporting and reviewing PSPIs linked to key areas such as risk assessments, audits, emergency response and training/competency. Sites were able to evidence Process Safety KPI trackers, which includes detail on responses and actions. In addition, sites confirmed the availability of a new Root Cause Analysis Tool introduced in 2021, although for some sites, they were unable to provide feedback on its effectiveness as they had not experienced a serious Loss of Containment incident requiring them to use the Tool.

Jacobs, Birmingham, September 2022

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