



Innospec 2023 Sustainability Report - Assurance Statement

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Innospec Inc.

Innospec Corporate Reporting
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Innospec 2023 Sustainability Report - Assurance Statement

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Summary Assurance Statement

Scope

Jacobs UK Ltd ('Jacobs') has provided this Assurance Statement in relation to Innospec Inc. 2023 Sustainability Report. This assurance is in accordance with AccountAbility's AA1000 Assurance Standard AA1000AS v3 and is undertaken to a Moderate level of assurance¹. Jacobs assurance team was engaged to provide Type 2² assurance covering evaluation of the AA1000 AccountAbility Principles (2018) of Inclusivity, Materiality, Responsiveness, and Impact. Jacobs assurance team also considered the reliability of environmental and other sustainability performance data contained within the Sustainability Report, as per the AA1000 guidelines and criteria.

Methodology

The assurance process was conducted by Jacobs assurance team between March 2024 and July 2024. The assurance process consisted of the following key steps:

- Review of the 2023 Sustainability Report.
- Collation of material and key statements from the Sustainability Report.
- Completion of 5 site interviews and 4 corporate function interviews:
 - Sites: St Mihiel, Pleasanton, Castiglione, Ellesmere Port and High Point.
 - Corporate Functions: HR (Human Resources), Legal, SHE (Safety, Health and Environment), ESG (Environmental, Social and Governance).
- Review of evidence to validate material claims within the 2023 Sustainability Report.
- Review of environmental and sustainability performance data collection, reporting and validation processes.
- Sample based review of 2023 environmental and other sustainability performance data.

Conclusions

Based on the assurance process completed, Jacobs assurance team considers the following statements to be true:

- The 2023 Sustainability Report has been verified in full and the information it presents is a fair reflection of the activities of Innospec Inc. in 2023. To a moderate level of assurance, all material aspects are deemed to be accurate.
- Innospec Inc. has demonstrated adherence to the AA1000 Accountability Principles of Inclusivity, Materiality, Responsiveness, and Impact.
- The systems and processes relating to data collation and reporting are considered to be fair and appropriate.

The 2023 Sustainability Report has been verified in full to a moderate level of assurance, with material claims discussed further with corporate functions and sites. Based on this assurance process, Jacobs assurance team has no material concerns with the 2023 Sustainability Report or the 2023 environmental and sustainability performance data.

Jacobs, Bristol, July 2024



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¹ AA1000AS v3 states that a 'Moderate' level of assurance can be obtained with 'limited' evidence to support statements in the report, which is sourced internally and mostly provided by those at management level. Performance information is subject to 'basic sampling', to ensure 'plausibility' of the information.

² AA1000AS v3 states that a Type 2 assurance engagement assesses adherence to the four Principles and the completeness and accuracy of sustainability performance information. Findings and conclusions from both parts must be provided.

Assurance Statement

Jacobs UK Ltd ('Jacobs') was engaged by Innospec Inc. ('Innospec') to provide Moderate Assurance³ of the Innospec Inc. 2023 Sustainability Report and environmental and sustainability performance data for the 2023 reporting year (the period 1st January 2023 to 31st December 2023). Assurance was provided in accordance with the AA1000 Assurance Standard v3 (AA1000AS v3), with the Sustainability Report and activities of 2023 reviewed in relation to the four 'Principles' of the standard.

Responsibilities and Intended Users

The information and presentation of data within the Innospec 2023 Sustainability Report is the responsibility of Innospec.

This statement is intended to be read alongside the Innospec 2023 Sustainability Report.

AA1000 Standard, Scope, and Criteria

This assurance is in accordance with AccountAbility's AA1000AS v3. Jacobs assurance team was engaged to provide Type 2⁴ assurance covering evaluation of the AA1000 AccountAbility Principles (2018) of Inclusivity, Materiality, Responsiveness, and Impact. Jacobs assurance team also considered the reliability of environmental and sustainability performance data contained within the Sustainability Report, as per the AA1000 guidelines and criteria. The following environmental and sustainability performance data was reviewed to a moderate level of assurance:

- Scope 1 and Scope 2 Greenhouse Gas emissions.
- Energy consumption.
- Water consumption.
- Waste generation.

