

Innospec Inc.: 2017 Financial Year Statement Under the UK Modern Slavery Act and the California Transparency in Supply Chains Act

The UK Modern Slavery Act of 2015 and the California Transparency in Supply Chains Act (SB 657) requires that Innospec disclose the steps it has taken to address the risk of human trafficking in its supply chain. These laws are designed to increase the amount of information available regarding the products that it buys. Innospec Inc., on behalf of itself and its subsidiaries (collectively, “Innospec”), publishes this statement to comply with these Acts.

Internal Accountability

Innospec is committed to the highest standards of corporate governance and ethics. Compliance is a non-negotiable part of its business. As part of Innospec’s firm commitment to these values, it has, and continues to operate, cultivate and refine, a robust ethics and compliance program.

This commitment is reflected in Innospec’s Code of Ethics, Anti-Corruption Policy and other corporate policies. Innospec’s Code of Ethics has always demanded that the Company’s directors, officers, employees and contractors maintain the highest ethical standards in carrying out business activities and has always required compliance with all applicable laws, rules and regulations. Innospec’s Code of Ethics specifically addresses modern slavery issues by, among other things, explicitly requiring all employees to comply with modern slavery legislation (which includes in relation to child labor) and to promptly report any concerns or suspicions they may have in relation to the potential for modern slavery in any parts of Innospec’s supply chain. It also puts contracted third parties on notice that violation of modern slavery laws would constitute a breach of their contract with Innospec, and encourages such third parties to report relevant concerns. Innospec’s Code of Ethics and other corporate policies are available in several languages on its website at <http://www.innospecinc.com/about-us/corporate-governance>.

Employees have many internal channels available to seek compliance guidance or to report concerns. In addition, Innospec maintains an externally-managed, anonymous reporting hotline that may be used to report, among other things, any concerns or suspicions regarding slavery in Innospec’s supply chain. Trained personnel investigate all reports in a timely manner and confirmed violations are addressed with specific corrective actions.

Verification

Innospec endeavors to comply with all labor laws in the various countries in which it operates. It does not knowingly engage in any activities that constitute slavery or human trafficking, and it expects and requires its suppliers to follow the same ethical practices. Innospec takes steps to identify and minimize the risks of slavery, child labor and human trafficking within its supply chain.

All new potential suppliers are screened using compliance software which checks whether they appear on any global debarment, sanctions or watch lists. Innospec also creates risk profiles for new suppliers and, where necessary, action plans to mitigate potential supply chain risks.

In 2016, Innospec engaged EcoVadis to conduct a sustainability and risk assessment of its key suppliers. Among other things, EcoVadis’ assessments evaluate supplier policies and actions to enforce compliance with internationally recognized human rights standards and fair labor practices. Since then, Innospec has, through EcoVadis, assessed its key suppliers as well as all those operating out of high risk locations. It is planned to extend the scope of the EcoVadis assessment to all new suppliers whose forecast annual spend is above agreed value thresholds during 2018/2019.

Innospec also has an internal protocol to support its review of, and response to, concerns raised regarding its supply chain. Innospec may invoke sanctions against suppliers, up to and including termination of the business relationship, if they violate modern slavery laws.

Certification

Because Innospec does not control or direct the activities of its independent suppliers, it seeks assurances from them that they will not violate the law. Accordingly, Innospec requires its suppliers (through its standard terms and conditions of purchase) to confirm that they have complied with all applicable laws and regulations in connection with providing all goods and services to Innospec. This includes all applicable anti-slavery, child labor and human trafficking laws. All Innospec standard terms and conditions of purchase now contain a specific provision requiring suppliers to certify compliance with laws prohibiting slavery and human trafficking. See <http://www.innospecinc.com/images/pdf/about-us/innospec-trading-t-cs/2016/IL5-terms-and-conditions-of-purchase-innospec-limited-english-effective-01.10.15.pdf>.

Innospec has identified certain parts of its business and supply chains where there is a potential risk of slavery, child labor and/or human trafficking (e.g. the use by Innospec of palm oil (PO) and palm kernel oil (PKO) in a number of its personal care products). In 2013, Innospec became a member of the Roundtable on Sustainable Palm Oil (RSPO) whose principles stipulate, amongst other things, the fair treatment of workers according to local and international labor rights standards. By July 2015, Innospec had achieved RSPO Mass Balance (MB) Supply Chain certification at all its relevant manufacturing facilities.

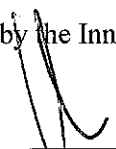
Training

Innospec has a robust training program, supported by an external training service provider, which administers online compliance training to all employees throughout the year. Courses cover a range of compliance issues and are available in eight languages to reflect the global nature of Innospec's business.

As a minimum, all Innospec employees are required to complete an online training course relating to the company's Code of Ethics, which emphasizes the importance of compliance with all applicable laws and regulations, and the majority of employees complete several additional online courses covering various compliance topics, some delivered online and others delivered in person.

This statement has been approved by the Innospec Board of Directors.

Signed:



Patrick S. Williams, President and Chief Executive Officer