



**TOGETHER WE'RE  
SUSTAINABLY  
DRIVEN**

**VALVOLINE 2016  
CORPORATE SOCIAL  
RESPONSIBILITY  
REPORT**



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## Together We're Driven to Serve

Valvoline™ celebrates the exponential impacts that result from our collective efforts. Only through the power of a collaborative approach will consequential advancements in our areas of focus—**PEOPLE, PRODUCT AND PLANET**—be realized. We understand our diverse stakeholders, from associates to customers to our communities, have interests that ultimately converge and that working together will consistently outperform our efforts alone.

As Chief Executive Officer at Valvoline, I am proud to lead such a remarkable group of people who strive for a more sustainable future.

When we talk about sustainability at Valvoline, we don't think in terms of a separate program. It's simply the way we do business.

Since our inception more than 150 years ago, the products and services we offer have been built on the promise of helping everything we touch run better. With our help, engines run more efficiently, reliably and cleanly — in short, they run more sustainably.

We look for ways to embed that promise into every aspect of our worldwide operations:

- **People:** our culture of community involvement, safety and diversity and inclusion.
- **Product:** the sustainability efforts we put into our products.
- **Planet:** our goal of reducing our impact on the environment.

These areas represent the most material aspects of our business, and in turn, they are where we can reap the most significant results.

**People:** Through the hands-on involvement of our employees, we enhance the communities where we work and live by giving of our time, talents and money to worthy causes and organizations. We promote an inclusive workplace where our team members and our business grow and thrive by bringing diverse viewpoints and experiences to the table. We also make safety a cornerstone of our workplace culture.

**Product:** With Valvoline's long-term membership in the Consumer Specialty Products Association, we subscribe to Product Care™, a comprehensive product stewardship program. We continue to find innovative ways of improving our product offerings, including engineering our packaging to maximize recycled content.

**Planet:** In 2016, we made significant strides on our journey to becoming a more sustainable organization. Globally, we challenged ourselves to prevent as much waste as possible from going to landfills. We now have six zero-landfill facilities, and our other sites have substantially reduced the amount of solid waste they generate.



Sam Mitchell, CEO

We now have **6 ZERO-LANDFILL FACILITIES** and other facilities have achieved substantial reduction in solid waste generation.



At our Lexington, Kentucky, headquarters, our employees—led by our Green Team—participate in a robust recycling program. We also focus on energy reduction and in 2014 achieved Energy Star certification at our former headquarters building. As we transition to our new state-of-the-art headquarters, which was designed with sustainability in mind, we're optimistic the energy-efficiency progress we've made over the years will continue.

Valvoline's first Corporate Social Responsibility Report provides examples of our efforts, our goals, and our performance in 2016. We will continue our drive for sustainability and report our progress through an annual CSR report to be published on our website.

We are committed to continuous improvement and our focus on People, Product and Planet. It's our goal to further that progress every day.

**Samuel J. Mitchell, Jr.**  
Chief Executive Officer

## Our Story

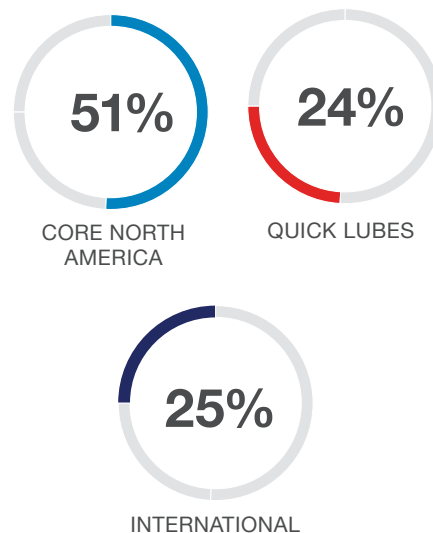
**Valvoline Inc. (NYSE: VVV)** is one of the most recognized and respected premium consumer brands in the global automotive lubricant industry. In 2016 we became an independent, publicly traded company, yet our heritage spans 150 years, during which we have become known across multiple channels for our high-quality products and superior levels of service.

We have significant positions in the United States in all of the key lubricant sales channels, and also have a growing international presence with our products sold in approximately 140 countries.

Our premium branded product and service offerings provide our customers with solutions that address a wide variety of needs. In addition to our iconic Valvoline-branded passenger car motor oils and other automotive lubricant products, we provide an array of lubricants used in heavy duty equipment, as well as automotive chemicals and fluids designed to help improve engine performance and lifespan.

In the United States and Canada, as of the end of fiscal 2016, our products were sold to consumers through more than 30,000 retail outlets, to installer customers in over 12,000 locations, and 1,068 franchised and company-owned Valvoline Instant Oil Change<sup>SM</sup> (VIOC) quick lube centers. Around the world, we serve our customer base through an extensive sales force and technical support organization, allowing us to leverage our technology portfolio and customer relationships globally, while meeting customer demands locally.


### FY2016 Sales Contributions



In the United States and Canada, as of the end of fiscal 2016, our products were sold to consumers in...

  
**30,000+**  
RETAIL OUTLETS

  
**12,000+**  
LOCATIONS

  
**1,068**  
FRANCHISED AND COMPANY-OWNED VIOC QUICK LUBE CENTERS

• Valvoline Facilities  
[SEE FULL LIST →](#)



## Our Corporate Social Responsibility (CSR) Approach

At Valvoline we strive for greatness in all that we do, and are committed to winning... the right way.

Valvoline's three "V"s—Values, Vow and Vision—drive our culture and our plans to build the world's leading engine and automotive maintenance business.

When we talk about sustainability at Valvoline, we don't think of it as a separate program or initiative. It's ingrained in our culture and the way we do business. We use a theme of People, Product and Planet to describe our efforts at Valvoline and that reflects the categories of our Corporate Social Responsibility report.

### VALUES

- It all starts with our people
- Safety is always our priority
- We are committed to winning... the right way
- We work hard, celebrate success and have fun
- We strive for greatness

### VOW

Our vow is to bring "Hands On Expertise" for the benefit of our customers every day, moving the business forward with speed and excellence.