Methodology

The assurance process was conducted by Jacobs assurance team between March 2024 and July 2024. The assurance process consisted of the following key steps:

- Review of the 2023 Sustainability Report.
- Collation of material and key statements from the Sustainability Report.
- Completion of 5 site interviews (from a total of 13 sites) and 4 corporate function interviews. The interviewees (both function and SHE leads) were selected based on their relevance to the Sustainability report content and the frequency with which they had been interviewed during previous years' assurance activities. The sites and functions interviewed were:
 - Sites: St Mihiel, Pleasanton, Castiglione, Ellesmere Port and High Point.
 - Corporate Functions: HR (Human Resources), Legal, SHE (Safety, Health and Environment), ESG (Environmental, Social and Governance).
- Review of evidence to validate material claims within the 2023 Sustainability Report.
- Review of environmental and sustainability performance data collection, validation and reporting processes.
- Sample based review of 2023 environmental and sustainability performance data.

³ AA1000AS v3 states that a 'Moderate' level of assurance can be obtained with 'limited' evidence to support statements in the report, which is sourced internally and mostly provided by those at management level. Performance information is subject to 'basic sampling', to ensure 'plausibility' of the information.

⁴ AA1000AS v3 states that a Type 2 assurance engagement assesses adherence to the four Principles and the completeness and accuracy of sustainability performance information. Findings and conclusions from both parts must be provided.

- The sample consisted of 3 months data for each manufacturing site for energy and waste, with high consumption months reviewed back to source.
- Water data was reviewed in full for a sample of 3 manufacturing sites.

Statement of Competence and Independence

Jacobs has a strong multidisciplinary team with backgrounds in sustainability reporting and assurance, ESG due diligence and disclosure and wider environmental management services.

In 2023, Jacobs' reporting team provided support to Innospec with its data validation. In order to maintain the independence of the process, this assurance is conducted by a separate team at Jacobs (Jacobs assurance team).

This statement represents the independent opinion of Jacobs assurance team and is intended to be read in its entirety by the readers of the Innospec 2023 Sustainability Report.

Adherence to AA1000 Principles

The assurance process and validation of the 2023 Sustainability Report and sustainability performance data was undertaken in accordance with the AA1000 AccountAbility Principles (2018):

- Inclusivity,
- Materiality,
- Responsiveness, and
- Impact.

Based on our findings from the assurance process, Jacobs assurance team concludes that Innospec adheres to these Principles and examples of our findings are provided below.

Key Findings and Recommendations

Principle	Key findings
<p>Inclusivity</p> <p><i>People should have a say in the decisions that impact them</i></p>	<p>External stakeholders</p> <p>Innospec continues to engage with external stakeholders such as customers, supply chain partners, community members and non-government organisations (NGOs). Innospec's community engagement initiative, the Innospec Cares program, delivered charitable donations and community engagement in 2023. Jacobs assurance team viewed evidence of activities such as blood donation programmes, school visits, and outreach programmes, which were recorded in company newsletters, internal communications via email and donation events.</p> <p>Internal stakeholders</p> <p>Innospec also demonstrates inclusivity through engagement with its internal stakeholders, including employees. There has been an increased emphasis on employee personal development at Innospec, driven by the Talent Development Specialist (hired in 2022) who has helped deliver leadership courses to employees throughout 2023. During the HR interview, 2023 activities were discussed, including the approach taken to rolling out personal development and skills training at Innospec. These courses were created with a considered and collaborative approach, whereby HR met with business leaders, regional managers and senior managers to identify both employee and business needs. The consultation process with internal stakeholders to identify business needs and training scope is a commendable approach and will help to ensure maximum value to the business. It is understood that this training will be directly accessible to the majority of Innospec employees using email to access the training modules, however this approach will not be</p>