### VISION

We are building the world's leading engine and automotive maintenance business. We will accelerate growth around the world by increasing our focus and investment in:

- The Valvoline™ brand, built on superior products and service
- The industry's best retail services model
- Technology that enables speed, innovation and increased efficiency in every aspect of our business
- Strong value-adding relationships with our channel partners

## Valvoline Management Systems

From our plant personnel to our CEO, Valvoline has a passion for our People, Product and Planet driven management systems. This is demonstrated by the high attendance and frequency of service center and plant floor safety and environmental topic meetings, as well as our "3P" plant and company management review meetings which are personally sponsored by CEO Sam Mitchell. Valvoline has two distinct management systems to meet the unique needs of the VIOC retail business and our Supply Chain operations.

At our retail VIOC locations, we incorporate EHS into SuperPro™ (an internal management system) which covers every aspect our retail services business. From day one, our employees are trained, tested and certified on these standards as they support and encourage the proper use of callouts, personal protective equipment, tools, and system practices to drive superior EHS performance.

As a result, VIOC has one of the lowest incident injury rates in the automotive service industry. Valvoline continues to adhere to the Responsible Care 14001 (RC14001) standard as best-in-class for Valvoline's Global Supply Chain's Responsible Operations program. The program is a comprehensive certified management system assuring uniform transparent implementation of Environmental, Health, Safety and Security standards globally. This framework helps identify and address risk within the Valvoline Supply Chain through documented standards and best practices. Our Responsible Operations Management System is externally group certified to RC14001 by the ABS Group of auditors to ensure continuous improvement targets and objectives are set, monitored and audited.

# TOGETHER WE'RE DRIVEN FOR A BETTER SOCIETY





# // PEOPLE

## OUR CORE VALUES



It all starts with our people



We are committed to winning...the right way



Safety is always our priority



We strive for greatness



We work hard, celebrate success and have fun

The foundation of Valvoline's drive for sustainability is framed by those stakeholders who are committed to winning...the right way. We recognize the importance of nurturing the values in which we believe with each and every employee, customer, and supplier associated with Valvoline.

The cornerstone of Valvoline's compliance program is our Global Standards of Business Conduct. The Code serves as a resource guide to help all employees make decisions that reflect Valvoline's Core Values.

Only through a collective and an all-embracing approach can we truly achieve the significant impacts we strive to accomplish, and a strategic focus on the areas with the greatest needs will help produce the greatest results. Those opportunities include commitments to community involvement, workplace safety, diversity and inclusion.

## Empowering Ugandan Women through Supplier Diversity Effort a Win-Win

Volunteers from Valvoline spent a day in “hands-on” support of The Blessing Basket Project, an initiative to reduce poverty in developing countries. Our team — representing the St. Louis Supply Chain, VIOC and Core North America — went to the organization’s headquarters to attach “Artisan Card” tags to 2,000 chargers, or decorative platters, hand-woven by women in Uganda.

The chargers, which Valvoline purchased, were used as gifts to the 2000 attendees at the annual BMW Tier 1 Supplier Diversity Matchmaker Event in Greenville, South Carolina which we have sponsored since its inception. Theresa Carrington, the founder and CEO of The Blessing Basket Project, spoke at the conference and also praised our support. “Combined with our Prosperity Wages model, Valvoline empowered 168 families in Uganda with the U.S. equivalent of \$29,000. That is enough to educate 104 students for a year,” she said. “Valvoline’s commitment went far beyond money as their employees volunteered time to attach Artisan Cards to every single item.”

Not only were we able to help this most worthy cause, but our involvement in the BMW event has lead Valvoline to several new diverse vendors. “Each year we increase our database of quality suppliers through our participation and strengthen our connection with the BMW Supplier Diversity team. It all helps our journey toward a more diverse supply base that more closely mirrors our diverse customer base,” noted Maree McMinn, procurement manager.

Valvoline empowered **168 FAMILIES** in Uganda with the U.S. equivalent of \$29,000, enough to educate 104 students for a year.



Valvoline team members from St. Louis, MO attached Artisan Card tags to 2,000 chargers that were hand-woven by women in Uganda.



## Creating New Healthcare Facilities in India



Valvoline's joint-venture partnership with Cummins India, Valvoline Cummins Private Limited, endeavored to significantly improve living conditions in communities across India by establishing and developing quality healthcare facilities—Muskaan Clinics—for truck drivers, mechanics and their families. Our first clinic opened in 2015 and two additional clinics are projected to be opened in 2017.

Each facility will serve roughly 40,000 people per year. The Muskaan Clinics provide quality infrastructure, staff and medical services on par with the best medical facilities in the region. The initiative has received overwhelming support from, and the patronage of, hundreds of fleet workers and their families. For them, Muskaan Clinics have opened the door to a better and healthier life.



Approximately **40,000 PEOPLE** are served in each healthcare facility.

## Promoting a Culture of Safety

We believe that all injuries, occupational illnesses and incidents are preventable, and Valvoline is committed to operating with a zero-incident culture. We engage all employees in the workplace and also promote off-the-job-safety for our employees and their families. We design, build and operate our facilities to nurture a safe and secure workplace.

One example is the recent implementation of Valvoline's powered industrial truck safety program which leverages technology to help mitigate safety issues in our facilities. By installing a wireless management system that controls access to authorized operators, detects collisions and monitors equipment operations, we are able to better monitor pre-use inspections to ensure they are completed prior to operating the equipment. An impact detection system provides instant notifications to speed response times to accidents, greatly improving our employees' care. Blue safety light technology has also been installed on our fork trucks as an added precaution to help limit accidents caused by hindrances to visibility or hearing.

These examples of technology provide better reporting tools for incident investigations and more accurate data enabling Valvoline to identify the conditions of the facilities where collisions occur. Subsequently, we can effectively analyze the information and develop specific plans to address the areas of concern.

# 63% ↓

**REDUCTION in**  
injury rate over  
the last 5 years





Children's  
Miracle Network  
Hospitals

**\$213,494**

in funds raised by VIOC  
employees in 2016

**28**

local Children's Miracle  
Network Hospitals benefited



**“Valvoline Instant Oil Change continues to show their dedication to helping improve the lives of sick and injured kids. We are thrilled to have VIOC service centers across the country participate to raise funds for pediatric care.”**

**John Lauck,**  
president and CEO of Children's Miracle  
Network Hospitals



## VIOC raises more than \$200,000 for Children's Miracle Network Hospitals



"In addition to taking care of our customers, we're equally passionate about helping those in our community."