	<p>used at three sites (Barcelona, Castiglione and St Mihiel). Training for these sites is currently undertaken using alternative delivery methods. It is recommended that Innospec continue to prioritise accessibility, for access to eLearning/training but also future engagement and communication going forward.</p> <p>Participation in Innospec Cares by employees was reviewed by Innospec in 2023, local co-ordinators and the ESG team identified areas for improvement in participation such as the provision of application forms in local languages. In 2024, Innospec plan to measure the effectiveness of this change by comparing numbers of applications before and after. It is recommended that there is a review of other company wide communications and engagement to identify where this approach may further improve engagement across the company.</p> <p>Communication</p> <p>Internal communication methods vary at Innospec, from site level noticeboards, site meetings, SHE best practise groups, steering groups, internal emails and company 'voice' announcements. In addition, in 2023 Innospec regularly posted on social media platforms Facebook and LinkedIn, sharing activities related to the Innospec Cares program such as volunteering days, and links to their ESG Report. Links to these pages could be added to the website home page to maximise engagement and benefit of the posts, as well as overall connectivity of external engagement.</p> <p>It is understood communication will be a focus during 2024. The role of the ESG Officer has been changed to focus on ESG communications. Changes are planned to Innospec's sustainability website and internal communication methods such as refreshed newsletters.</p>
<p>Materiality</p> <p><i>Decision makers should identify and be clear about the sustainability topics that matter</i></p>	<p>Innospec completes annual materiality assessment reviews, with a full study assessment undertaken every three years. The full study assessment includes a range of workshops and interviews with internal function, business leads and key external stakeholders, whereas the annual review is a desktop assessment, conducted primarily by the ESG team. In 2023, Innospec were due to complete a full materiality assessment, however a decision was made to postpone the assessment, and instead complete a double materiality assessment during 2024, to meet best practice and the requirements of the Corporate Sustainability Reporting Directive (CSRD). They did, however, still undertake a desktop materiality assessment in 2023. Jacobs' assurance team were shown the output of this assessment, which included a review of customer and competitor reports. The topic of diversity and inclusion (D&I) was identified as a material issue and an area where Innospec should increase its reporting on. New D&I training was launched in 2023 and the HR team are working on a number of new initiatives in this area including an independent employee D&I survey that will be launched in 2024.</p> <p>A double materiality assessment is a requirement of the CSRD and new to Innospec. Given the increased scope of the assessment, a broader range of stakeholders will need to input into the process. Jacobs' assurance team found that not all interviewees were aware of the latest materiality assessment (2023); future assessments are likely to have implications for wider areas of the business and will require increased internal involvement. It is recommended that the materiality process and its findings are communicated beyond the Business teams to all functions, for example via a workshop, to improve the understanding and engagement of all employees.</p> <p>Legal and compliance</p> <p>Compliance courses, such as Competition Law / Anti- trust, Modern Slavery and Gifts and Hospitality, are rolled out to all employees every three years, with certain courses</p>

	<p>implemented more regularly, or targeted appropriately for the time of year. For example, employees are required to complete annual Code of Conduct, anti-corruption and export controls and trade sanctions certification. In 2023 two new courses were introduced; “The ABCs of Anti-bribery and Anti-Corruption” and “Code of Conduct: A Journey of a Thousand Miles”. The Code of Conduct aligns with Innospec’s core values and was updated in 2023, increasing the emphasis on internal reporting. It now contains example scenarios and is considered to be more ‘user friendly’ than the previous code of conduct.</p> <p>SHE</p> <p>The health and safety of Innospec’s employees and stakeholders remains paramount to the business. There is a strong safety culture, embedded at all levels and further promoted by widespread staff training, near miss of the month reporting and performance awards recognising employees for their involvement in SHE.</p> <p>Innospec’s SHE Best Practice Group, made up mostly of SHE professionals, met twice in person during 2023, sharing objectives, actions and giving feedback to Corporate SHE on new initiatives being considered. Informal communication takes place between SHE professionals and site management on a regular basis, and all sites use Innospec’s new online reporting system EcoOnline to collect data on SHE events. In 2023, EcoOnline replaced the previously used outdated reporting platform, and it is understood that full training on the new software was provided to site SHE leads. There is clear guidance and instruction provided on how to report all SHE incidents including the notification of any high-level events to the Executive Team. Corporate SHE chairs quarterly meetings with RESPECT (Responsible Care Executive Committee) executives, where sites provide details of their SHE performance and objectives for review and discussion.</p> <p>In 2023, Innospec’s Reportable Lost Time Accident (IRLTA) frequency rate was 0.10, below the industry average 0.15; Innospec have remained below the industry average since 2019. This suggests the long-term management and governance of safety at Innospec has been effective.</p>
<p>Responsiveness</p> <p><i>Organisations should act transparently on material sustainability topics and their related impacts</i></p>	<p>Innospec’s board committees are:</p> <ul style="list-style-type: none"> • Audit Committee • Non-Employee Directors Group • Nominating, Corporate Governance and Sustainability Committee (NCGSC), and • Compensation Committee. <p>In 2023, the Nominating Corporate Governance Committee added “Sustainability” to its title to better reflect its remit. The addition of sustainability in the Committee’s title reflects the increasing importance and further strengthening of ESG related actions and reporting to the board in recent years.</p> <p>The NCGSC responsibilities include monitoring significant corporate governance and environmental and social developments, make recommendations to the Board regarding corporate governance and environmental and social affairs, periodic reviews and discussion with management on Innospec’s practices with respect to environment, social and corporate governance.</p> <p>This change provides greater opportunity to feedback and discuss sustainability issues and further develop the company’s ESG strategy.</p> <p>Resourcing and Responsibility</p> <p>2023 was the first full year where ESG and SHE were standalone functions in Innospec. This, alongside dedicated Business ESG Groups and an Executive Team ESG steering</p>