– Tony Puckett,  
president — Quick Lubes

In 2016, company-owned VIOC service centers across the U.S. participated in Children's Miracle Network Hospitals Miracle Balloon Campaign. Generous donations from our team members and customers of VIOC raised \$213,494 to benefit each of the 28 local Children's Miracle Network Hospitals. "We are committed to making a difference in the communities where we live and work," said Matt Furcolo, vice president of operations for VIOC. "We are a company that cares about our team members and those team members care about helping others."

**Funds generated during the campaign contributed to the overall fund raising that supported 32 million patient visits for the 10 million children treated every year in the network's hospitals.**

Since 2009, VIOC has been a national partner of the organization, raising over \$800,000 for Children's Miracle Network Hospitals. "Valvoline Instant Oil Change continues to show their dedication to helping improve the lives of sick and injured kids. We are thrilled to have VIOC service centers across the country participate to raise funds for pediatric care," said John Lauck, president and CEO of Children's Miracle Network Hospitals.

## Our Commitment to Diversity & Inclusion



Employee Resource Groups provide another way for employees to be heard, valued and engaged; and members provide key insight to the business.

Valvoline's People strategy is designed to help us attract top talent to create great experiences every day for our stakeholders around the world. A diverse workforce is critical to generating new ideas and inspiring innovation, and at Valvoline we foster an environment where team members feel valued, engaged and inspired to do their best work. By leveraging the similarities and differences that shape each individual, we encourage and promote innovative thinking and drive the kind of sustainable, competitive advantage that helps Valvoline leverage new opportunities and drive increasing value.

We have an active recruitment program, as part of that effort, to identify and attract diverse talent through college recruiting, as well as targeted diversity and professional recruiting. Led by Valvoline team members, Valvoline supports Employee Resource Groups that are designed to further personal and professional development, strengthen networking, volunteerism and community involvement, and promote diversity within the company. Group members share a common interest, such as race, gender or cultural identity, but membership is open to all employees.

We also recognize the importance of partnering with a diverse supplier base. Through our Supplier Diversity Program, Valvoline works to promote business opportunities for certified minority and woman owned business Enterprises (MWBES) and well as certified veteran businesses that support our business needs.

### TOTAL WORKFORCE BY REGION

NA	88.3%
EMA	3.5%
AP	7.6%
LA	0.5%

Total 100.0%





# 500

volunteer hours  
per year

# 14

homes renovated  
or built since 2002

Valvoline team members from Lexington, KY volunteer at local Habitat for Humanity site.



## Habitat for Humanity

Habitat for Humanity believes in building strength, stability and self-reliance through shelter, and Valvoline has proudly supported that noble cause since 2002 by providing over \$250,000 in corporate gifts and volunteer hours to date. Our employees donate upwards of 500 volunteer hours per year to help build and repair our sponsored families' homes while also contributing furniture and appliances to Habitat for Humanity ReStores.

"We are so grateful for the way Valvoline has loved their neighborhood through their support of Lexington Habitat for Humanity," said Rachel Smith Childress, CEO—Lexington Habitat for Humanity. "At Habitat, we talk a lot about loving our neighbors—all of our neighbors. Valvoline is a prime example of a corporation who does just that."

Internationally, Valvoline and Lubricantes Internacionales de Guatemala, Central America, have supported Habitat for Humanity's development project, Humanity Guatemala. For the past eight years, needed funds have been raised with our support of a golf tournament "Open para la Humanidad," which means "open for humanity."

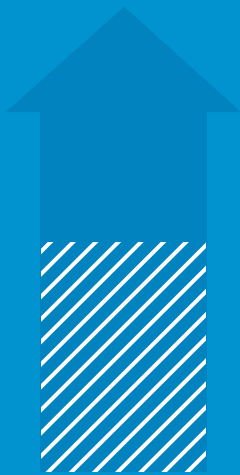
Valvoline has provided over **\$250,000 IN CORPORATE GIFTS AND VOLUNTEER HOURS** to Habitat for Humanity since 2002





# // PEOPLE

## 2016 DATA & KEY PERFORMANCE INDICATORS



**63%**

improvement in  
Total Preventable  
Recordable Rate  
(TPRR) since  
2012

**16%**

below TPRR  
industry average

(based on BLS 2015 Benchmark)

VIOC



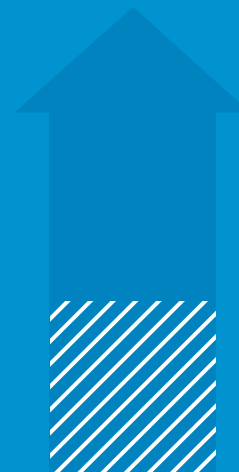
**6%** improvement in rate of injuries  
rate requiring days away from work

**56%**

below TPRR  
industry average

(based on BLS 2015 Benchmark)

Valvoline Company Wide



**47%**

improvement in  
TPRR in 2016  
in our instant oil  
change facilities

**TOGETHER  
WE'RE DRIVEN  
FOR BETTER  
PERFORMANCE**





## // PRODUCT

Dr. John Ellis, the inventor of the first lubricating oil and the originator of the Valvoline® trademark in 1866, was known for his passion for product quality.

One of the tenets on which Dr. Ellis' products were based was that **"QUALITY IS NO ACCIDENT, IT'S . . . INTENTIONAL."**



The Sustainability and Product Stewardship movements popular in today's business world are a natural extension and outgrowth of this type of quality culture. A culture that's been present for over 150 years within our product development and is still ingrained in all we do at Valvoline.

Our culture of Sustainability and Product Stewardship ensures that every bottle of Valvoline product is delivered as the culmination of our technology, engineering, manufacturing, and quality, as well as our commitment to environmental, health and safety considerations. This represents our cumulative "Hands-on Expertise" all rolled into one package, guaranteeing our products maximize the benefits to our customers and their vehicles, while minimizing impacts on the environment.

## Premium Blue™ Extends Oil Drain Intervals

In a breakthrough with potential to deliver substantial cost savings and sustainability benefits for Heavy Duty operators and fleet owners, Valvoline and its joint venture partner, Cummins Inc., recently launched Valvoline Premium Blue Heavy Duty Engine Oil—proven to extend oil drain intervals by an additional 10,000 miles.