	<p>group, and the annual ESG report, demonstrates an increased focus on ESG within the company.</p> <p>Although now separate functions, ESG and SHE both have an interest in site level environmental compliance and reporting. Health and Safety appears to have greater focus than Environment within the SHE corporate function. It is recommended that the SHE central function would benefit from additional resource to support the environmental aspect and support the overlap between the two functions. Increased focus on the environment at corporate level will support and facilitate increased focus at a site level. At a site level, environmental governance and action appears to be focussed on compliance, whereas health and safety goes beyond compliance. There is an opportunity to upskill SHE leads to expand their focus and confidence on environment issues.</p> <p>The ESG team continue to engage closely with customers on their sustainability requirements. Resources are currently a constraint on activities with ever-increasing customer requests, but this is being addressed by Innospec. Innospec senior leadership should continue to engage and respond to this increasing customer ESG interest and expectation. This will be important as the demands of customers and regulations increase, particularly in the area of data and reporting.</p>
<p>Impact</p> <p><i>Organisations should monitor, measure and be accountable for how their actions affect their broader ecosystems.</i></p>	<p>Climate change</p> <p>Innospec have started to see evolution in environmental reporting and accountability, particularly for climate statements and life cycle assessments (LCA) of products. During 2022 and 2023, Innospec developed an in-house product carbon footprint methodology based on ISO14067 and industry best practice carbon footprint guidance. The CEO Patrick Williams is now responsible for signing off Innospec’s product carbon footprints; it is positive that executive employees are engaged and accountable for Innospec’s impact on climate change.</p> <p>In 2023, Innospec calculated and reported its Scope 3 emissions in its annual ESG report for the first time. The company identified 10 applicable Scope 3 categories that were applied to 2022 data. Going forward, the data can be used to develop a decarbonisation pathway. Data availability and quality differed across different business areas of Innospec, and to improve the accuracy of the data reported, improvements will be required. It is understood advancements to methodology and data collation have already been considered and will be applied to Scope 3 data going forward.</p> <p>In addition to six other manufacturing facilities, Innospec’s Barcelona site is now certified under ISO14001, further site discussions demonstrated that other sites are looking to achieve this accreditation in the near future. This demonstrates that sites and the business are aware of their environmental impact and its management. This may also highlight areas for improvement across the business, and it is recommended that Innospec use accredited sites as a benchmark for best practise.</p> <p>Impact and Resource Reduction</p> <p>Established in 2016, Innospec has a dedicated Resource Reduction Group (RRG), tasked with sharing information and initiatives on resource reduction projects. Compared to previous years fewer projects were implemented in 2023. One site SHE lead believed this may be due to the ‘low hanging fruit’ projects already being in place, therefore going forward, projects are likely to be more involved and therefore will require more time and resource to implement. Another site SHE lead noted a decrease in engagement from their site with regard to the RRG, due to technical staff leaving the business. This highlights a potential vulnerability on reliance of individuals to drive change. It is recommended that</p>