“We know that when it comes to performance and investment of your engine and motor oil, everything matters—from the advanced hardware components found in the Cummins X15 engine, to the innovative formulation found in Valvoline Premium Blue. It’s not just one or the other,” said Roger England, Cummins R&D director of fuels, lubricants, and materials. Valvoline Premium Blue™ diesel engine oil remains the only recommended oil for all Cummins engines, providing lasting performance and protection.

“Together, we’ve integrated our products in a way that benefits our customer,” added Fran Lockwood, chief technology officer at Valvoline, “When you can extend oil life without reducing performance, that’s going to add up to incredible savings over the long haul and make a real impact on the health of their equipment and the overall sustainability of the engine.”

Premium Blue Restore™ engine oil is uniquely formulated to provide advanced engine cleanup in a single service. It benefits the environment primarily by helping diesel trucks to run cleaner. Premium Blue Restore is approximately 30% biodegradable by method (ODEC 301B) and is composed of 40-45% renewable oil. The 2017 Cummins X15 engine was meticulously engineered to provide incredible overall efficiency, delivering up to 3% base engine fuel economy improvement over the EPA 2013 ISX15 engine, and up to a 15-20% improvement over the EPA 2010 model.

### Product Care™

Through Valvoline’s long-term membership in the Consumer Specialty Products Association, we subscribe to Product Care™—a comprehensive product stewardship program. To learn more about the program, visit their website [here](http://www.cspa.org).



### PREMIUM BLUE RESTORE

**30%**

BIODEGRADABLE BY METHOD  
(ODEC 301B)

**40-45%**

RENEWABLE OIL COMPOSITION





# Environmental Performance of Our Products

In 2016 Valvoline's mix of engine oil sales shifted by more than 20% toward lighter viscosity grades that provide additional vehicle fuel economy. These viscosity grades are recognized by the EPA and the automotive industry to help reduce carbon dioxide equivalent emissions. Valvoline also formulates and distributes products for use in electric, natural gas, and hybrid cars, trucks and buses as well as other environmentally friendly technology such as wind turbines. Some of the other functional benefits delivered by Valvoline's products and services include:

**01**

Restoring or improving operation of the engine and other vehicle systems which improves fuel efficiency and reduces emissions

**02**

Ensuring proper operation of vehicle's emissions control systems

**03**

Removing power-robbing deposits that cause decreased fuel efficiency and power, increased emissions, and increase downtime

**04**

Increased longevity of an engine through improved lubrication and heat transfer

**05**

Extended change intervals which reduce downtime and maintenance costs

**06**

Improved fuel economy through improved lubricant formulations

**07**

Meeting or exceeding Original Equipment Manufacturers' specifications and increasing our customers' confidence that our products are best for their vehicles, and the environment

**08**

Providing vehicle maintenance and repair services that help keep our customers' vehicles running properly and efficiently

**09**

Recycling of lubricants and other fluids generated during maintenance and repair of our customers' vehicles

**10**

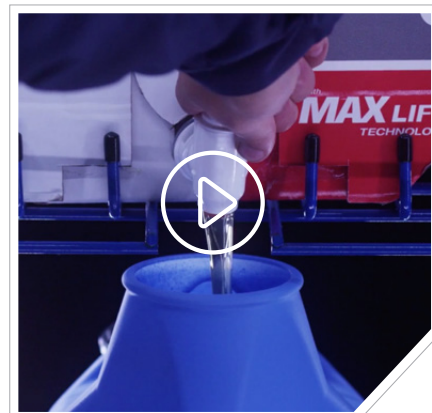
Designing products, their packaging and application methods, that reduce potential human or animal exposure to the product during storage and use, and reduce post-use emissions and waste



## Rethinking the Box with Advanced Bay Box™

Valvoline continually seeks new ways to make oil changes easier, faster and more cost effective. With the Advanced Bay Box™, Valvoline's latest bag and box motor oil packaging system, we've set a new standard. Redesigned box packaging will improve shipping and stacking strength, and clear labeling will help installers to distinguish between products. The redesign will also simplify box breakdown for easier disposal and recycling once the product is empty. Better product flow and waste minimization will be achieved through an integrated funneling system and an angled rack design.

A customizable and modular rack design will allow for setups that can accommodate any service bay size and shape. And even better, the rack setup will require only one tool to complete. Innovation at Valvoline means making things run "Better, Faster, Smarter" and the Advanced Bay Box system is just another step along that path.



[See the Advanced Bay Box™ in Action](#)



### BAY BOX FEATURES



STRONGER  
REDESIGNED BOX



DESIGNED FOR OPTIMAL  
POUR AND ERGONOMIC  
USE



OEM SPECIFIC ADAPTER  
FOR EASE OF USE



CUSTOMIZABLE AND  
MODULAR RACK DESIGN



# // PRODUCT

## 2016 DATA & KEY PERFORMANCE INDICATORS



**26K+**

safety data sheets  
were generated  
during 2016



**92.5%**

of those generated  
safety data sheets  
were electronic,  
greatly reducing  
our paper use

**1,000+** product SKUs



**100%  
Valvoline  
materials**

classified in accordance with the  
Global Harmonized Standard (GHS)



**100%  
REACH**  
compliant

# TOGETHER WE'RE DRIVEN FOR A BETTER ENVIRONMENT





## // PLANET

Over 150 years ago, Valvoline was built on the premise of sustainability, effectively extending the lives of engines through the application of our innovative products. We continue those sustainable efforts on behalf of our customers today, not only as it relates to the performance of our products, but on how the manufacture and disposal of those products affect the environment.

We continue to strive for greatness and are committed to:



With an understanding of the effects a global manufacturing company can have on the communities in which it operates, Valvoline continually seeks to mitigate those potential environmental impacts. We are committed to monitoring progress, exploring new initiatives and updating our environmental goals as a company in order to continue the strive for greatness. As with each aspect of our People, Product, Planet focus, a collaborative effort is required to truly hit our marks.

## Environmentally Sustainable Facilities

Our continued focus on reducing the environmental footprint of Valvoline facilities has resulted in significant improvements in our global operations. From water and waste management to energy consumption, we have made great progress on these fronts. At our Lexington headquarters we achieved Energy Star certification in 2014 through a number of initiatives including:

- the replacement of fluorescent and halogen lights with LED fixtures in the building and parking lot;
- the addition of photo cell sensors to outdoor lighting reducing operation only from dusk to dawn;
- adjusting the operation of cooling towers to reduce water usage;
- the addition of variable frequency drives to equipment to reduce motor speed; and
- the replacement of a gas-fired boiler and a hot-water tank with high-efficiency boilers and a rebuilt chiller adding a frequency drive.

“We have worked extremely hard to identify and implement modifications to drive energy efficiency in our facilities worldwide. Our employees have assisted our efforts by focusing on energy conservation and waste reduction as part of our workplace culture,” noted Tim Heaberlin, manager, facility services.

At our Lexington headquarters we achieved **ENERGY STAR CERTIFICATION**



[View the time lapse construction of our new building in progress](#)


## Our New Headquarters

In 2016 Valvoline broke ground on our new, state-of-the-art corporate headquarters in Lexington, KY. The building's design and construction objectives focus on energy efficiency and workplace comfort and productivity by including low volatile organic compound (VOC) construction coatings, LED lighting, abundant use of natural light, open workspaces, and many other environmentally friendly and employee-centered efforts. We look forward to reporting performance metrics next year from the new headquarters as we transition into our new facility.







## SUSTAINABLE DESIGN FEATURES

 Structural steel with high recycled content

 High efficiency lighting and occupancy sensors

 Tight and well-insulated building envelope

 Water-conserving plumbing fixtures

 All-digital mechanical systems with variable speed

 Shallow floorplates allow more natural light

Construction of our new corporate headquarters in Lexington, KY.



**Valvoline Australia installed a solar power generation system to effectively reduce its reliance on the electrical grid.**



## Solar Electrical Generation in Australia

As part of Valvoline's effort to reduce our environmental footprint globally, Valvoline Australia installed a solar power generation system to effectively reduce its reliance on the electrical grid. The continent of Australia is known for its abundant sunlight making this location an ideal site to pioneer and test this innovative technology within Valvoline's global locations.

Approximately 39,500 kwh of electrical energy was generated over the first 12 months from the solar panels, and all generated electricity was fed back into the plant's main distribution boards for power use. From an environmental and financial perspective the endeavor has been a success as Valvoline saved approximately 34.5 tonnes of carbon dioxide equivalent from being emitted into the atmosphere annually.

## Emergency Preparedness

Valvoline's historically limited environmental impacts are attributable to our long-term commitment of continual improvement in our prevention and preparedness programs. For over twenty years, we have invested significant resources in these programs including tank upgrades, the relocation of underground piping and tanks to aboveground locations, and the installation of secondary containment systems and high level alarms. Our storage vessels and piping are visually inspected on a regular basis with more extensive tank integrity testing conducted in accordance with our internal and external API standards. Our preparedness program is supported by 1-800-Valvoline—our 24-hour, 365-day-a-year line—along with Valvoline injury and incident coordinators, employee response training, and contractors prepared to respond to any size release. Valvoline has a crisis management plan in place and our sites regularly conduct emergency drills preparing for a wide range of events from minor to significant.

**39,500**

**KWH OF ELECTRICAL ENERGY** was generated over the first 12 months from solar panels.





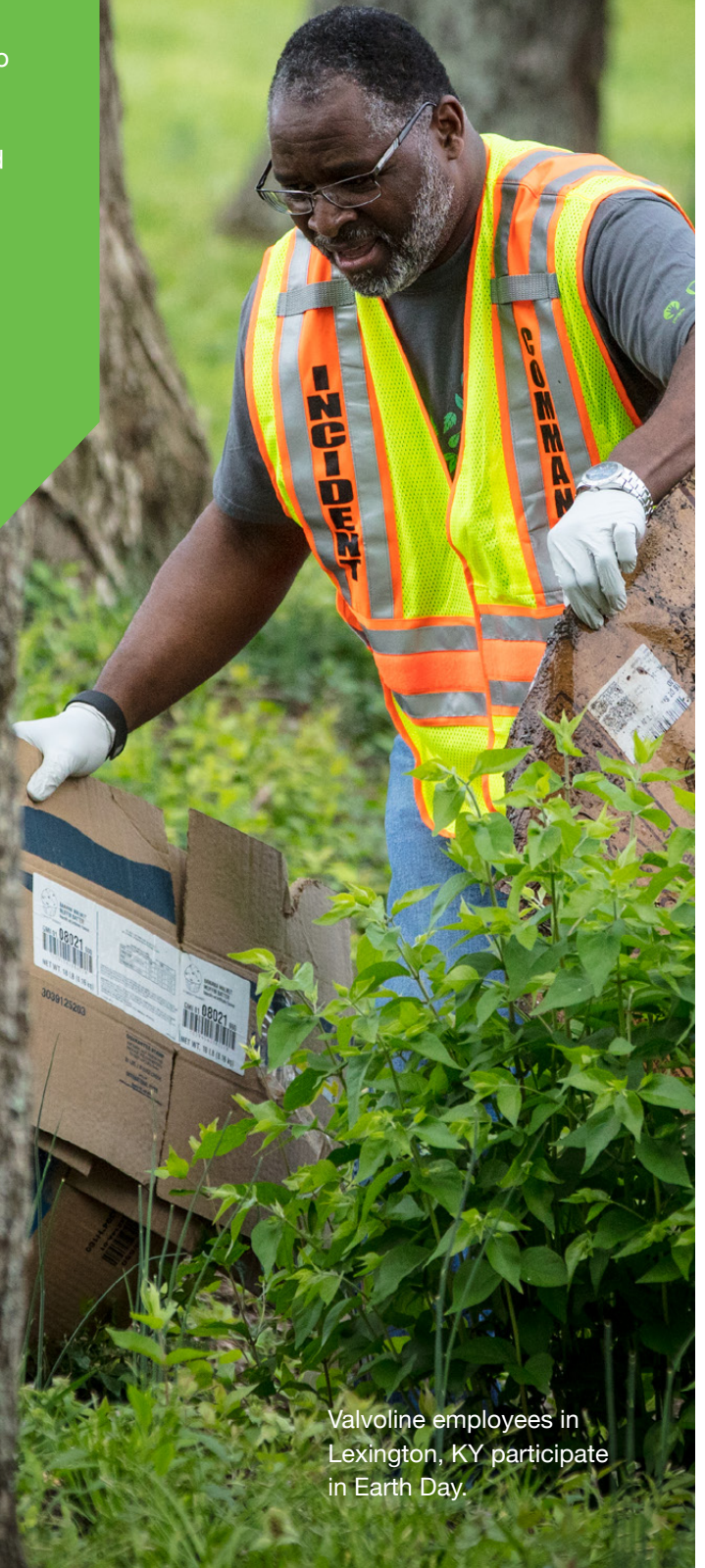
## Green Team



What happens when a group of like-minded, environmentally conscious people organize and work together? With the Green Team at Valvoline, great things!