	<p>sites should be encouraged to engage with the RRG through setting of objectives at site management level to ensure continuity and resilience of upcoming projects.</p> <p>Target Setting</p> <p>Innospec appear to have limited public facing quantitative environmental and sustainability targets. At a corporate level, there is a target to reduce Scope 1 and Scope 2 (purchased steam) emissions by 10% by 2030, however the lack of a wider range of public facing targets may become apparent in the near future, particularly with increasing interest from stakeholders on public commitments. Public facing corporate commitments and targets will allow Innospec to measure and monitor its progress, ensuring it is accountable for its impact.</p> <p>This is reflected at a site level, with an inconsistency in the setting of ESG targets. A number of the sites interviewed during this process have no specific quantitative environmental targets or metrics in place. For example, the qualitative objective 'determine viable options for reduction in quantity of water used' could be strengthened by including a tangible metric. It is recommended that there is greater involvement from corporate level to support and develop site level specific SMART⁵ targets around energy, water and waste. More specific targets will provide metrics for sites to monitor performance against and may strengthen the businesses approach to achieving corporate targets.</p>
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Performance Information Findings and Recommendations

The 2023 ESG data has been evaluated to a moderate level of assurance. Jacobs's assurance team reviewed the following data:

- Scope 1 and Scope 2 Greenhouse Gas emissions
- Energy use
- Water use
- Waste generation

The 2023 Sustainability Report includes Scope 3 data for the first time, with data presented for the 2022 reporting period. The data reported in the ESG report states Scope 3 accounted for 96.7% of 2022 combined GHG emissions. This % contribution has been validated using an independent Scope 3 baseline assessment.

In 2023, the Innospec data collation, reporting, and internal validation were supported by Jacobs reporting team⁶. This assurance process included a review of the processes undertaken by both the Innospec ESG team, and the Jacobs reporting team.

During the internal validation process, minor data errors were identified; these were shown to Jacobs assurance team as part of this assurance and were considered to be non-material. Innospec's current process for managing any errors in reported site data was found to be robust and no further errors were found as part of this assurance process. It is suggested that the value of the internal validation process could be increased by recording and centrally reviewing all identified errors. This would allow Innospec to identify common errors and take proactive action to reduce these in future reporting. During the interview with the data team it was found that errors in the data reported by sites included the use of incorrect reporting unit conversion factors, incorrect readings of meters and failure to update estimated data.

⁵ SMART: Specific, Measurably, Accepted, Realistic and Time bound.

⁶ The Jacobs reporting team supporting the validation work are entirely independent from the assurance team. Please refer to competence and independence section.

In addition to the group-level interviews, data collection and reporting was also discussed with individual sites to understand and review the consistency of Innospec's data management across the business. Sites provided evidence of their data collection and reporting processes, as well as any checks completed prior to reporting. While each site has processes in place to report data accurately, these methods varied greatly, and effective practices are not currently shared between sites. There may be an opportunity for the SHE Best Practice Group to facilitate a session on data collation and reporting for site SHE leads.

Following Jacobs assurance team recommendation from the 2022 assurance process, Innospec have, at the end of 2023, produced a written a corporate procedure for Environmental data collation and reporting processes. Jacobs recommend that this is shared with the sites for their input to ensure it reflects best practice. It is also recommended that sites create a local procedure that reflects the minimum requirements detailed in the corporate procedure and that is supported with site-specific information. Discussion with stakeholders at High Point expressed that such a procedure document would have been useful when training new members in ESG/SHE roles, particularly during a recent change in site resourcing, and we understand they had planned to produce this independently.

Conclusions

Based on the assurance process completed, Jacobs assurance team considers the following statements to be accurate:

- The 2023 Sustainability Report has been verified in full and the information it presents is a fair reflection of Innospec's activities in 2023. To a moderate level of assurance, all material aspects are deemed to be accurate.
- Innospec has demonstrated adherence to the AA1000 Accountability Principles of Inclusivity, Materiality, Responsiveness, and Impact.
- The systems and processes relating to data collation and reporting are considered to be fair and appropriate.

The 2023 Sustainability Report has been verified in full, with material claims discussed further with corporate functions and sites. Based on this assurance process, Jacobs assurance team has no material concerns with the 2023 Sustainability Report or the 2023 environmental and sustainability performance data.