Led by Vince Greene, this ever-evolving collaborative team provides the nimble and spontaneous firepower to plan and execute our sustainability efforts. Our Green Team organizes the necessary volunteers for initiatives such as Earth Day events, tree plantings, recycling, and even socially centered efforts around education and Habitat for Humanity.

“The culture at Valvoline is all about doing things the right way, and I’m proud to play a small role in that. Regardless of the number of people we need to achieve our goals, or the difficulty of the task, our team members at Valvoline always come through,” noted Greene.



Valvoline employees in Lexington, KY participate in Earth Day.



## Zero-Landfill Program

Valvoline is committed to protecting the environment and using our resources more effectively. This is exemplified in our aspirational goal and performance toward achieving zero-landfill status globally by 2040. Valvoline's Waste Minimization program is a mature program that has evolved over the past 25 years and our current challenge is to take a "good program" to the next level. To date, 50% of Valvoline's blending and packaging facilities, 18% of our warehouse sites and 33% of our Valvoline Operations facilities have achieved zero-landfill status. Over the past five years, Valvoline sites have recycled 19.8 million pounds while reducing waste generation by 57%.

Our employees create central collection areas to collect and segregate miscellaneous waste for recycling to make the process convenient, easy and sustainable. Valvoline uses many of the elements of the Lean 5S program (sort, shine, straighten, standardize and sustain), and these practices are now a part of our culture. Our sites actively pursue source reduction, reuse, recycling and recovering materials. We have challenged the sites to move waste streams to recycling or to eliminate them through our source reduction program as even the smallest of waste streams can add up to significant volumes due to facility scale. And whenever possible, we engage creative recyclers to help find innovative solutions like turning oily bottle regrind into railroad ties and pallets.

Over the past five years, Valvoline sites have recycled **19.8 MILLION POUNDS** while reducing waste generation by **57%**.



**Valvoline employees create central collection areas to collect and segregate miscellaneous waste for recycling.**



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# // PLANET

## 2016 DATA & KEY PERFORMANCE INDICATORS

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**4.5M**

gallons of auto fluids  
recycled by company-  
owned VIOC  
service facilities



**57%**

reduction in overall  
waste generation  
since 2012



**0.7%**

reduction in total  
energy consumption  
since 2015

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**97+** preparedness drills conducted

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**19.8M  
POUNDS**

of recycled materials  
since 2012



ENVIRONMENTAL IMPACTS:

**Zero**  
reportable releases

## Global Reporting Initiative (GRI) content index

This index was developed to help our interested readers compare the information in Valvoline's online sustainability report on our website with the Global Reporting Initiative (GRI) G4 guidelines.

This report is in accordance with the "core" option of the G4 guidelines.

Profile	Description	Reference
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### General Standard Disclosures

#### Strategy and Analysis

G4-1	Statement from senior decision-maker	<a href="#">Chairman's Letter</a>
G4-2	Key impacts, risks and opportunities	<a href="#">10-K</a>

#### Organizational Profile

G4-3	Name of the organization	<a href="#">Our Story</a>
G4-4	Primary brands, products, and/or services	<a href="#">Our Story</a>
G4-5	Location of organization's headquarters	Lexington, KY
G4-6	Countries of operation	<a href="#">Our Story</a>
G4-7	Nature of ownership and legal form	<a href="#">10-K</a>
G4-8	Markets served	<a href="#">Our Story</a> , <a href="#">10-K</a>
G4-9	Scale of the reporting organization	<a href="#">10-K</a>
G4-10	Total workforce by employment type, gender, employment contract and region	<a href="#">People Data</a>
G4-11	Percentage of total employees covered by collective bargaining agreements	Specific to North America employee population, including VIOC, 2.1% employees are covered by collective bargaining agreements.
G4-12	Describe the organization's supply chain	<a href="#">Supply Chain Management</a>
G4-13	Significant changes during the reporting period	<a href="#">10-K</a>



Profile	Description	Reference
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## General Standard Disclosures

### Organizational Profile (continued)

G4-14	Whether or how the precautionary approach or principle is addressed by the organization	Valvoline supports the intent of the Precautionary Principle with regard to risk management. We have established formal programs throughout our organization to identify potential impacts from risks and develop appropriate action plans to mitigate those risks. Our risk management program covers all aspects of our operations—from design of our operations and product development and production through the distribution of our products to our customers.
G4-15	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	<a href="#">External Commitments</a>
G4-16	Memberships in associations and/or advocacy organizations	<a href="#">External Commitments</a>

### Identified Material Aspects & Boundaries

G4-17	Entities included in the organization's consolidated financial statements	<a href="#">10-K Schedule 1</a>
G4-18	Process for defining the report content	<a href="#">About this Report</a>
G4-19	List material aspects identified	<a href="#">About this Report</a>
G4-20	Aspect boundary within the organization	<a href="#">About this Report</a>
G4-21	Aspect boundary outside the organization	<a href="#">About this Report</a>
G4-22	Explanation of any re-statements of information in earlier reports	Not applicable, 2016 represents Valvoline's first report
G4-23	Significant changes from previous reporting periods	Not applicable, 2016 represents Valvoline's first report

Profile	Description	Reference
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## General Standard Disclosures (continued)

### Stakeholder Agreement

G4-24	List of stakeholder groups engaged by the organization	<a href="#">About this Report</a>
G4-25	Basis for identification and selection of stakeholders with whom to engage	<a href="#">About this Report</a>
G4-26	Approaches to stakeholder engagement	<a href="#">About this Report</a>
G4-27	Key stakeholder topics and concerns and organization response	<a href="#">About this Report</a>

### Report Profiles

G4-28	Reporting period	<a href="#">About this Report</a>
G4-29	Date of the most recent previous report	<a href="#">About this Report</a>
G4-30	Reporting cycle	<a href="#">About this Report</a>
G4-31	Contact point for questions regarding the report or its contents	<a href="#">About this Report</a>
G4-32	Table identifying the location of the Standard Disclosures in the report	<a href="#">About this Report</a>
G4-33	Policy and practice with regard to external assurance for the report	<a href="#">About this Report</a>

### Governance

G4-34	Governance structure of the organization	<a href="#">Governance</a>
G4-35	Process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees	<a href="#">Governance</a>
G4-36	Executive-level position with responsibility for economic, environmental and social topics	<a href="#">Governance</a>
G4-37	Processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics	<a href="#">Governance</a>
G4-38	Composition of the highest governance body and its committees	<a href="#">Governance</a>
G4-39	Report whether the chair of the highest governance body is also an executive officer and, if so, his or her function within the organization's management and the reasons for this arrangement	<a href="#">Governance</a>



Profile	Description	Reference
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## General Standard Disclosures (continued)

### Governance (continued)

G4-40	Nomination and selection processes for the highest governance body and its committees	<a href="#">Governance</a>
G4-41	Processes in place for the highest governance body to ensure conflicts of interest are avoided	<a href="#">Governance</a>
G4-42	The highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts	<a href="#">Governance</a>
G4-43	The measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics	<a href="#">Governance</a>
G4-44	Process for the evaluation of the highest governance body's performance particularly with respect to economic, environmental and social performance	<a href="#">Governance</a>
G4-45	The highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities	<a href="#">Governance</a>
G4-46	The highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics	<a href="#">Governance</a>
G4-47	The frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities	<a href="#">Governance</a>
G4-48	The highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material aspects are covered	<a href="#">Governance</a>
G4-49	Process for communicating critical concerns to the highest governance body	<a href="#">Governance</a>
G4-50	The nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them	<a href="#">Governance</a>
G4-51	Remuneration policies for the highest governance body and senior executives	<a href="#">Governance</a>
G4-52	Process for determining remuneration	<a href="#">Governance</a>

Profile	Description	Reference
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## Specific Standard Disclosures

### Ethics and Integrity

G4-56	Describe the organization's values, principles, standards and norms of behavior, such as codes of conduct and codes of ethics	<a href="#">Our Story, Standards of Business Conduct</a>
G4-57	Internal and external mechanism for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as help lines or advice lines	<a href="#">Our Story, Standards of Business Conduct</a>
G4-58	Internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistle blowing mechanisms or hotlines	<a href="#">Our Story, Standards of Business Conduct</a>

### Economic Performance

G4-EC1	Direct economic value generated and distributed	<a href="#">Annual Report</a>
G4-EC3	Coverage of the organization's defined benefit plan obligations	<a href="#">10-K (page 85)</a>

## Environmental

### Materials

G4-EN1	Materials used by weight or volume	174.5 million gallons
G4-EN2	Percentage of materials used that are recycled input materials	7.4% recycled input materials

### Energy

G4-EN3	Energy consumption within the organization	330,800 MMBTU. Valvoline is continuously seeking out opportunities to reduce energy consumption and greenhouse gases. Our operations and service centers are not energy intensive, therefore, variations in weather tend to overshadow conservation measures. Over an extended period of time we expect to see a downward trend in energy. In 2016 energy use was down less than one percent.
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Profile	Description	Reference
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## Environmental (continued)

### Water

G4-EN8	Total water withdrawal by source	114,000 cubic meters of total water usage. Valvoline supports water conservation by installing low flow fixtures, monitoring water usage and seeking opportunities to reduce water usage. Valvoline's product manufacturing and operations are not water intensive and rely on municipal water sources. The primary sources of water consumption is sanitation with lessor quantities used for lawn maintenance, cleaning and boilers.
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### Biodiversity

G4-EN11	Operational sites owned, leased, managed in, or adjacent, to protected areas and areas of high biodiversity value outside protected areas	Valvoline does not own, lease or manage operational sites in or adjacent to protected areas or areas of high biodiversity value outside protected areas. We also do not own, lease or manage operational sites in areas where habitat restoration has occurred or in habitat protected areas. Nor do our activities result in significant impacts to these types of areas.
G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	
G4-EN13	Habitats protected or restored	

### Emissions

G4-EN15	Direct greenhouse gas emissions (Scope 1)	<p><b>Total GHG Emissions:</b> 36,800 mt.</p> <p><b>Indirect GHG Emissions:</b> 26,600 mt.</p> <p><b>Direct GHG Emissions*:</b> 10,200 mt.</p> <p>*excludes transportation GHG emissions</p>
G4-EN16	Indirect greenhouse gas emissions (Scope 2)	Data not collected

Profile	Description	Reference
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## Environmental (continued)

### Effluent and Waste

G4-EN23	Total weight of waste by type and disposal method	644,284 pounds of overall waste generation <u>Waste Management</u>
G4-EN24	Total number and volume of significant spills	None
G4-EN25	Weight of transported, imported, exported or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII and percentage of transported waste shipped internationally	None

### Products & Services

G4-EN27	Initiatives to mitigate environmental impacts of products and services	<u>Product Stewardship</u>
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category	Valvoline purchased 168.9 million rigid plastic containers made up of 25.7 million pounds of plastic with 6.4 million of these pounds, or 25%, being Post Consumer Resin Content

### Compliance

G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Valvoline had incurred no fines or sanctions
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### Supplier Environmental Assessment Compliance

G4-EN32	Percentage of new suppliers that were screened using environmental criteria	<u>Supply Chain Management</u>
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Profile	Description	Reference
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## Social–Labor & Decent Work

### Employment

G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employee, by significant location of operation	<a href="#">Workforce Profile</a>
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### Labor Management Relations

G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	<a href="#">Workforce Profile</a>
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### Occupational Health and Safety

G4-LA5	Percentage of total workforce represented in formal joint management–worker health and safety committees that help monitor and advise on occupational health and safety programs	Valvoline currently has 208 employees globally that participate on established safety committees. This equates to 3.7% of the total employee population of the company. <a href="#">Health and Safety</a>
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	As a whole, ergonomic related injuries accounted for 28% of the recordable cases. Slips, trips, and falls closely followed with 26% of the overall case load. North America experienced the most recordable injuries while EMEA had the highest TRIR rate. Valvoline does not currently track injury data by gender. <a href="#">Health and Safety</a>
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	Noise-induced hearing loss is the only type of occupational disease that has been experienced by Valvoline, primarily impacting manufacturing employees. Seasonal heat stress is the primary cause of occupational illness at Valvoline, primarily impacting VIOC employees. <a href="#">Health and Safety</a>
G4-LA8	Health and safety topics covered in formal agreements with trade unions	Valvoline does not collect this information at this time. All of our employees are covered by Valvolines's safety programs.



Profile	Description	Reference
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## Social–Labor & Decent Work (continued)

### Training and Education

G4-LA9	Average hours training per year per employee by gender, and by employee category	VIOC delivers 233 hours of training per year per hourly employee. There is no gender variation. Management receives 12 hours on average. <a href="#">Workforce Profile</a>
G4-LA10	Programs or skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	<a href="#">Workforce Profile</a>
G4-LA11	Percentage of employees receiving regular performance and career development reviews by gender and employee category	We require one hour and twenty minutes of on-line compliance learning every year for every employee, most of which touches on these issues. Manager receive four hours of training in this category.
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	<a href="#">Supply Chain Management</a>

## Human Rights

### Investment

G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	<a href="#">Workforce Profile</a>
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### Freedom of Association and Collective Bargaining

G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	<a href="#">Workforce Profile</a>
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### Child Labor

G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	<a href="#">Workforce Profile</a>
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Profile	Description	Reference
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## Human Rights (continued)

### Forced or Compulsory Labor

G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	<a href="#">Workforce Profile</a>
G4-HR8	Total number of incidents of violations involving rights of indigenous people and actions taken	Valvoline has no violations
G4-HR10	Percentage of new suppliers that were screened using human rights criteria	<a href="#">Supply Chain Management</a>

## Society

### Local Communities

G4-SO1	Percentage of operations with implemented local community engagement, impact assessments and development programs	Valvoline requires all plants and facilities with 10 or employees to annually assess and develop a community engagement plan.
G4-SO2	Operations with significant potential or actual negative impacts on local communities	None

### Anti-Corruption

G4-SO4	Communication and training on anti-corruption policies	<a href="#">Ethics and Compliance</a>
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### Public Policy

G4-SO6	Total value of political contributions by country and recipient/beneficiary	Valvoline made no political contributions in 2016. Ashland Inc., Valvoline's former owner, was the connected organization to the Ashland Political Action Committee for Employees (PACE) and in 2016 PACE made various donations as allowed by U.S. laws to political candidates and committees in the USA. These donations were not on behalf of nor for any one business unit or affiliate of Ashland Inc.
G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	<a href="#">Supply Chain Management</a>

Profile	Description	Reference
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Product Responsibility

Customer Health and Safety

G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	All of Valvoline's lubricants and chemical products are evaluated for health, safety and environmental impact as part of our new product design, testing, and implementation processes.
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## About This Report

We prepared this report in accordance with the Global Reporting Initiative (GRI) G4 Reporting Guidelines for core reports. This is our first GRI report and it documents October 1, 2015, through September 30, 2016. Moving forward, we plan to publish our reports online annually. Valvoline has not obtained external assurance for the development of this CSR report. However, Valvoline has rigorous internal policies and practices that provide assurance about the accuracy of the content of this report.

### Report Scope and Boundaries

This report covers all of our operating units, 100 percent of our leased and owned facilities, and 100 percent of our workforce in the regions in which we operate, unless otherwise noted. It also covers joint ventures and subsidiaries that are part of our business segments.

## Material Aspects and Boundaries

### How We Chose What to Include in Our Report

Valvoline's CSR Report contains information on the company's performance in the following areas: environmental stewardship, social, health and safety, product stewardship, community development and economic performance. This report includes information on our majority-owned operations where Valvoline operates.

The company's stakeholders include employees, customers, suppliers, owners, contractors, business partners, governmental and non-governmental organizations, unions, industry colleagues and the communities where we operate.

Our stakeholders help shape our businesses and contribute to our overall success. We strive to be transparent with regard to our activities and operations, and we engage with our stakeholders on their issues of concern in a manner that is positive and constructive. Throughout the year we respond to many direct requests from our stakeholders regarding the company's environment, health and safety and social responsibility policies, programs and performance.

Our primary audience for this report includes, but is not limited to, the following stakeholders:

- Current shareholders and prospective investors;
- Current and prospective employees seeking to work for a sustainability-minded company;
- Communities where we operate that want to understand how we manage and operate our business as a responsible corporate citizen;
- Suppliers with whom we partner, who are critical to our operations; and
- Governmental and non-governmental agencies that have an interest in our business and operations.

### Materiality

This is Valvoline's first CSR report and we are striving to develop a formal process to determine our material aspects, in accordance with the GRI guidelines, our management systems, goals and objectives and their importance to our stakeholders.

In addition to reporting on these material aspects, we continue to provide relevant information on many other topics to meet the needs of our diverse stakeholders.

[Material Aspects table→](#)

## Engaging Stakeholders

Stakeholder engagement at Valvoline is an ongoing activity, occurring at all levels of our organization. Valvoline seeks to establish and maintain productive relationships with all of its key stakeholders, encompassing employees, customers, suppliers, government officials, investors and residents of communities in which Ashland operates.

Valvoline gathers specific feedback from internal sources to better understand how the company interacts with its key stakeholders. Feedback is obtained from departments such as sales and marketing within each business, corporate environmental, health and safety, procurement and logistics, investor relations, and corporate communications.

This analysis is conducted on an ongoing basis throughout the company. The table below summarizes some of the many stakeholder engagement practices. Although it is not inclusive of all stakeholder engagement practices, it summarizes the core elements how Valvoline engages stakeholder groups on topics of interest.

[This table summarizes who we engage with and how→](#)

Your feedback is welcome and appreciated. Please address any questions or comments about our CSR report to [csr@valvoline.com](mailto:csr@valvoline.com).



